

Michelle Rizk  
VP UA Relations  
(907) 450-8187  
(907) 450-8012 fax  
marizk@alaska.edu



Office of Strategy, Planning and Budget  
PO BOX 755260  
910 Yukon Drive Ste. 202  
Fairbanks, AK 99775-5260

January 31, 2017

Crystalline Jones  
House Clerk  
Capitol Building  
120 4th Street  
Juneau, Alaska, 99801

Liz Clark  
Senate Secretary  
Capitol Building  
120 4<sup>th</sup> Street  
Juneau, Alaska 99801

Dear Ms. Jones & Ms. Clark:

On November 1, 2016 the University of Alaska provided written responses to the Legislative Finance Division in response to legislative intent language enacted in the FY17 Operating (CCS HB 256) and Mental Health (CCS HB257) appropriation bills. Those full responses are being transmitted to the legislature under cover of this letter. Three intent sections required responses by the fifteenth day of the 2017 Legislative Session. Where there have been additional developments since our November 1<sup>st</sup> response, those are detailed below:

*1) "It is the intent of the legislature that the University of Alaska conduct a comprehensive and transparent cost-to-revenue analysis, which does not include student fees or appropriations from the State of Alaska's General Funds as revenue, for all of its intercollegiate athletics programs; furthermore, the university is to report back to the legislature with its findings by the fifteenth day of the 2017 Legislative Session."*

The University of Alaska Fairbanks commissioned an Intercollegiate Athletics Financial Assessment from Majeski Athletic Consulting. The University wanted a better understanding of NCAA Division II athletics and how UAF's program compares with national and regional data and trends. Majeski's report was published in December 2015 and is available [here](#).

For FY15, the most current year for which data is available, the University's athletics programs cost \$16.4 million - \$10.5 at UAA and \$5.8 at UAF. Ticket sales, sponsorships and other receipts cover \$3.2 (20%), student tuition and fees cover \$4.5 (28%) and the balance \$8.5 (52%) is covered with general funds.

The University of Alaska's intercollegiate athletics programs were also reviewed during Phase 1 of the Strategic Pathways process which was initiated in June 2016. The athletics program review team was charged with identifying options for reducing overall costs, and with seeking a potential waiver from the National Collegiate Athletics Association (NCAA) "ten team minimum" rule, and approval of consortium program that would have allowed the University of Alaska Anchorage and the University of Alaska Fairbanks to reduce team rosters to below the NCAA's 10-team requirement. The Pathways team's work was reported out on August 17, 2016 and is available [here](#).

In September 2016, the university requested waivers from the National Collegiate Athletics Association (NCAA) "ten team minimum" rule, and approval of consortium program that would have allowed the University of Alaska Anchorage and the University of Alaska Fairbanks to reduce team rosters to below the NCAA's 10-team requirement. The waiver requests are available [here](#).

In November, the NCAA [declined to take](#) any action on our requests, saying that it was neither approving nor denying the university's request. The NCAA's response indicated that it would consider a waiver request only after the university reduced the number of teams below the 10-team minimum. Taking unilateral action without prior NCAA approval could risk a wide variety of financial and programmatic sanctions against the University. Due to the NCAA refusal to consider UA's request, the potential for violations and sanctions, and the resulting complexity of pursuing an athletic consortium at this time, the Board of Regents decided not to reduce the number of athletic teams currently at each campus (13 at UAA, 10 at UAF). In the near term, the university is developing a plan to increase private funding support. Additionally, UAA and UAF will continue to review ways to reduce costs of the programs.

At their November meeting, the Regents supported stepping up private fundraising for athletics based on the many commitments of support made during public testimony at meetings held in Anchorage and Fairbanks. We will be relying on the large community of athletic boosters who demonstrated strong interest in working to finance a larger portion of the cost of athletic programs through alternative means in order to moderate reliance on state general funds.

*2) "It is the intent of the legislature that the University of Alaska better utilize community buildings, school district buildings, and other facilities in close proximity to its existing "brick and mortar" campuses and satellite facilities that have low utilization rates of face-to-face classes only if the restructuring results in a decreased total cost; furthermore, the university is to report back to the legislature with its general plan to increase its use of "co-location" by the fifteenth day of the 2017 Legislative Session."*

UA's community campuses were reviewed as part of Strategic Pathways Phase 2. Options for organizational restructuring of these campuses will be presented to the Board of Regents in March 2017 with decisions anticipated in June 2017. The Facilities function is currently being reviewed as part of Strategic Pathways Phase 3. We will provide this information to the legislature as it becomes available. In addition, the University continues to examine

monetizing its physical assets, to reduce off-campus leases, and continues to explore public-private partnerships in an effort to reduce overall costs.

3) *“It is the intent of the legislature that the University of Alaska further develop and improve upon its utilization of its land grants in order to generate additional revenue; furthermore, the university will create a comprehensive plan to expand its land grants as they relate to generating revenue and present it to the legislature no later than the fifteenth day of the 2017 Legislative Session.”*

The draft University of Alaska Land Management Strategic Plan 2017-2040 will be presented to the Board of Regents Facilities and Land Management Committee at the February 2017 meeting with approval expected at the May 2017 meeting. A copy of the draft plan will be sent to the legislature in March.

Respectfully,

Michelle Rizk  
VP University Relations

Cc  
Senator Lyman Hoffman, Co-Chair Senate Finance  
Senator Anna MacKinnon, Co-Chair Senate Finance  
Rep Paul Seaton, Co-Chair House Finance Committee  
Rep Neal Foster, Co-Chair House Finance Committee  
David Teal, Director, Legislative Finance Division