ALASKA'S FIRST UNIVERSITY ★ AMERICA'S ARCTIC UNIVERSITY

University of Alaska Fairbanks
Overview for Spring Operating Review
April 2009

I. INTRODUCTION

The University of Alaska Fairbanks (UAF) is distinctive in the University of Alaska system for its *research-intensive mission, Ph.D. programs, Land, Sea and Space Grant status, state-wide outreach* through the Cooperative Extension Service and Marine Advisory Program, and *service to rural and Alaska Native peoples* of interior, northern and western Alaska. With other UA campuses, it shares a responsibility to provide *high-quality education at both the undergraduate and graduate levels*, to prepare students to enter *Alaska's workforce*, and to offer opportunities for Alaskans to increase their knowledge and skills throughout their lives. The overarching themes of *Climate, Energy, and Life Sciences* provide a focus for UAF's research and associated instructional and outreach programs. These mission elements are central to the strategic direction of UAF, Alaska's First University and America's Arctic University.

Strategic Priorities

Within UAF, the Fairbanks Campus (FC), Tanana Valley Campus (TVC), and the rural campuses (RC) have distinct roles, but coordinate with one another and with campuses system-wide to effectively meet community and State needs. UAF's strategic priorities encourage alignment among its research, educational, and public service activities and match the areas set forth in the SW FY11 guidelines (see Table 1 on the following page).

UAF's priorities align well with its strengths and accomplishments. UAF has a close relationship with the communities that it serves statewide, through community campuses and centers, distance education, the Cooperative Extension Service, and the Marine Advisory program, and via the students that it recruits to the Fairbanks and Tanana Valley campuses from throughout the state. UAF has more than fifteen degree or certificate programs with specialized accreditation or certification, and its graduates are recognized as being well-prepared for the workforce and strong contributors to the economic development and leadership of communities and the State. UAF is an established research university (Carnegie Classification = High Research Activity), with 18 Ph.D. programs that have increased enrollments by 50%, to over 300 students, in the past 10 years. UAF has nationally and internationally recognized research programs in fields ranging from Atmospheric Sciences to Zoology, but is focusing most new resources in areas of State and national needs, where Federal research funding has been increasing, including climate, health, and energy. UAF is thus poised to take advantage of funding opportunities connected with the American Recovery and Reinvestment Act (ARRA).

UAF has several budget priorities that don't fall entirely within the SW FY11 planning guidelines, including the Indigenous Studies Ph.D. program recently approved by the Board of Regents. This program is a natural evolution of UAF's longstanding service to Alaska Native people and communities. The program is attracting international interest and substantial philanthropic support for student fellowships, but would be strengthened by a modest base of State support. Another singular UAF need is to provide State support for the Marine Advisory Program, the outreach program mandated under UAF's Sea Grant status. Funds are needed so that coastal communities temporarily served by grant-funded agents can continue to benefit from outreach on economic development, seafood processing, marine safety, and other important topics. UAF is widely renowned for its research on Alaska's natural

environment, but this area has not been a focus of statewide budget planning. The natural environment includes not only natural resources, but also critical monitoring of such natural hazards as volcanic eruptions, wildfires, and earthquakes.

Performance and Strategies

In UAF's Performance Based Budgeting Annual Report for 2008, UAF set a mid-range goal of increasing research expenditures to $109 M in FY10 and $110M in FY 13. Space is a serious constraint on research growth, and the outlook for improvement is guarded. In addition Federal research funding outside of ARRA is likely to be limited by the combined effects of recession and military spending. Thus the longer term outlook remains relatively flat, but FY10-11 may see increases of 2 to 5% due to ARRA. If UAF is successful in gaining a combination of State, revenue bond, GO bond, and ARRA funding for capital construction and renovation projects, research expenditures may increase to as much as $124 million in FY13. UAF is currently recruiting for faculty leaders in biomedical research, to foster continued success and growth in that research area. An additional ongoing strategy is recruiting highly capable Assistant Professors into faculty positions joint between colleges and the research institutes.

Table 1. Alignment of UAF Strategic Priorities and Budget Priorities

UAF Theme / Primary Mission	UAF Strategic Priorities
Climate Change	Strengthen UAF's national and international leadership position in Climate Research, including high-quality instructional programs for undergraduate, Master's, and Ph.D. students and outreach to communities adapting to climate change (FC, RC).
Life Sciences	Continue to enhance UAF's Life Sciences Research, which is focused on alleviating Alaska's Health Disparities and identifying solutions that apply nationally. Align and strengthen related Life Sciences instructional programs for undergraduate, Master's, and Ph.D. students (FC).
Energy/ Engineering	Provide applied energy research for Alaska, focused on reducing rural energy costs, identifying and developing alternative energy options, and providing approaches to exploit the gas and oil fields of the future. Increase community outreach on conservation and on alternative and conventional power generation to make energy more affordable. Increase enrollment in UAF's strong undergraduate engineering, and natural sciences degree programs, with particular emphasis on engineering (FC).
Preparing the Alaskan Workforce	Provide the appropriate breadth of quality degree and certificate programs to qualify graduates for high demand occupations. Continue the emphasis on engineering, health, education, process technology, trades, and transportation programs (FC, TVC, RC).
Rural and Alaska Native Emphasis	Strengthen and promote UAF's position as a leader in providing services and programs to advance Alaska Native education and leadership (FC, TVC, RC).
K-12 Outreach, Community, and State Outreach	Enhance K-12 outreach to align curricula with particular emphasis in climate, life science and energy related fields, foster successful student transitions from high school to college, and increase student and family awareness of Alaska's career opportunities and the importance of higher education (FC, TVC, RC). Increase enrollment in education programs that prepare teachers for Alaska, especially for rural and special education positions (FC).
High Quality Education, including Social Sciences, Humanities, and the Arts.	Enhance programs focusing on students' first-year experience, community based learning, internships, and the honors and leadership programs. Maintain a strong core curriculum and appropriate breadth of undergraduate programs to meet the needs and interests of Alaskan students (FC, TVC, RC).
Efficient use of existing resources	Institute budget and management processes promoting focused enrollment growth, optimal class size, conservation and full utilization of existing space, administrative and program efficiencies, utilities conservation, and increased external revenue streams.

In the area of High Demand Job Area (HDJA) Degrees and Certificates, UAF predicts being somewhat below our FY09 target due to a decrease in associate-level degree production, but UAF's baccalaureate awards are up, and graduate awards are approximately level. With the recent growth in Engineering enrollments and TVEP (Technical Vocational Education Program) or State funding to

maintain the health and other programs recently established, UAF anticipates that awards will show an increasing trend with FY 13 awards being about 100 greater than in FY 09. Strategies for increasing HDJA awards are the same as described for student credit hours (SCH) in the next paragraph.

Economic factors will have a strong and difficult-to-predict effect on SCH. On the one hand, recession and unemployment have historically increased enrollment. On the other, adequate needs-based financial aid is crucial to maintaining enrollments in difficult times. With a reasonable State and Federal investment to meet this need, UAF anticipates enrollment growth averaging 1-2% per year through FY 13. However, owing to demographic trends, there will need to be an increased focus on non-traditional student recruiting, non-resident recruiting, and retention. UAF's increasing focus on retention, through higher admission standards, mandatory placement, freshman support, and improved advising should yield a baccalaureate retention rate of 80%, and overall retention of 70%, in FY 13.

UAF will devote increasing efforts to securing private and corporate donations and enhancing alumni and benefactor support; UAF will pursue a capital campaign for an energy research facility. As noted, space is a serious constraint on research growth, but there are other critical capital construction needs as well, for example, biology teaching laboratories and student housing. UAF is in the process of a comprehensive review of space utilization, and will reassign space to meet needs when that is possible, but laboratory space and residential space have unique requirements that cannot be met (at least not economically) in this way.

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II. MANAGEMENT REPORT

AMENDMENT TO MANAGEMENT REPORT – DEVELOPMENT OFFICE

HIGHLIGHTED UAF COST SAVINGS

FACILITIES SERVICES COST SAVINGS & EFFICIENCIES

FACILITIES SERVICES FY08 – FY10 M/R AND R/R

MANAGEMENT REPORT UPDATE: DEVELOPMENT

Reduced endowment payout impact:

At this time we anticipate 10-15 funds will be underwater and will not provide funds for scholarship or program support. We have identified funds to cover these short falls.

UA Foundation Funding of Development

UAF Development's budget for FY09 was $1.6 million. In December of 2008, $200K was returned to the Foundation at their request, leaving our budget balance at $1.4M of which $900K is provided by UAF Foundation.

The impacts on UAF are:

- Reduction of UAF Development staff by 33%. (6 out of 15 positions). Positions effected:
    - Loss of two revenue-generating personnel -
        - Associate Vice Chancellor for Development not rehired (merged with senior development officer position)
        - Development Officer, Annual Giving not hired.
    - Loss of four support positions —
        - Stewardship Assistant
        - Records Specialist
        - Student Position (2)
- The Senior Development Officer assumed additional duties of AVC (merged to Director of Development position) which reduces time available to focus on fundraising.
- Momentum of raising new funds will be affected. We will adjust our efforts to maintaining existing funds and limit our planned increase efforts for attracting new dollars for UAF. Maintaining existing funds and stewarding existing donors will be a priority given the budget reductions and economic situation. The reduction of personnel will significantly reduce the ability to take on new fundraising projects.
- A loss of private funding is projected. The reductions of staff and resources will affect our ability to maintain the level of funds donated (over $7 million raised last year, $8 million projected for FY09) by approximately 25 percent.

UAF is continuing to investigate additional savings through operational changes, personnel reductions and securing new funds from UAF to offset the reduced funding for FY10 and beyond. Additionally, the UA Foundation has developed a consolidation plan for Advancement Services which will provide personnel savings for UAF.

HIGHLIGHTED UAF COST SAVINGS

University of Alaska Fairbanks has achieved nearly $2 million in ongoing cost savings, either in FY 09 or planned for FY 10. The largest of these are listed in the table following this page. The largest cost savings have come from eliminating positions. These reductions and their impacts include:

In CEM, term and adjunct faculty are being used to teach courses when faculty members have secured research funding to cover part of their salaries. As CEM has be able to hire well-qualified term and adjunct faculty, instructional quality remains high. The regular faculty are increasing research productivity, and the grants also bring increased indirect cost recovery. So, this change is a net benefit in all areas, but depends on continued faculty success in securing research funding for part of their salaries.

In CLA, the adjunct faculty budget has been cut and the responsibility for managing that budget delegated from the Dean's office to department chairs. Regular faculty teaching workloads have been increased, where possible, by reducing service or administrative components. However, this change has also meant a reduction in course offerings or the number of sections offered for some courses, about 20 courses or sections not taught.

In SOM, one temporary and one permanent faculty position have been eliminated. Their teaching responsibilities (after rearranging regular faculty workloads so that the remaining courses are mostly in the lower division) will be covered by adjuncts. A potential negative impact is that, since new tenure-track, tripartite faculty will not be hired, there will not be the high research productivity that such new faculty usually bring. Maintaining a good average research productivity across all the regular faculty is essential for AACSB accreditation.

GI, IARC, SFOS, VCR, and OIT are all eliminating administrative or technical staff positions. In a few cases, positions are being shifted from general fund support to grant funding. Reductions of administrative staff can result in lower service levels, inability to cover all workload at peak demand, and similar negative effects. However, an effort is being made to maintain necessary service levels despite reduced staff. In the case of OIT, the shift to Google Applications for Education allows a reduction in staff without loss of service.

Substantial savings have also been realized by reducing utilities costs (cooling costs eliminated by shutting down a machine room; energy conservation measures at rural campuses), eliminating or re-negotiating rental space, and reducing the need for outsourcing of website design and maintenance.

FACILITIES SERVICES FY09 COST SAVINGS & EFFICIENCIES

- A new turbine control system to allow better control of the turbine and the power that is purchased from GVEA. This has the possibility to lower the electric demand charges. In addition, better control of the steam extraction system will lower the fuel costs of the power plant.

- The power plant is operating the small turbine instead of the PRV (pressure reducing valve) system to generate low pressure heating steam in the winter. This amounted to a savings of about $75,000 in purchased electric power and fuel.

- Pest control services are now provided by the custodial department. Previously each call-out cost a minimum of $195. For example, if Financial Aid were to experience a problem with ants the custodial department will now set the traps (each trap under $6), a savings of $189 for this one incident. Annually, this will result in a moderate savings.

- The plumbing shop is currently testing the use of Sloan Automatic Touchless water faucet and soap dispensers. The faucets are vandal resistant, conserve resources, reduce cost and promote health and wellness. Automatic faucets deliver water only when needed, which results in water savings of up to 70%. The touch-free design helps to prevent the spread of germs.

- Hand blowers are being installed in bathrooms where paper towels are consistently flushed in toilets. This helps to prevent building damage and saves maintenance and custodial costs for building call outs.

- The HVAC shop installed new mechanical air handling heating coils in Elvey. This significantly reduced the amount of labor required to maintain temperatures in the Elvey offices. Reduced temperature-related calls by 75% over the last year. Also has provided stable and tight temperature control of the building's air distribution system. Estimated cost savings of $5,000 dollars in labor and $7,000 in energy usage.

- The HVAC shop installed chilled water and preheat coils in Irving I. This allows the use of the oversized compressors to cool the building during the summer months. Prior to the modification, two 75 horsepower compressor motors cooled the animal quarters of this building and two environmental chambers. By adding the building cooling to the system we have achieved higher efficiencies with the refrigeration systems and improved the building comfort during the summer months. We will save approximately $5,000 in maintenance temperature-related calls during the summer months.

- The HVAC shop has been repairing problems with the air distribution system in Signers' Hall, resulting in a significant improvement in the wintertime comfort level. This has reduced the number of maintenance temperature-related calls to the building during the winter months. We have saved approximately $2,500 in labor and $1,000 in energy usage.

- Replaced controls of the Wood Center lift station pumps. The pumps run sequentially and operate only when the tank is full and then turn off when the tank has been emptied. With this new control package we have improved the reliability of the equipment. The facility hasn't had to contract out a pump truck to empty the tank when it would overflow. This has saved over $1,000 per year in contract cost and an additional $2,500 in call-in labor costs. Now the pumps positively turn on and shut off and only run within the levels set for operation. This has saved approximately $2,500 in wasted electricity per year.

- Installing static pressure control optimizations on air handling unit systems in Rasmuson Library to achieve energy savings through a change in the duct static pressure standpoint. By installing this system, there is a reduction in the measure kilowatt usage for the fan, resulting in a savings of 33%.

- Installing static pressure control optimizations on air handling unit systems in Butrovich to achieve energy savings through a change in the duct static pressure standpoint. By installing this system, there is a reduction in the measure kilowatt usage for the fan, resulting in a savings of 36%.

- The asbestos shop replaced a CT3 lead person with a CT2 position for an annual savings of $22,655.

- Asbestos locations beginning to be marked/labeled to facilitate identification of ACM and avoid job delays or inadvertent ACM contact by staff and faculty.

- Reusing our old planters - washing them with bleach and then letting them dry to kill all soil-borne pathogens. This way we have to buy fewer planters every year.

- Started a misting propagation system. Right now we have 381 plants from cuttings. Cuttings take less manpower time as well as energy over the long run because they start out much bigger than a seedling.

- Starting our own perennials from seed. We hope to be growing all our own perennials in the next 3 years. This saves huge amounts of money because we do not have to make huge last minute purchases from local growers as well as out of state growers. We have a total of 368 perennials for a savings of $5,749.

- Making annual beds smaller and adding more perennials so that over time we can work more on maintenance and less on installation of new plants.

- Using an integrated pest management system in our greenhouse. We are not using any pesticide. The overall cost of this is much lower than using pesticide. All forms of IPM that we are using are sustainable and in no way affect humans in a negative manner.

- Using worm castings and fish tank water as an additive to our fertilizer, thereby reducing overall fertilizer costs.

- Reusing forced bulbs, dahlias and begonias from year to year for our hanging baskets, office plants and flowerbeds. This is done through a period of cold storage for the winter and then replanting them in the spring. They are then propagated and divided so that we are not only reusing what we had from the previous year but increased in amount of plants that can be grown from a single host plant.

- Changing the practice of using a commercial winter traction control to using sand. This is a savings of $10 per bag. Savings to shop: $5,760.

- The labor shop operates on a reduced crew from ten down to six employees. This allows the shop to maintain a consistent workflow throughout the year. Savings to shop: $140,000.

- The labor shop operates with 2 fewer vehicles. Savings to shop: $9,200.

- Purchase Lifetime tables and chairs. This is a considerable savings over the MightyLight brand purchased in years past. The Lifetime brand of tables is also available locally, so we save on shipping.

- Rather than buying a new boom lift to replace Facilities Services' E239, transferred a small boom lift from Poker Flat. This move avoided a potential $50,000 one-time expenditure.

- Rather than make a scheduled purchase of a new SUV for the Library, transferred a vehicle assigned to the former Chancellor that was seeing no use. This avoided a potential $23,000 one-time expenditure.

- Rather than make a scheduled purchase of a new minivan for Residence Life, transferred an unused van to fill the need. This avoided a potential $21,000 one-time expenditure.

- Installed GPS tracking units in five remote vehicles providing real-time reporting of engine trouble codes and mileage for scheduled maintenance. Estimated savings of $1,000 per vehicle.

- Did not fill budgeted position of Parking Services Attendant. One-time cost savings of $36,000 in salary and benefits.

- Installed eight IPLC headbolt controllers in non-cycled parking lot as a test. Current savings as of 2/28/09 of 1006 KWH or about $144. Direct annual savings estimated at $300. Additionally, indirect savings will result from reduced service calls required for this equipment.

- Re-lamped and re-ballasted 200 light fixtures at Kodiak FITC facility. Electric bill savings estimated at $3,500 per year. Extended life lamps will reduce maintenance costs an average of $500 per year.

- Installed a permanent disconnect for outdoor event power at the Student Recreation Center, increasing safety and efficiency. Estimated savings of $500 per year.

- Re-configured the ordering process and the redistribution of used EPS batteries. New ordering process should save $800 to $1,000 per year. Redistribution of batteries is estimated to save an average of $3,000 per year.

- Outfitted the shop's six new work vans with organizers and storage solutions to improve productivity, materials management, and overall efficiency.

- Continue to re-lamp incandescent bulbs with energy efficient Compact Fluorescent Lamps (CFL's). Estimate 100 replaced in FY09 for an annual cost savings of approximately $500.

- Improved inter-shop and intra-shop communication to maximize production and reduce duplication/miscommunication.

- The carpentry shop has three employees on nine-month contracts. Savings of $40,238.

- Recycle used door hardware where appropriate. Savings of $6,250.

- Design and Construction administrative assistant pool reduced from five to three positions. Estimated savings of $58,000 annually.

- Project bid documents and plans are now uploaded to an electronic bid distribution website. Reduces printing costs, the amount of paper used for addenda, and time spent distributing hard copies. The website provides an efficient way to make our projects available to more contractors, thus resulting in more competitive bidding. Cost savings of approximately 80% on large projects for plans distribution.

Project Acronym	Traditional Distribution Cost	Electronic Distribution Cost	Total Savings
TKRN	$1,433.44	$725.00	$708.44
BBSA	$5,458.33	$1,080.00	$4,378.33
MUEP	$64,062.50	$12,800.00	$51,262.50

- Energy efficient products have been approved for use in the Design Standards. The products improve facility efficiency and should provide long-term savings.

- Use of a DCVR website during construction phase has improved turn-around time of DCVR's and provides an efficient method of relaying information between DDC and the consultant.

- We are running a pilot project for electronic submittal review by consultants. Historically, volumes of submittals are received and distributed by DDC to users and consultants. This pilot program will reduce printing and postage costs as well as speed the process up by having instant availability of documents. Approximate cost savings of $7,500 per project.

Facilities Services continually reviews costs savings and efficiencies measures.

FY08 Major M/R & R/R

- Coil Replacements
  - Elvey
  - AHRB
  - Signers' Hall
  - Irving I
- Fine Arts Code Corrections – Art
- Patty Center ADA
- AHRB (East Wing) Renovation
- TVCC HVAC
- Bethel Roofs & Siding

FY09 Major M/R & R/R

- Tok Energy Conservation
- AHRB West Wing Renovation
- TVCC Revitalization – Exterior Envelope
- Northwest Campus – Nome Pilings
- Critical Electrical – Phase IA
- Kuskokwim Campus Interior Upgrades
- Kuskokwim Heat Exchanger
- Yukon Flats Energy Retrofit
- Sewer Upgrades
- Campus Wide Sprinklers

Expected FY10 Major M/R & R/R

- MBS Storm Drains
- Sewer Upgrades
- Constitution Hall Elevator
- Library Roof Repairs
- IARC Lighting Improvements
- Building Meters
- Constitution Hall Fire Alarm
- Skarland Hall

Ongoing Challenges

- Divert Storm-Melt Water
- ADA
- Asbestos Removal
- SPCC
- Elevator Maintenance
- Coil Replacements
- U Park Demolition
- WRRB Thermokarsts
- Elvey Curtain Wall
- Life Sciences

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III. CONDITIONS AND OPERATING ASSUMPTIONS

Conditions

American Recovery and Reinvestment Act (Positive)

The focus of the recent American Recovery and Reinvestment Act (ARRA) on science, research, and education significantly improves funding prospects for UAF's research activities. Of most significant impact is the Arctic Region Research Vessel, being constructed and equipped with funding via ARRA. This ship, which will be in use in 2013, provides excellent capability benefiting researchers at UAF and nation-wide. In addition, NSF is renovating and adding new facilities at Toolik Lake. These new facilities will enhance the ability of UAF faculty to compete for research funding nationally. In addition to this long-term advantage, UAF faculty will compete well in many of the areas funded through ARRA. Areas expecting to benefit from federal agencies competitive grant opportunities are natural hazards, energy, climate, and biomedical research.

UAF Leadership and Community/State Relations (Positive)

Interim Chancellor Rogers' knowledge of the state has led him to increase UAF's emphasis on outreach and engaging the communities that UAF serves statewide. It will take some time for Chancellor Rogers' efforts, and those of faculty, staff, and students, to translate into strong public support and funding, but it's a necessary step forward.

National Political Climate (mostly Positive)

Scientific research is among the highest priorities of the Obama administration, and UAF's research priorities in climate, energy, and health align well with national priorities. However, it's not clear whether military spending will be maintained at current levels, and in particular, how changes in military spending could affect Alaska's military bases. UAF is guardedly optimistic about continuation of ANSI funding for rural campuses.

Roles of Alaska's Three Universities and the Academic Master Plan (Uncertain)

UAF is Alaska's preeminent research university and its only doctoral degree-granting institution. In the current absence of State investment in UAF research facilities (either in renovation or new construction), UAF is making substantial internal reallocations to finance an energy research building, and may soon make an additional investment in a life sciences building. These investments probably are not prudent if the statewide system envisions a substantial change in the roles of UAA and UAF in the next decade. For example, if the Board of Regents approves construction of major UAA research facilities, significant UAA operating budget increments for research, and UAA Ph.D. programs (particularly ones that duplicate UAF

programs), this could lead to within-system competition for limited Federal funds supporting research concerning climate, Alaska Native peoples, health disparities, and other current UAF strengths. Biomedical research is a critical area for long-range planning.

National Recession (Negative and Positive)

The positive first: Students are expected to favor in-state universities during the fiscal uncertainty. Additionally, during recessions adult students tend to return to higher education for additional training and career changes. Severe cutbacks in higher education funding in other western states are leading to their universities turning away qualified students, some of whom can be recruited to UAF. The ARRA funding provides additional Pell Grants for low-income students and the possibility of program funding in emerging disciplines, which further improves the enrollment possibilities for UAF. Faculty and staff recruitment for replacement positions may improve for UAF, due to the recession limiting hiring or even causing layoffs at other state and private universities.

Negative impacts include: Students at the lower end of the economic spectrum may be unable to attend college at all, or may need to attend part-time rather than full-time. Fewer non-degree-seeking students will enroll, especially those who are taking courses out of interest rather than to upgrade job skills. Faculty and staff are less likely to retire on schedule as the retirement savings may be lacking. If this effect persists for years, it will impact UAF's ability to shift into new areas of emphasis. Also, as long-term employees earn higher wages, it could result in an increase in cost/employee.

State Fiscal Environment (Negative)

It will be some time before the state recovers from the lower oil prices, and even longer to recover from the market losses to the Permanent fund. As long as oil prices remain low, the State will most likely be unwilling to invest in new programs, in sufficient repair and renovation of existing facilities, or in construction of new facilities. Research space is inadequate to fully accommodate the research opportunities arising through ARRA and earlier infrastructure-building grants such as EPSCoR, INBRE, and SNRP. However, ARRA itself may provide some limited relief over the next one to two years, in the form of renovations and additions to the Arctic Health Research Building. Residence hall space and teaching space are being significantly impacted as aging facilities must be removed from service. A continuing, serious concern is the 45-year age of UAF's co-generation facility (power and heat for nearly all UAF buildings) and its limited capacity to utilize the cheapest fuel (coal). Should the power plant fail in winter, an extended campus closure could result.

The State continues to make only small investments, compared with other states, in needs-based financial aid. The national recession makes such financial aid opportunities even more necessary.

Demographic Trends (negative)

Alaska's overall population is growing only slowly, 1.0% per year for 2000-2008. Net population changes vary for different regions. Anchorage (1.1% annually), the Matanuska-Susitna Borough (4.0%), the Kenai (Peninsula (0.8%), and Fairbanks (1.0%) are growing, while the populations of the Southeast, Southwest, and Northern regions are constant or decreasing.[1] The communities that house UAF's rural campuses and centers and others that traditionally supply UAF undergraduate students are mostly on a decreasing population trend. In addition,

[1] http://laborstats.alaska.gov/?PAGEID=67&SUBID=171

there will be a relative decrease in traditional college-aged students; statewide there will be about a 15% decrease in the annual number of high school graduates from 2008 to 2014.

Operating Assumptions

FY10

State Funding:

Compensation and fixed costs: Compensation and partial M&R funding meets less than 65% of anticipated fixed cost needs and the lack of utility trigger mechanism funding could reduce that to 60%. The decrease in the staff benefit rate will allow for some reallocations. Limited M&R will be covered, given the state environment. There will be no State funding for new construction.

Programs: The program funding for Energy and Cooperative Extension are only one-time; however these will be requested again in FY11. One-time funds will be utilized to advance the programs as if they were base. Health program funding also advances TVC medical assisting and the Fairbanks campus Clinical~Community Psychology program.

University Generated Revenue:

Tuition and Enrollment: Student enrollment gains in FY09 are predicted to remain. Positive and negative economic factors are likely to cancel one another UAF-wide, but enrollments of part-time students at community campuses are most likely to decline, while full-time enrollment, particularly on Fairbanks Campus, will probably increase.

Research Funding: ARRA has improved the short –term outlook dramatically, but it will be a challenge to respond to the opportunities in such a short time frame and to meet all of the ARRA reporting requirements. UAF may see a 2% to 5% increase in research expenditures in FY10. Capital funding opportunities could lead to critically necessary facility improvements.

Philanthropy: National recession and investment losses will reduce revenue from this source, but development efforts will continue to be a focus.

FY11

State Funding:

Compensation and fixed costs: If the price of oil recovers, compensation and partial M&R funding will meet 65% of anticipated. Limited M&R will be covered, given the state environment, but there could be an improvement over FY10. No funding for new construction.

Programs: The base program funding for Energy and Cooperative Extension will be requested and hopefully funded FY11. Some additional base funding ($1 M or so) might be made available in other area(s).

University Generated Revenue:

Tuition and Enrollment: Similar to FY 10.

Research Funding: Some ARRA grants will still be active and this should enable UAF research expenditures to be at least at FY09 levels. However, unless the national economy improves dramatically, funding for core science programs may not be sustained, leading to difficulty in maintaining grants in areas of traditional strength.

Philanthropy: It's hoped that economic recovery will enhance opportunities, particularly for meeting capital construction needs.

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IV. PERFORMANCE

In UAF's Performance Based Budgeting Annual Report for 2008, UAF set a mid-range goal of increasing research expenditures to $109 M in FY10 and $110M in FY 13. As discussed in October, space is a serious constraint on research growth, and the outlook for improvement is guarded. In addition Federal research funding outside of ARRA is likely to be limited by the combined effects of recession and military spending. Thus the longer term outlook remains relatively flat, but FY10-11 may see increases of 2 to 5% due to ARRA.

In the area of High Demand Job Area Degrees and Certificates, UAF projects being somewhat below our FY09 target due to a decrease in certificate and associate degree production. Relative to the trend originally projected, UAF is low by 70 associate degrees and certificates. This is attributable to several factors, including the end of the Federally-funded Fast-Track Program at TVC, military deployments from bases near Fairbanks, and the economy, which appears to be discouraging part-time students to continue with their studies. UAF is seeking corporate support to continue the Fast-Track Program. UAF's baccalaureate awards are up, and graduate awards are approximately level.

Retention will be within about 1% of the FY10 target. Fall-to-spring improvement in first-time full-time baccalaureate freshmen retention is due to higher admission standards, and UAF predicts that Spring to Fall baccalaureate retention will improve as well.

For Student Credit Hours, UAF predicts meeting or exceeding our FY09 target; the current estimate is 2% above. Lower and upper divisions show improvement, graduate credits have decreased slightly, but professional credits appear have increased. Current projections do not include yearlong (distance) credit hours, which will give UAF an additional 4,600 or so.

FY09 Metric Update: Student Credit Hours

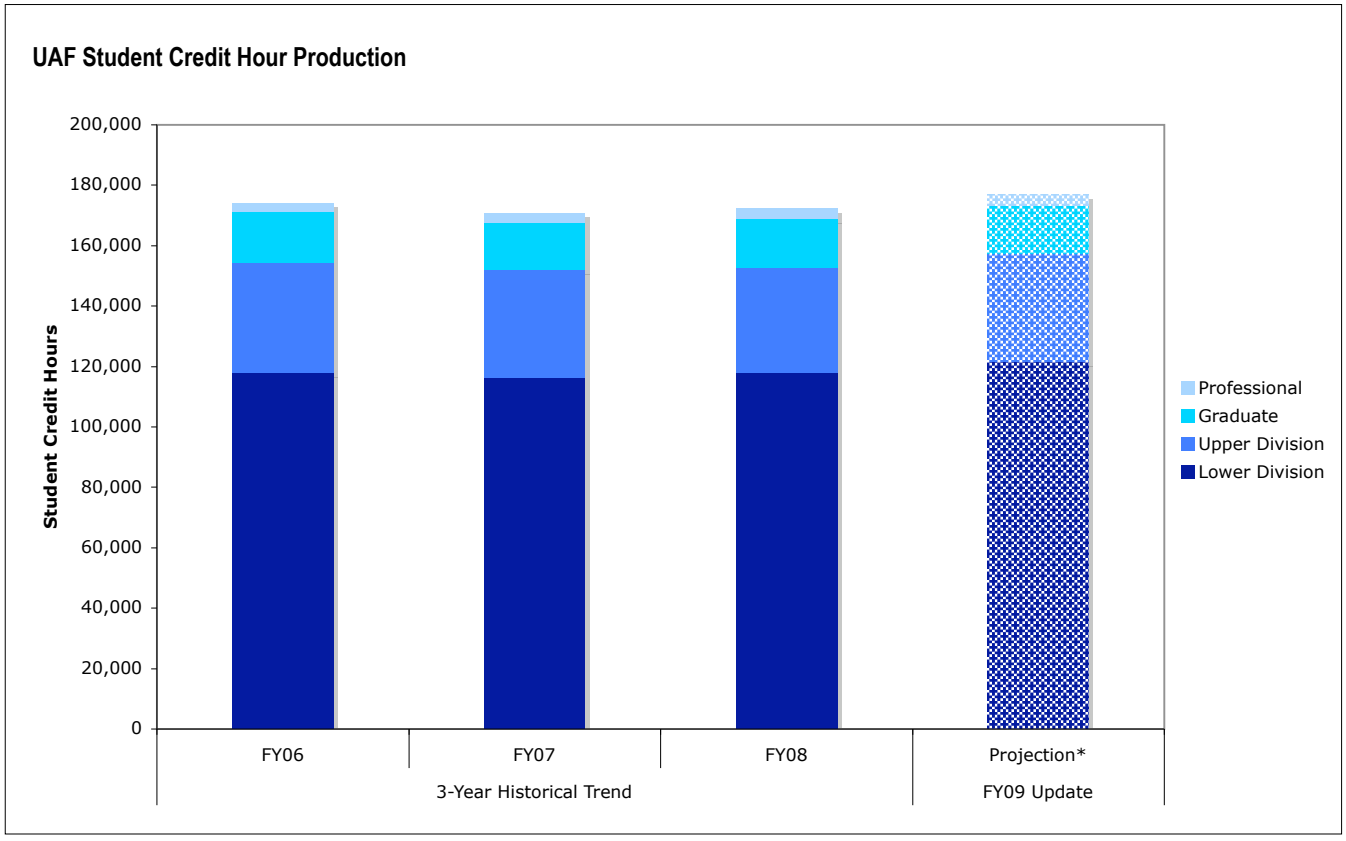
Metric Update Brief

- UAF is projected to meet or exceed the FY09 Metric-Reported Forecast.
- The university is projecting a total FY09 production of 176,623 student credit hours, a 2.6 percent increase over FY08 SCH production.
- Significant credit hour growth is found in the lower (+3.1%) and upper (+2.5%) divisions and in the following areas:
  - + Fairbanks: engineering, business, and natural resource management.
  - + Tanana Valley: allied health and the Fast-Track technology programs of automotive, airframe, powerplant, drafting, and diesel.
  - + CRCD Rural Campuses: allied health, applied business, rural education, and construction technology.

UAF Student Credit Hours

	3-Year Historical Trend			FY09 Update			
Course Level	FY06	FY07	FY08	Current through Spring Open	**Projection***	Metric-Reported Forecast	Projected 1-Yr %Change
Lower Division	117,860	116,335	117,911	114,165	**121,562**	119,500	3.1%
Upper Division	36,624	35,587	34,932	35,508	**35,802**	35,600	2.5%
Graduate	16,740	15,747	15,994	15,647	**15,838**	16,500	-1.0%
Professional	2,844	3,023	3,393	3,170	**3,421**	3,400	0.8%
Total Credit Hours	174,068	170,692	172,230	168,490	**176,623**	175,000	2.6%

*Projection method: Summer '08 Close + Fall '08 Close + 10-year average percent change between spring open and close extracts applied to Spring '09 Open for lower, upper and graduate divisions. For professional credits: Summer '08 Close + Fall '08 Close + Spring '09 as of April 15, 2009. Yearlong credits are estimated at approximately 4,500 SCH, which is the average credit production via yearlong enrollments for FY04-FY08. Credit hours included audited hours.



FY09 Metric Update: High Demand Job Awards

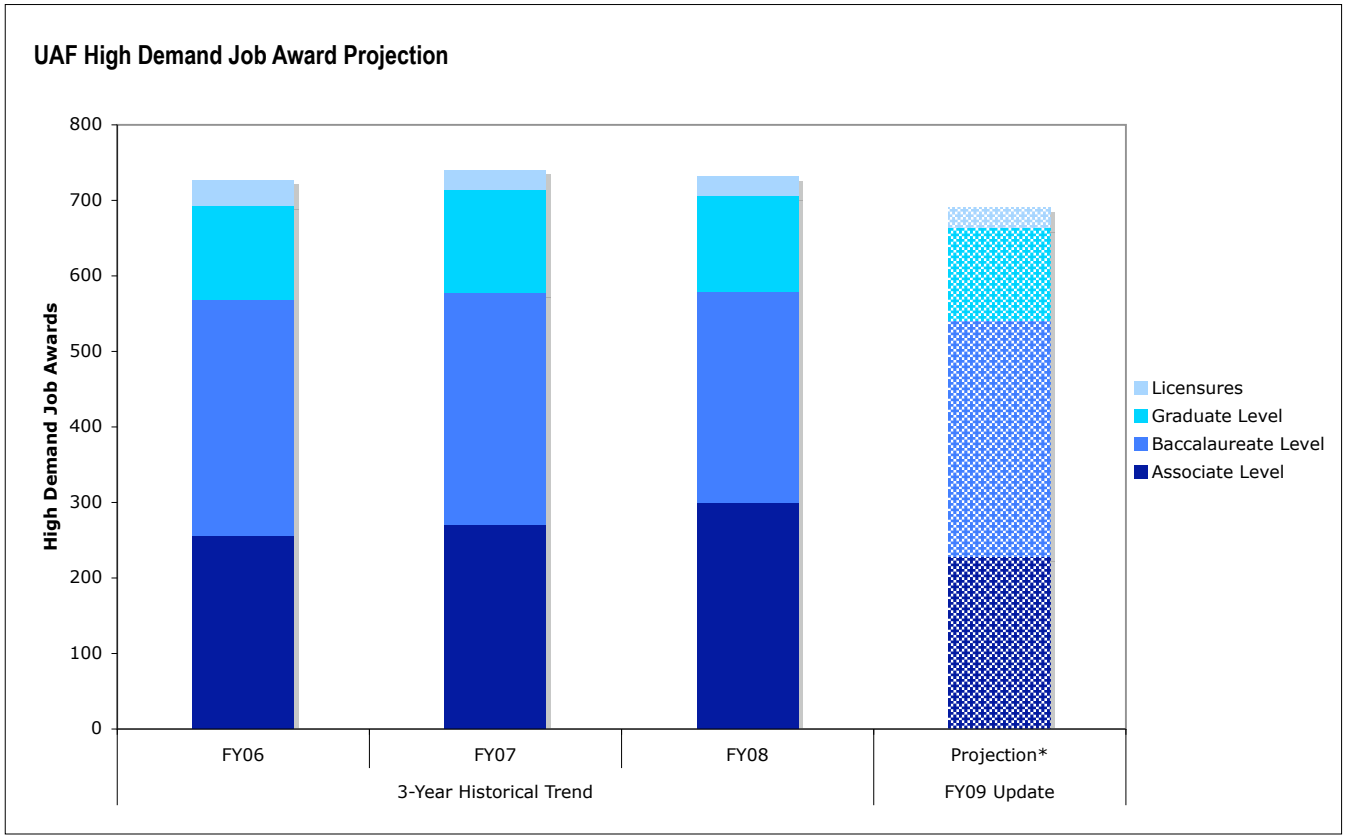
Metric Update Brief

- UAF is projected to fall short of the FY09 Metric-Reported Forecast.
- The university is projecting a total FY09 production of 691 high demand job awards, a 5.4 percent decrease over FY08 award production.
- High demand job awards at UAF for FY09 is a mixed bag of results:
  - + Associate Level: awards are projected to diminsh due to end of TVC Fast-Track program.
  - + Baccalaureate Level: awards are projected to increase 11.7 percent, far exceeding the university's metric forecast at this award level.
  - + Graduate Level: awards are projected to ebb downward as gradaute degree production follows a normal year-to-year see-saw pattern.

UAF High Demand Job Awards

	3-Year Historical Trend			FY09 Update			
Award Level	FY06	FY07	FY08	Current through March 2009	**Projection***	Metric-Reported Forecast	Projected 1-Yr %Change
Associate Level	255	270	300	76	**228**	305	-24.0%
Baccalaureate Leve	314	307	279	94	**312**	290	11.7%
Graduate Level	124	137	127	67	**124**	140	-2.4%
Licensures	34	27	25	7	**27**	25	9.6%
Total Awards	727	741	731	244	**691**	760	-5.5%

*Projection method: FY09 recorded awards through March 2009 + 85% of FY09 pending awards. It is reported by the UAF Graduation Office that roughly 85 percent of graduation applications get converted into actual awards.



FY09 Metric Update: Undergraduate Retention

Metric Update Brief

• UAF is projected to miss the FY10 Metric-Reported Forecast by one point.

• The university is projecting a steady 66 percent retention of incoming first-time full-time freshmen for FY10. This projection is supported by a fall-to-spring retention consistent with results in FY09.

• Retention of baccalaureate freshmen is expected to improve in FY10 over FY09, although results will not be statisitcally valid for some time to come. The university is projecting a two-point increase in this cohort's retention to 78 percent. This projection is supported by a two-point gain in fall-to-spring retention (94 percent) oer FY09 results. Gains in retention are expected in this cohort due to adoption of selective admission standards.

UAF Undergraduate Retention

First-Time Full-Time Freshmen	3-Year Historical Trend			5-Yr Avg Fall-to-Fall Retention	FY10 Update		
	FY07	FY08	FY09		Fall-to-Spring Retention	**Fall-to-Fall Projection***	Metric-Reported Forecast
All Freshmen	66%	64%	66%	65%	87%	**66%**	67%
Baccalaureate Freshmen	77%	75%	76%	75%	94%	**78%**	n/a

*Projection method: FY10 fall-to-fall projection based on general historical relationship between fall-to-spring retention and corresponding fall-to-fall retention results.

FY09 Metric Update: University Generated Revenue

Metric Update Brief

• UAF's FY09 Forecast is projected to come in very close to our nominal target of $216,000

• University Generated Revenue includes: University Receipts, Interest Income, Auxiliary Receipts, Gross Tuition & Fees, Indirect Cost Recovery, Federal Receipts, CIP Receipts, and State Inter Agency Receipts.

• FY09 UGR is currently 2.2% higher than FY08 when comparing YTD information as of April 15th. This is due mainly to Tuition & Fees increases and Carryforward offsetting investment losses and slightly lower Federal Receipts revenue.

University Generated Revenue

3-Year Historical Trend							Targets	
FY06	FY07	FY08	FY08 as of 15 April 08*	FY09 as of 15 April 09*	% Change FY08-09	FY09 Projection	217,000	High
204,293	212,278	210,949	160,134	163,662	2.2%	215,500	216,000	Nominal
							210,000	Low

* Data does not include research projects funded with state Capital funds: $2,183 and $2,354 for FY08 and FY09 respectively.

Data Source: FY08 and FY09 YTD information supplied by SWIRP

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ALASKA'S FIRST UNIVERSITY ★ AMERICA'S ARCTIC UNIVERSITY

University of Alaska Fairbanks
Overview for Spring Operating Review
April 2009

V. FY 11 BUDGET AND 3-5 YEAR PLANNING HORIZON

Strategic Priorities

Within UAF, the Fairbanks Campus (FC), Tanana Valley Campus (TVC), and the rural campuses (RC) have distinct roles, but coordinate with one another and with campuses system-wide to effectively meet community and State needs. UAF's strategic priorities encourage alignment among its research, educational, and public service activities. UAF strategic priorities match the areas set forth in the SW FY11 guidelines:

Climate Change	Health and Biomedical	Student Success
Energy	Social Sciences,	Workforce Development
Engineering	Humanities, Arts	

Table 1 (next page) summarizes key areas of emphasis for UAF.

UAF's priorities align well with its strengths and accomplishments. UAF has a close relationship with the communities that it serves statewide, through community campuses and centers, distance education, the Cooperative Extension Service, and the Marine Advisory program, and via the students that it recruits to the Fairbanks and Tanana Valley campuses from throughout the state. UAF has more than fifteen degree or certificate programs with specialized accreditation or certification, and its graduates are recognized as being well-prepared for the workforce and strong contributors to the economic development and leadership of communities and the State. UAF is an established research university (Carnegie Classification = High Research Activity), with 18 Ph.D. programs that have increased enrollments by 50%, to over 300 students, in the past 10 years. UAF has nationally and internationally recognized research programs in fields ranging from Atmospheric Sciences to Zoology, but is focusing most new resources in areas of State and national needs, where Federal research funding has been increasing, including climate, health, and energy. UAF is thus poised to take advantage of funding opportunities connected with the American Recovery and Reinvestment Act (ARRA).

Table 1. Alignment of UAF Strategic Priorities and Budget Priorities

UAF Theme / Primary Mission	UAF Strategic Priorities
Climate Change	Strengthen UAF's national and international leadership position in Climate Research, including high-quality instructional programs for undergraduate, Master's, and Ph.D. students and outreach to communities adapting to climate change (FC, RC).
Life Sciences	Continue to enhance UAF's Life Sciences Research, which is focused on alleviating Alaska's Health Disparities and identifying solutions that apply nationally. Align and strengthen related Life Sciences instructional programs for undergraduate, Master's, and Ph.D. students (FC).
Energy/ Engineering	Provide applied energy research for Alaska, focused on reducing rural energy costs, identifying and developing alternative energy options, and providing approaches to exploit the gas and oil fields of the future. Increase community outreach on conservation and on alternative and conventional power generation to make energy more affordable. Increase enrollment in UAF's strong undergraduate engineering, and natural sciences degree programs, with particular emphasis on engineering (FC).
Preparing the Alaskan Workforce	Provide the appropriate breadth of quality degree and certificate programs to qualify graduates for high demand occupations. Continue the emphasis on engineering, health, education, process technology, trades, and transportation programs (FC, TVC, RC).
Rural and Alaska Native Emphasis	Strengthen and promote UAF's position as a leader in providing services and programs to advance Alaska Native education and leadership (FC, TVC, RC).
K-12 Outreach, Community, and State Outreach	Enhance K-12 outreach to align curricula with particular emphasis in climate, life science and energy related fields, foster successful student transitions from high school to college, and increase student and family awareness of Alaska's career opportunities and the importance of higher education (FC, TVC, RC). Increase enrollment in education programs that prepare teachers for rural and special education positions (FC).
High Quality Education, including Social Sciences, Humanities, and the Arts.	Enhance programs focusing on students' first-year experience, community based learning, internships, and the honors and leadership programs. Maintain a strong core curriculum and appropriate breadth of undergraduate programs to meet the needs and interests of Alaskan students (FC, TVC, RC).
Efficient use of existing resources	Institute budget and management processes promoting focused enrollment growth, optimal class size, conservation and full utilization of existing space, administrative and program efficiencies, utilities conservation, and increased external revenue streams.

UAF has several budget priorities that don't fall entirely within the SW FY11 planning guidelines, including the Indigenous Studies Ph.D. program recently approved by the Board of Regents. This program is a natural evolution of UAF's longstanding service to Alaska Native people and communities. The program is attracting international interest and substantial philanthropic support for student fellowships, but would be strengthened by a modest base of State support. Another singular UAF need is to provide State support for the Marine Advisory Program, the outreach program mandated under UAF's Sea Grant status. Funds are needed so that coastal communities temporarily served by grant-funded agents can continue to benefit from outreach on economic development, seafood processing, marine safety, and other important topics. UAF is widely renowned for its research on Alaska's natural environment, but this area has not been a focus of statewide budget planning. The natural environment includes not only

natural resources, but also critical monitoring of such natural hazards as volcanic eruptions, wildfires, and earthquakes.

Strategies

1. Space
   - Review and ongoing monitoring of space utilization and reassignment of underutilized space.
   - Internal reallocation of funds and for essential space renovations.
   - Alternative funding (Federal, philanthropic, revenue bonds) of essential facilities renovation and construction.

2. Carry forward
   - Units have been given specific CFWD targets, and units with more CFWD (especially if it is not predicted) will have CFWD swept.
   - Monthly management reports required of units.

3. Revenue
   - Identifying and responding to research funding opportunities in the Stimulus package.
   - Building research programs initiated under INBRE, EPSCoR, CANHR, SNRP, AUTC, and other infrastructure-building grants.
   - Returning 60% of tuition revenue to schools and colleges, so that there will be a direct relationship between SCH taught and unit revenue.
   - Increasing enrollment: K-12 outreach, articulation agreements, freshman recruiting.
   - Increasing philanthropic giving

4. Student retention and graduation
   - Improved advising.
   - Freshman experience (including supplemental instruction and freshman seminars).
   - Opportunities to excel, including the Honors Program.
   - Strengthen programs in the Arts, Humanities, and Social Sciences that provide attractive majors, minors, and enrichment opportunities for students.

5. Efficient use of resources
   - Review of upper administration by Terry MacTaggart.
   - Review and potential consolidation or reorganization of research business offices.
   - Committee for the Integration of Research and Teaching in the Sciences review of institute/college interrelationships.
   - Resolve structural financial deficits in units such as KUAC.

SPACE UTILIZATION: MONITORING AND ALLOCATION

Classroom Space

UAF has recently completed an analysis of classroom scheduling and utilization. National standards indicate that about 67% scheduling of rooms is optimal. On average UAF is very close to that figure on lower campus. Average scheduling for Brooks, Chapman, and Bunnell (52%, 52%, and 57% respectively) is slightly lower, but that is affected by several very small rooms (20 students or smaller) that are used less often. We intend to repurpose one to three of these small rooms into office space, which is a critical need for both Math and Engineering programs. The largest classrooms (48 seats or larger) are heavily scheduled (74%) and are becoming a limiting factor in accommodating larger classes.

West Ridge classroom scheduling appears somewhat lower, but most of the rooms in question have multiple uses, e.g., as conference and seminar rooms as well as classrooms, or they are somewhat specialized laboratory classrooms. We are further examining use of these rooms. Classrooms in the Reichardt Building are not scheduled as often (39% on average). However, the probable loss of classrooms in the west wing of University Park means that scheduling of other classrooms will increase.

"Utilization" (a measure of the use of available seats, rather than the use of rooms assessed by scheduling) of UAF classrooms is below the national standard of 60%, ranging from 24 to 49% for different buildings. The main reason for this appears to simply be small average UAF class size, with an added factor being that the smallest classrooms are not equipped with projectors and other "smart classroom" features, so there is some faculty preference for larger rooms if they are available. UAF plans to ensure that the largest classrooms (>47 seats), which are in short supply, are used only for large classes, but otherwise increasing utilization (absent a substantial increase in enrollment on Fairbanks campus) will not be helpful at this time.

UAF is conducting a study of computer lab utilization, using monitoring software. Often there are several such labs in a single building, each "belonging" to a particular department or program. If the monitoring shows that these labs are not all heavily utilized we will consolidate them and reassign some rooms to other use.

UAF is also reviewing laboratory classroom utilization and functionality. The biggest problem with UAF laboratory classrooms is antiquated layout and infrastructure, particularly for Biology teaching laboratories.

Laboratory and Other Space

Over the next year UAF intends to review of research laboratory utilization in terms of faculty research program-funding, graduate students, publications, and type of research in past five years. Deans and directors will be asked to make shared space assignments for faculty who do not need individual space assignments, in situations where research space for very active research programs is lacking.

UAF is considering the purchase of an FM Space site license to facilitate better, real-time tracking of space use.

UAF has also been considering a charge to units for space or other tangible incentives for units to minimize their space footprint.

University of Alaska Fairbanks
Classroom Space Utilization Study
Student Stations and Classroom Scheduled Each Hour During 4th Week
Fall Term 2008

Building	Room	Space Type	Capacity	Scheduled *(i=67%)*	Utilization *(i=60%)*
Arctic Health Building (West Ridge)					
ARCT	183	Classroom	16	82%	49%
Brooks Building (Lower Campus)				52%	27%
BRKS	103	Classroom	30	51%	32%
BRKS	104A	Classroom	25	58%	19%
BRKS	104B	Classroom	15	47%	24%
BRKS	302	Classroom	30	51%	30%
Bunnell Building (Lower Campus)				57%	36%
BUNN	122	Classroom	20	31%	16%
BUNN	124	Classroom	20	67%	33%
BUNN	313	Classroom	30	87%	57%
BUNN	410	Classroom	30	69%	50%
BUNN	216A	Conference	16	29%	15%
BUNN	AUD	Auditorium	250	62%	35%
Chapman Building (Lower Campus)				52%	27%
CHAP	104	Classroom	35	69%	34%
CHAP	106	Classroom	50	80%	29%
CHAP	107	Classroom	12	53%	31%
Duckering Building (Lower Campus)				66%	41%
DUCK	252	Classroom	75	76%	39%
DUCK	306	Classroom	16	60%	33%
DUCK	341	Classroom	40	89%	66%
DUCK	342	Classroom	40	71%	43%
DUCK	344	Classroom	36	78%	42%
DUCK	347	Classroom	25	56%	29%
DUCK	352	Classroom	30	60%	37%
DUCK	354	Classroom	30	58%	32%
DUCK	406	Classroom	16	51%	26%
Elelson Building (Lower Campus)					
EIEL	304	Classroom	24	51%	30%
Elvey Building (West Ridge)					
ELVE	AUD	Auditorium	90	40%	21%
Gruening Building (Lower Campus)				71%	41%
GRUE	202	Classroom	48	67%	31%
GRUE	203	Classroom	30	71%	41%
GRUE	204	Classroom	30	71%	45%
GRUE	205	Classroom	45	78%	38%
GRUE	206	Classroom	70	80%	47%
GRUE	208	Classroom	80	84%	49%
GRUE	303	Classroom	48	80%	47%
GRUE	304	Classroom	30	73%	50%
GRUE	305	Classroom	36	84%	58%
GRUE	306	Classroom	80	69%	33%
GRUE	307	Classroom	40	73%	34%
GRUE	308	Classroom	16	67%	29%
GRUE	309	Classroom	20	42%	23%
GRUE	310	Classroom	36	60%	36%
GRUE	401	Classroom	24	76%	40%
GRUE	402	Classroom	35	98%	65%
GRUE	405	Classroom	48	71%	44%
GRUE	406	Classroom	20	51%	28%
GRUE	408	Classroom	70	84%	37%
GRUE	409	Classroom	70	62%	35%
GRUE	410	Classroom	30	62%	42%
GRUE	412	Classroom	48	67%	40%
GRUE	413	Classroom	36	71%	38%
Irving Buildings (West Ridge)					
IRVI	103	Lab Classroom	48	47%	13%
IRVI	201	Classroom	46	78%	42%
IRVI	207	Lab Classroom	16	33%	20%
IRVI	208	Classroom	17	49%	23%
IRVII	138A	Classroom	20	24%	8%
O'Neill Building (West Ridge)					
ONEI	201	Classroom	30	40%	11%
ONEI	214	Conference	12	36%	25%
ONEI	359	Conference	16	31%	19%
Reichardt Building (Upper Campus)				39%	23%
REIC	136	Classroom	30	33%	8%
REIC	165	Classroom	20	20%	9%
REIC	201	Classroom	198	69%	33%
REIC	202	Classroom	68	33%	16%
REIC	203	Classroom	35	33%	13%
REIC	204	Classroom	20	24%	13%
REIC	207	Classroom	20	58%	17%

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VI. CONCLUSION

UAF's priorities are well aligned with national research priorities and with State needs for instructional programs, research, and outreach. Economic factors coupled with recruiting and retention efforts are increasing enrollment, but UAF will need to continue improving recruiting and retention efforts to counteract population trends. UAF anticipates continued success in securing external research funding, and due to ARRA may have increased success in the short term. Modern research facilities remain an important need for maintaining and expanding UAF's research enterprise. Increased outreach efforts meet state needs and help to build support for UAF in communities around the State. Both research and instructional activities will soon be impacted by failing buildings and infrastructure, and these impacts will certainly increase over time unless sufficient funds are made available for major renovation or replacement.