

The University of Alaska:

*A key to Alaska's future,
A time for ALL to invest*

Key Findings and Executive Summary

Jonathan Kumin and Steven Rieger, Co-Chairs
Duane Heyman, Editor

Commonwealth North recognizes that knowledge will be an even more important part of 21st-century life than it was in the last century. Higher learning as a key to the success of a society is nothing new, but it is becoming more true all the time. Therefore, Commonwealth North has identified the future success of the University of Alaska as a key to Alaska's future, and recommends the following report to you. The full report is available at the CWN web site.

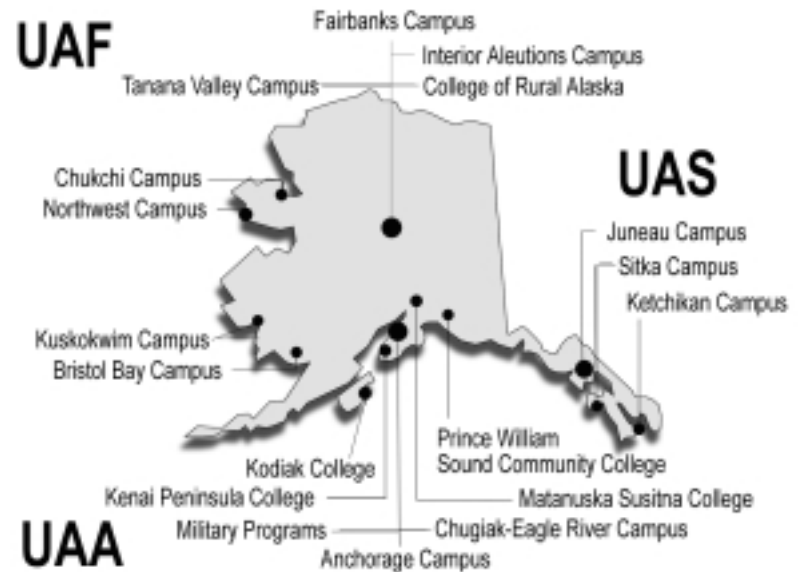
This report is produced by an organization with a long-term track record of analysis of serious Alaska issues. It is an informed opinion report of dedicated volunteers who have spent many hours interviewing resource people, researching and deliberating. However, it is not, nor is intended to be, a detailed management review of the University of Alaska. It attempts to identify, analyze and make recommendations on statewide policy level issues. Recommendations are intended to be in the form of general principles that will serve as a practical guide for the statewide University community—not specific campus or departmental management directives.

Commonwealth North
810 N Street, Suite 202
Anchorage, AK 99501-3293
(907) 276-1414 ; fax (907) 276-6350
www.commonwealthnorth.org

The University of Alaska:
*A key to Alaska's future,
A time for ALL to invest*
Key Findings and Executive Summary

Key Findings

- The underlying role of the University of Alaska is to improve the quality of life for Alaskans by offering educational opportunities for self-fulfillment.
- Learning is the primary purpose of the University of Alaska, supported by research and engaged service. The University system as a whole, and each major campus, must maintain and offer a quality core curriculum in the arts and sciences (frequently called the “liberal arts”) that equip a person to think, function and grow into a contributing member of society.
- The University of Alaska needs adequate resources to fulfill its mission. At a minimum it must maintain its level of state support and at the same time generate additional funding from other sources. U of A’s level of state general fund appropriations is generally in line with peer institutions. The University must maintain purchasing power through appropriate annual state funding increases while these other sources are developed.
- Each urban campus, in Anchorage, Fairbanks and Juneau, needs to develop centers of excellence based on its own natural advantages. Each must include research and advanced degrees. Centers of excellence bring vitality, community pride and support, and attract faculty, students and non-general fund money.
- The changes recommended in this report should not be left solely to the U of A executive administration to implement. The Board of Regents must be actively involved, including establishing and maintaining a results-oriented planning process.



Executive Summary

The University of Alaska’s mission is crucial—we all need to invest in our future.

The underlying role of the U of A is to improve the quality of life for Alaskans by offering educational opportunities for self-improvement. Recipients directly use their new and/or improved skills, knowledge and curiosity to improve the economics, culture and politics of Alaska. U of A also contributes to the quality of life through athletic, cultural and intellectual events.

Learning is primary, supported by research and engaged service.

a. Learning, as enabled by effective teaching, is the key element of the University’s mission. The foundation for University curriculum must be a core of basic arts and sciences (frequently called the “liberal arts”) at each campus and available statewide through distance delivery. Liberal arts are a combination of courses that provide knowledge, capabilities and reasoning skills that enable a person to function and reason effectively in society with an awareness of historical and cultural context. Additional courses and programs offered by the University should not drain resources needed to maintain availability of this core curriculum statewide.

b. U of A is expected to provide community college programming in addition to typical university level programs and services. This duality of mission can represent additional challenges for the faculty and administration, but the University has successfully made the offering seamless to the students. Through its community college mission, U of A provides vocational/technical training for both entry-level and incumbent workers in business and industry. In other states, local communities make significant financial contributions to their community colleges. In Alaska, almost all the funding burden falls on the University system.

c. U of A has started a process to match and plan courses and programs to current and future needs of Alaska. These efforts must continue, as there is a need for more formalized strategic planning to look farther into the future to anticipate needs, rather than react to them.

d. Even though learning and teaching must be the primary orientation, basic and applied research and service to the community are essential additional ingredients for the vitality of a campus and to the development of our state. Advancement of knowledge through research is inherent to higher education. It is difficult to establish and maintain an optimum balance between teaching and research. Research is essential but should not eclipse the focus on teaching and learning.

The University of Alaska: A key to Alaska's future, A time for ALL to invest

e. Maximizing opportunities for teaching and student involvement adds to the benefit of any type of research.

f. There is a risk that sole source government grants are vulnerable to political cutbacks. U of A is aware of this problem and is striving to obtain more competitive research grants and explore alternative funding sources.

The University of Alaska cannot fulfill its mission without adequate resources. While U of A's level of state general fund appropriations is generally in line with peer institutions, overall the University is resource constrained. For years peer institutions enjoyed annual state appropriation increases while U of A declined (in inflation adjusted terms). U of A must increase its purchasing power. To accomplish this U of A needs to maintain its level of state support and, at the same time, generate additional funding from other sources.

a. The University struggled for many years with declining revenues in real terms. Although this decline has reversed recently the University is still resource constrained.

b. The existing level of state appropriations is consistent with similar institutions when compared on a per student basis although an adjustment for Alaska factors such as weather, geography and CPI adds unique expenses. State appropriations need to increase annually to maintain this position relative to peer institutions. Additionally, however, other University generated revenue should begin to contribute to U of A's cost at a proportionally higher level. An analysis of the funding structure of U of A shows that some revenue sources, specifically, tuition and private funding, are low.

c. Tuition, research grants, industry support of particular programs, alumni giving, private and community contributions, land grant support and foundation support contributed only 40% of U of A's operating budget in fiscal year 1990. These same University generated revenue sources now account for 56% of U of A's operating funds. Even if state appropriations grow at the higher education inflation rate (4.2% in fiscal year 2002 or about \$8 million), U of A should increase its revenue from these other sources at an even greater rate, so that in three to five years these sources cover 60% of its operation. Fully developing all of these sources is a responsibility of the community generally, not just the University.

d. We will know that the University has become successful in its effort to broaden its funding base when, and to the extent that, state appropriations account for less than 40% of current fund revenue, down from the existing level of 44%. This is a substantial challenge because Alaska has few foundations, a limited number of large corporations, little "old money," and comparatively few resident graduates.

e. Although the University has aggressively pursued revenues from its limited land grant base, they contribute a tiny percentage of total income. Unfortunately, this situation is not likely to improve because any lands available for selection by the University offer limited income potential.

The Study Group was impressed by the range and quality of University programs and people. Efforts to inform and engage Alaskans in this vital institution must increase and continue to be enhanced.

a. U of A is an under-recognized vital resource that is not understood or appreciated by the vast majority of the population of Alaska.

b. There is a need for more engagement with communities and citizens in Alaska as part of the University's public service commitment. This engagement is vital for maintaining and enhancing public and legislative support. University staff can take advantage of existing community organizations such as chambers of commerce and service clubs to get more involved with their communities. This is particularly needed in communities where the

University has not had the level of community involvement that exists in Fairbanks.

c. The U of A programs in professional, vocational and technical areas need to develop and maintain close connections with employers.

d. Distance delivery and distributed education will be increasingly important methods to deliver services. U of A should continue its efforts to make distance delivery and distributed education more available, culturally relevant, effective and affordable statewide.

e. The University is viewed by Alaska Natives as "their University," with significant implications and expectations to meet their special needs.

The Board of Regents must continue its recent beginning efforts to establish objective financial and academic results-oriented planning. No other group has the authority, responsibility or opportunity to bring all the disparate elements of the University together for the benefit of the whole.

a. The Board of Regents must be responsible for creating and monitoring a system of financial and academic control that coordinates and maximizes synergistic opportunities between campuses, yet does not stifle ability to meet regional needs. A strategic plan will ensure the most appropriate and cost effective distribution of programs and funding among the system campuses. To the maximum extent possible, resource allocation should be based on clearly delineated needs of Alaska and students, not regional politics.

b. Start by including the diverse University constituencies at the front end of the process.

c. The Regents should also ensure that components of the University's strategic plans are implemented in a timely and effective manner.

Everyone is responsible for identifying the needs of Alaska. The Board of Regents can be an instrumental part of the process by synthesizing the needs as part of the University's planning process. Fostering adequate "bottom up" ferment is an essential element.

Contributors to the strategic planning process should include:

a. Business, education and community leaders from a state, regional and/or industry development perspective.

b. State agencies from a perspective of implementing the policies of state leaders and maintaining information (Governor, legislators, Department of Labor, Community and Economic Development, Department of Education, etc.).

c. Industry and occupation consortiums knowledgeable about specific job areas.

In early years, Alaska imported talent. As Alaska matures, it needs to grow more of its own. This is the information age and no society will succeed without an effective system of higher education. The University of Alaska both reflects and leads the state. If Alaska were to allow U of A to return to years of flat or declining budgets it is likely the entire state will follow. But with strong leadership and planning, U of A can help avoid that mutual outcome.

In conclusion, the University of Alaska has established a solid base that can and must be enhanced to lead Alaska into a future that will benefit all of its citizens for generations to come.

Commonwealth North
810 N Street, Suite 202
Anchorage, AK 99501-3293
(907) 276-1414 ; fax (907) 276-6350
www.commonwealthnorth.org

Study Group Participants

Jonathan Kumin Co-Chair
Steven Rieger Co-Chair
Duane Heyman Editor
Richard Barnes•Sarah Barton•Joseph Beedle•Steven Boyd
Patrick Burden•Michael Burns•Milton Byrd•Thomas Case•James
Chapman•Bill Dann•Brian Davies•Betty Emerick•Charles
Fahl•Mark Foster•Cheryl Frasca•Jan Fredericks•Alice Galvin•
Jan Gehler•Edward Lee Gorsuch•Joe Griffith•H.R. "Ky"
Holland•Grant Hunter•Pamela Keeler•David Kester•Nancy
King•Jim Knapp•Grace Long•Cynthia Matson•Ronald Miller
Rachel Morse•Arden Page•Ira Perman•Joanne Phelan•Pat
Pitney•David Rees•Wendy Redman•Susan Ruddy•Jeff Staser
Niel Thomas•Tim Wiekping

Commonwealth North would like to give special thanks to the University of Alaska for candor, openness and cooperation above and beyond the call of duty. This report was greatly enhanced by the University's help.

Resource people interviewed by the Study Group

University President Mark Hamilton
University of Alaska Fairbanks Chancellor Marshall Lind
University of Alaska Southeast Chancellor John Pugh
University of Alaska Anchorage Chancellor Lee Gorsuch
U of A Regents Chancy Croft and Michael Burns
U of A System Chief of Staff James Johnsen
U of A Director of Budget & Institutional Research Pat Pitney
Vice President for Finance Joseph Beedle
U of A Vice President for University Relations Wendy Redman
UAA Director of Native Student Services Willy Templeton
UAA Professor of English Dr. Jeane Breinig
First Alaskans Institute Sarah Scanlon
UAA Professor Deborah Narang
UAF Professor Pete Pinney
ACCFT President Bob Congdon
United Academics President Michael Jennings
Workshop meetings held in Juneau and Fairbanks with
Chambers of Commerce, University and community
representatives. Dr. Michael Sfraga, student representatives Mark
Graves of UAS, Derek Miller of UAF, David Parks of UAA, Kaci
Hamilton of PWSCC and Elaine Bialka of Mat Su.

Commonwealth North Board of Directors

Joe Griffith President
Jonathan Kumin Vice President
Janie Leask Vice President
James Yarmon Vice President
Morton Plumb Jr. Secretary
Jan Fredericks Treasurer
Nancy Bear Usera Past President
Duane Heyman Executive Director

Richard F. Barnes Retired President, ENSTAR Natural Gas Co.
Douglas Bruce Director of the Division of Public Health
William H. Colbert, III.... Assistant General Counsel, BP
Mano Frey Regional Manager and Vice President of the Laborer's
International Union of North America

Edward Lee Gorsuch Chancellor, University of Alaska Anchorage
Walter J. Hickel Former Alaska Governor; Co-founder of CWN
Max Hodel Founding board member of CWN
Karen L. Hunt Retired Judge, State of Alaska
Jewel Jones Director, Municipal Dept. of Health and Human
Service; Chair, Alaska Housing Finance Corp.

Marc Langland President, Northrim Bank
Betsy Lawer Vice Chair & Chief Operating Officer, First National
Bank Alaska

James Linxwiler President and Managing Shareholder
Guess & Rudd, P.C.

Loren H. Lounsbury Founding board member of CWN
Jeff B. Lowenfels Lewis & Lowenfels
Kevin Meyers President & CEO, ConocoPhillips Alaska, Inc.
Rick Mystrom Former Mayor, Municipality of Anchorage
Matthew Nicolai President, Calista Corporation
Mike Sexton Publisher/President, Anchorage Daily News
William Sheffield Former Governor; founding board member
Jeff Staser Federal Chairman, Denali Commission
William J. Tobin Editor, The Voice of the Times; founding board member
David Wight President & CEO, Alyeska Pipeline Service Co.

Thanks To Our Underwriters

Heller Ehrman
ATTORNEYS

Heller Ehrman White & McAuliffe LLP



First National Bank
ALASKA

MEMBER FDIC

BANKSTON, GRONNING, O HARA,
SEDOR, MILLS, GIVENS & HEAPHEY P.C.
A PROFESSIONAL CORPORATION



ALASKA
HUMANITIES
FORUM

