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Office of the Chancellor

MEMORANDUM

Date: October 31, 2014

To: Andy Anger, Professor, CTC
Scott Bell, Associate Vice Chancellor for Facility Services, AS
Keith Cunningham, Research Assistant Professor, IARC
Kathryn Dodge, Assistant Professor, SNRE
Faye Gallant, Staff Council Vice President, Business Analyst, OMB
Ali Knabe, Executive Officer, USA
Adam Krynicki, Business Development Officer, OIPC
Raaj Kurapati, Associate Vice Chancellor for Financial Services, AS
Charlie Sparks, Professor, SOM

From: Brian Rogers, Chancellor

A handwritten signature in black ink, appearing to read 'Brian Rogers', is written over the printed name.

Re: Revenue Opportunities Special Review

Background

UAF's budget is supported by multiple revenue sources including state general funds, federal grant funds, other grant funds, tuition, fees, and philanthropic donations. The most important funding source available to UAF historically has been state general funds. This fiscal year, state general funds comprise 41% of UAF's budget. Nationally, state funding for universities has not kept pace with enrollment increases and inflation. UAF's proportion of state funding is still quite high among all public universities in the country. Federal receipts have declined some in recent years. Tuition comprises about 9% of UAF's revenue stream. UA's tuition level is close to the lowest in the nation, and our Board of Regents decided in September to hold rates steady for academic year 2015-2016.

One way to achieve a balanced budget in an environment of declining or stagnant revenue and increasing costs is to reduce spending. Alternatively, UAF could consider ways to enhance both traditional and alternative sources of revenue.

Several activities designed to enhance revenue have been implemented already this fiscal year, including: development of a "virtual tour" to assist in recruitment efforts, the launch of a fully on-line Master's in Business Administration degree by the School of Management, increased donation amounts secured by KUAC during its fall fundraising campaign, the reallocation of technology fee revenues to cover more of UAF's basic technology needs and increases to other student fees for the first time in many years.

Last winter and spring, the Budget Options Group and the Planning and Budget Committee brainstormed some revenue generating ideas (see attached). Some of these ideas were implemented as noted above; however, many were not fully analyzed. Given that it is anticipated that UAF will be facing further budget deficits next fiscal year, a special review of revenue opportunities would be helpful for future planning purposes.

Special Program Review Scope

Analysis

- Consider issues and opportunities in UAF's current major funding sources. Some items the committee may want to consider:
 - Enrollment – does UAF's recruitment team believe there are specific investments that could be made to increase enrollment?
 - Retention – should UAF departments be incentivized to improve student retention and graduation rates?
 - Fees – Are UAF's fees comparable, both in type and level, to fees charged by other public research institutions?
 - Federal research funding agencies – Has UAF experienced a decline in funding from any particular federal agencies over time, and if yes, why? Are there federal funding agencies with which UAF does not yet have a strong relationship that should be targeted? Has UAF's success in securing appropriate indirect rates from particular agencies declined?
 - State research funding agencies – Are there state agencies with which UAF does not yet have a strong relationship that should be targeted? Has UAF's success in securing appropriate indirect rates from particular agencies declined?

- Consider opportunities that may exist to develop new revenue streams. Some items the committee may want to consider:
 - Are there philanthropic foundations outside of Alaska with which UAF should be cultivating a relationship (e.g those with an interest in climate change, oceans, alternative energy, etc.)?
 - Should UAF begin charging or increase fees for outreach services such as those provided by CES and MAP?
 - Are there opportunities to earn revenue off of underutilized facilities such as the farms, the Kasitna Bay Laboratory, or the Kodiak laboratory?
 - Is there an opportunity to earn revenue from offering summer executive programs, or conferences/workshops for businesses?
 - Are there opportunities to create for-profit affiliate businesses to fund UAF's programs?

- Consider opportunities for one-time revenue. Some items the committee may want to consider:
 - Are there underutilized buildings UAF could sell?
 - Are there underutilized major pieces of equipment that UAF could sell?

Recommendations

- Please indicate whether you have identified areas in which UAF might be able to increase revenue without much new investment
- Please indicate areas that you believe are most promising for development as new revenue streams (e.g. if you had \$500,000 to invest as seed money in developing a new opportunity, where would you recommend that money be invested?)
- Please offer recommendations on other issues you deem important.

Review Committee

I am appointing the following individuals to serve as members of the Revenue Opportunities Review Committee:

- Scott Bell, (Chair)
- Andy Anger, Professor, CTC
- Keith Cunningham
- Kathryn Dodge
- Faye Gallant
- Ali Knabe
- Adam Krynicki
- Raaj Kurapati
- Charlie Sparks.

Process

The goal of this Review is to make recommendations regarding changes that could be implemented with the new fiscal year. Because leadership may need lead time to plan for implementation of changes or new initiatives initial recommendations are due from the Revenue Opportunities Special Review Committee to me and Core Cabinet by January 9, 2015 and final recommendations by March 6, 2015.

The Office of Management and Budget and Planning, Analysis and Institutional Research will each assist the Committee in identifying sources of data that might be useful in its work. Sylvan Robb, (474-6199, ssrobb@alaska.edu) will serve as an OMB/PAIR point of contact for the Revenue Opportunities Special Review Committee. Kari Burrell, UAF's Executive Officer, (474-7489, kari.burrell@alaska.edu) is also available to the Committee as a resource in thinking about goals and approach.

Thank you for agreeing to serve on the Revenue Opportunities Special Review Committee. Your work on this Committee will assist UAF leadership in setting near term revenue priorities in this dynamic environment.

Cc: Kari Burrell, Executive Officer
Susan Henrichs, Provost
Mark Myers, Vice Chancellor for Research
Evon Peter, Vice Chancellor for Community, Rural and Native Education
Pat Pitney, Vice Chancellor for Administrative Services
Sylvan Robb, Senior Program Analyst, Office of Management and Budget
Mike Sfraga, Vice Chancellor for University and Student Advancement
Dan White, Associate Vice Chancellor for Research