

Section 2: Revenue Outlook FY23-FY24

FY23-FY24 Revenue Outlook and Assumptions

STATE GENERAL FUNDS

Looking ahead to FY23 and FY24, UA has requested modest operating budget increases and seeks to establish financial stability after years of reductions. A brighter budget picture is emerging and UAF is optimistic about the future as the value of the university is emphasized at the state level. Budget requests for FY23 and FY24 are discussed in Section 4.

FEDERAL RECEIPTS

Federal funding has experienced strong year-over-year growth for several years and demonstrates UAF's commitment to strengthening and growing its research mission. From FY21 to FY22, federal receipts increased by 22 percent, or nearly \$25 million (this does not include federal COVID relief funding). Activity at the Geophysical Institute and International Arctic Research Center are primary drivers of growth from FY21 to FY22.

Some federal COVID relief funds are included in FY21 and FY22 (\$10.9 million and \$9.9 million, respectively). A small, final amount of COVID relief funding for UA/UAF from the Federal Emergency Management Agency (FEMA) could be available in FY23 but is to be determined. The majority of any COVID relief receipts or expenditures are expected to conclude in FY23.

Federal restricted revenue and ICR revenue generally align; as federal activity has trended upward, ICR trends upward as well. Federal revenue is driven heavily by competitive research and UAF's largest component of Federal receipts is in research grants and contracts. Expectations of future growth could range conservatively from 2 to 5 percent during FY23 and FY24.

UAF is classified as a "higher research activity" doctoral institution, which is unique within the UA System. Achieving Tier 1 research status is part of UAF's strategic plan and captures UAF's long-term strategic research vision.

INDIRECT COST RECOVERY

From FY17 to FY22, UAF's indirect cost recovery (ICR) revenue has experienced strong growth and increased by 30 percent over that time period. Beginning in FY19, UAF's F&A rates for organized research, other sponsored activities and Poker Flat all increased from the prior F&A cycle period. For example, UAF's organized research rate increased from 50.5 percent to 55.0 percent. The effects of UAF's increased F&A rates are demonstrated through the increased ICR revenue. This strong growth is expected to continue beyond FY22 as new grant awards reflecting the increased F&A rates are received. Current F&A rates are in place through June 30, 2026 (FY26).

More information about F&A and ICR is discussed in Section 1.

TUITION AND FEE REVENUE

In FY22, total tuition and fee revenue was \$40.4 million as shown in Table 2.2. For UAF, the majority of tuition revenue is generated primarily from lower division courses (58 percent), followed by upper division (29 percent) and graduate courses (22 percent).

Table 2.2 UAF Tuition and Fee Revenue, FY22 (\$ thousands)

FY22 Tuition & Fees	Revenue
Fees	\$10,236.2
Tuition	
Lower Division Tuition	\$17,622.8
Upper Division Tuition	\$8,874.4
Grad/Credit Hr Tuition	\$6,560.3
Non Resident Surcharge	\$3,294.8
UALC Intercampus Tuition	\$0.4
Undergrad Consolidated Tuition	(\$0.0)
Tuition Discounts - Contra Revenue	(\$599.1)
Tuition Mitigation	(\$718.4)
Tuition Allowance - Contra Revenue	(\$4,888.3)
Tuition Total	\$30,146.8
Grand Total	\$40,383.0

Figure 2.2 Note:

Activity in the contra tuition accounts is mostly Pell Grant (Tuition Allowance). Tuition discounts are listed separately (e.g. take 12 credits but pay for 10). Other than Pell Grants and tuition deals, this report does not consider scholarships, assistantships, or other tuition waivers.

Enrollment is significant and basic metrics include:

- A one percent change in *tuition rate* produces roughly **\$301,000** of additional revenue, assuming flat enrollment;
- A one percent change in *enrollment* produces roughly **\$404,000** of additional revenue, assuming flat tuition and fee rates;
- A one percent change in *fee rates* produces roughly **\$102,000** of additional revenue, assuming flat enrollment.

Tuition Rate Changes, FY23-24

For FY23 (fall 2022 and spring 2023), the BOR approved UAF’s plan to differentiate tuition. Under this new plan, tuition is differentiated from the Troth Yeddha’ research campus and UAF’s community campuses, which includes the Community Technical College. This marks year one of a two-year process to merge the Troth Yeddha’ lower division tuition rate into the upper division tuition rate to create a singular undergraduate rate at the campus. This simplifies the total cost of attendance for a four-year degree, including four-year financial aid packages to help ensure accessibility to those programs, based on merit or financial need. The Community Campuses retain the \$234 lower division rate, and Troth Yeddha’s lower tuition increases by 11 percent from \$234 to \$260. Refer to Table 2.3

FY24 (fall 2023 and spring 2024) marks year two of the two-year plan to merge the Troth Yeddha’ lower division and upper division tuition rate into a singular undergraduate rate. For FY24, the lower division rate increases by 11 percent and moves from \$260 to \$289 per credit hour. All other rates remain the same. The AY2024 rate change was approved by the Board of Regents in November 2022. Refer to table 2.3.

Table 2.3 UAF FY22-24 Differential Tuition Rates, Approved by UA BOR (\$ per credit hour)

Term	Fall 2021 Spring 2022	Fall 2022 Spring 2023		Fall 2023 Spring 2024	
Fiscal Year	FY22	FY23		FY24	
Academic Year	AY2022	AY2023	% Change 22-23	AY2024	% Change 23-24
UAF Community College**					
Community Campus	\$234	\$234	0%	\$234	0%
NRS	\$566	\$566	0%	\$566	0%
UAF 4-Year and Graduate***					
Lower Division	\$234	\$260	11%	\$289	11%
Upper Division	\$289	\$289	0%	\$289	0%
Graduate	\$539	\$539	0%	\$539	0%
NRS	\$566	\$566	0%	\$566	0%

*AY2023 and AY2024 rates are for UAF only. There are no tuition rate increases proposed for UAA or UAS for either year.

** UAF community campuses consist of CTC, Bristol Bay, Chukchi, Interior Alaska, Kuskokwim, and Northwest campuses (all offerings are lower division).

*** Troth Yeddha' campus consist of the Fairbanks and Rural College campuses.

TECHNICAL AND VOCATIONAL EDUCATION PROGRAM (TVEP) FUNDING

TVEP currently supports UAF programs in health sciences, manufacturing, agriculture, transportation, distribution and logistics, and sustainable energy. Select programs are delivered statewide. During summer 2021, lawmakers reauthorized TVEP's current program and funding structure for an additional three years. Lease expenses for UAF CTC's Fairbanks Pipeline Training Center are paid for with TVEP funds, however, plans to transition this cost off of TVEP funds and onto state general funds, or another funding source, are tentatively expected for FY24+.

INTELLECTUAL PROPERTY AND COMMERCIALIZATION EFFORTS

UAF's Office of Intellectual Property and Commercialization (OIPC) is helping transform UA into a primary driver of Alaska's innovation economy. OIPC commercializes University inventions as well as supports University start-up companies, teaches skills related to innovation and entrepreneurialism, and helps build relationships with industry.

Table 2.4 FY18-FY22 Metrics Comparison

Metrics Comparison	FY18	FY19	FY20	FY21	FY22	FY21-22 % Change
Inventions Reports	26	27	25	28	28	0%
Non-Disclosure Agreements Prepared	57	34	35	34	49	44%
Licenses	3	2	3	0	2	N/A

OIPC is developing a comprehensive and sustainable approach to fostering innovation, harvesting disclosures, commercializing them, and supporting startup companies. Through partnerships with public and private organizations, OICP provides funding to advance research with commercial potential. It offers National Science Foundation and National Institutes of Health training programs that teach innovation and entrepreneurial skills. OIPC sponsors student internships at Alaska startup companies and is taking steps to connect industry challenges with University capabilities. Each of these efforts spur innovation that is more likely to have real-world, near-term impact. This comprehensive approach moves "upstream" in the research process and is on track to create a sustainable pipeline of quality discoveries and inventions.

FY22 UAF RESEARCH PROPOSAL SUMMARY

Appendix 2.A.1 - UAF FY22 Proposals and Awards

At the time of this report, UAF has 556 approved proposals from FY22. Note that the submitted number reflects data in Banner, which relies on manual updates, and may increase once all data is updated.

Currently, FY22 total award values (measured in dollars) are 13.9 percent lower than FY21 levels, and total award count is 40.5 percent lower than FY21 levels. As noted above, awards with FY22 will continue to increase in the coming months as proposals are processed and awarded.