

ALASKA STATE LEGISLATURE

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SUMMARY OF: A Special Report on the University of Alaska, Unit Cost Analysis and Other Selected Issues, Part 1, August 12, 2005.

PURPOSE OF THE REPORT

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we were to perform a cost analysis of the University of Alaska (UA or University) FY 04 expenditures by academic unit and housing complex. We were also to evaluate the degree of resolution of findings identified in the *University of Alaska, Unit Cost Analysis and Selected Operational Aspects, November 15, 1993*, Audit Control Number 45-4448-94.

Further, we were to determine if the University was maximizing the use of distance education technologies and was making travel arrangements in the most cost-effective manner. Maximizing the use of distance education technologies and the arrangement of travel in a cost-effective manner will be addressed at a later date under separate report cover.

REPORT CONCLUSIONS

This audit presents expenditures, revenue, and other cost information for the three main campuses—University of Alaska Anchorage (UAA), University of Alaska Fairbanks (UAF), and University of Alaska Southeast (UAS)—small campuses, and Statewide administration. Further, in the appendices of the report, costs are categorized in functional categories by college, school, small campus, research institute, or public service organization. These presentations compute cost per credit hour, cost per full-time equivalent student, and credit hours per faculty. This report also provides an analysis of housing financial and occupancy information, evaluates housing revenues collected in the summertime, and addresses the status of recommendations of the prior audit.

Some of the observations and conclusions in this report are:

1. UAF has the largest percentage of total University expenditures, while UAA has the largest percentage of instructional costs.
2. The State's General Fund is the largest single source of funds. Also, UA received almost \$134 million (27%) in federal funding in FY 04, primarily related to research conducted at UAF. Tuition and fees account for \$67 million (14%) of the total FY 04 revenue.

3. UAA has the highest number of credit hours and lowest cost per credit hour. Graphs compare the costs for UAA, UAF, UAS, and the combined small campuses, presented on both a credit-hour and per-student basis.
4. UA expenditures for research and administration exceed national averages. UA exceeds the national average in research, student services, operations and maintenance, and administration, while spending less than the national average on all instruction, public service, and student aid.
5. In FY 04, UA housing revenues exceeded operating expenditures. In FY 04, University housing, in total, collected nearly \$2 million more in revenue than its operating expenditures. When considering debt service, UA's almost \$2 million operating surplus is reduced to just over a \$290,000 deficit.
6. UAA seeks to maximize summertime guest revenues. The three main campuses have different eligibility requirements for individuals allowed to stay in campus housing in the summertime.
7. The University has either resolved or made significant progress on the prior five audit recommendations.

FINDINGS AND RECOMMENDATIONS

1. University chancellors should improve enforcement of policies and procedures relating to faculty evaluations, sabbaticals, and faculty overloads and additional assignments. During our review of faculty evaluations, sabbaticals, overloads and additional assignments, we noted several weaknesses, specifically:
 - A. The tracking, monitoring, and compliance of faculty evaluations and supporting documents require improvement.
 - B. Procedures should be adopted to address late sabbatical reports.
 - C. Payment for faculty overloads and additional assignments should not be allowed without a signed agreement.
2. The vice chancellors of administrative services should continue to improve accounting for auxiliary services. More precise and consistent recording of financial activity related to housing services will ensure management has the best information to make knowledgeable decisions.
3. UAF vice chancellors for administrative services should pursue opportunities to increase revenues in order to accommodate debt service requirements and/or future construction needs.

August 29, 2005

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

**UNIVERSITY OF ALASKA
UNIT COST ANALYSIS
AND OTHER SELECTED ISSUES**

Part 1

August 12, 2005

45-30033A-05

This report presents unit cost information for the various schools, colleges, research institutes, and public service organizations of the University of Alaska, using fiscal year 2004 financial data and academic year 2004 information for students and faculty. Additionally, we present housing unit cost information and follow up on findings and recommendations presented in our *University of Alaska, Unit Cost Analysis and Selected Operational Aspects, November 15, 1993, Audit Control Number 45-4448-94*. This report only addresses three of the five objectives of the audit and, as such, is identified as Part 1.

The audit was conducted in accordance with generally accepted government audit standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology.

Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we were to perform a cost analysis of the University of Alaska (UA or University) FY 04 expenditures by academic unit and housing complex. We were also to evaluate the degree of resolution of findings identified in the *University of Alaska, Unit Cost Analysis and Selected Operational Aspects, November 15, 1993*, Audit Control Number 45-4448-94. Further, we were to determine if the University was maximizing the use of distance education technologies and was making travel arrangements in the most cost-effective manner.

Objectives

The three audit objectives being addressed in this report are:

1. Determine the expenditures for various functional activities at each school, college, small campus, research institute, or public service organization.
2. Determine if housing revenues exceed operating expenditures for on-campus housing units.
3. Review the status of the five recommendations made in the *University of Alaska, Unit Cost Analysis and Selected Operational Aspects, November 15, 1993*, Audit Control Number 45-4448-94.

Two additional objectives—one concerning arrangement of travel in a cost-effective manner and another pertaining to the use of distance education technologies to the maximum extent possible—will be addressed at a later date under separate report cover.

Scope and general methodology

We interviewed University officials at the three main campuses in Fairbanks, Anchorage, and Juneau; at many of the extended campuses; and at the Statewide administration offices. Our interviews were with faculty and staff from both the administrative and academic components of the University and included discussion on classification of revenues and expenditures; student credit data; data processing; faculty evaluations, overloads, additional assignments, and sabbaticals; and housing issues.

We reviewed UA regulations, policies and procedures, faculty handbooks, and union contracts, and tested academic and personnel files. We also reviewed several cost studies and other reports previously conducted by and for the University, including *University of Alaska, Unit Cost Analysis and Selected Operational Aspects, November 15, 1993*, Audit Control Number 45-4448-94, and related working papers.

We examined the FY 03 and FY 04 financial statement audit of the University and the associated working papers kept by the University's external financial auditor.

We reviewed faculty evaluations from September 2000 through May 2004; we analyzed faculty overloads/additional assignments and supporting documentation for FY 04; and we tested sabbaticals from September 2002 through May 2004 for approval and compliance with the Board of Regents' policy regarding sabbatical reports.

We computed cost of housing on a per-occupant basis using occupancy and capacity information provided by the housing staff as well as FY 04 revenue and expenditure information received from the University's information system (BANNER) finance module.

Primary sources of information

The financial information and related unit cost calculations are for UA system activity for FY 04 and the 2004 academic year¹ (AY 04). We collaborated with University officials to extract financial, student credit hour, and faculty workload data from the BANNER finance, student, and human resources module, respectively. Testing the reliability, accuracy, and completeness of information from each BANNER module was accomplished by reviewing the work of the University's external auditors, supplemented by some additional testing.

The basis of the financial information is from the audited FY 04 Statement of Changes in Fund Balance.

To determine costs per full-time equivalent (FTE) student,² we used FY 04 expenditure information from the BANNER finance module and credit-hours data from the BANNER student module.

To determine costs per FTE faculty, we used BANNER finance information and faculty workload data from the BANNER human resources module.

Each of the National Center for Higher Education Management Systems (NCHEMS) categories has both directly charged and allocated costs

The unit cost analysis is presented by reporting unit: schools, colleges, small campuses, research institutes, and public service organizations. However, the University has many other organizational units such as administrative services and student affairs. Since these other

¹ AY 04 refers to Summer 2003, Fall 2003, and Spring 2004.

² One full-time equivalent (FTE) student is calculated as: every 30 undergraduate credit hours, every 24 graduate/professional level credit hours, or every 30 noncredit and continuing education person contacts. These amounts reflect the number of credit hours a theoretical full-time student would earn in an academic year. Person contacts describe the number of people taking noncredit or continuing education courses. If a person takes three different noncredit courses in one semester, for example, that equals three person contacts.

organizational units support the mission of the schools, colleges, small campuses, research institutes, and public service organizations, costs of these supporting units must be allocated to the units being reported.

The methodology for allocating supporting unit costs to the reporting units is generally by functional cost category (NCHEMS)³ as follows:

Instruction: These expenditures were primarily allocated to the main campus schools and colleges. The method of allocation is based on the relative percentage of FTE students in the schools and colleges. Instruction costs associated with Summer session are allocated to those schools, colleges, and campuses, based on the student credit hours generated during the Summer session.

Research: These expenditures were allocated based on the relative percentage of the research costs of each reporting unit.

Public Service: These expenditures were allocated based on the relative percentage of the public service costs of each reporting unit.

Student Services: These expenditures were allocated primarily to the main campus schools and colleges. At University of Alaska Fairbanks (UAF), Tanana Valley Campus was also allocated some of the UAF student services costs. The method of allocation is based on the relative percentage of FTE students for on-campus schools and colleges.

Student Aid: These expenditures were allocated to the main campus schools and colleges only. The method of allocation is based on the relative percentage of FTE students for on-campus schools and colleges.

Academic Support: These expenditures were primarily allocated based on the relative percentage of the direct mission expenditures (for instruction, research, and public service) of each reporting unit. Because University of Alaska Anchorage (UAA) and UAF main campuses do not provide the same level of academic support to the small campuses, only 50% of the initial allocation of academic support was ultimately allocated to the small campuses.

Institutional Support: These expenditures were allocated based on the relative percentage of the direct mission expenditures (for instruction, research, and public service) of each reporting unit.

Operations and Maintenance: These expenditures were allocated to those reporting units that were on the main campus. The method for allocation is the actual square footage assigned to each unit.

³ The NCHEMS structure comprises nine basic categories designed to cover the full array of university activities: three primary activities (instruction, research, and public service) and six support activities (student services, student aid, academic support, institutional support, operations and management, and auxiliary services). These are standard categories used by universities nationwide. (See pages 11-12 for further detail)

Research Administration: These expenditures were allocated based on the relative percentage of the research costs of each reporting unit.

In general, University of Alaska Southeast (UAS) provides more support to its small campuses, so portions of instruction, public services, and student services are also allocated to the small campuses.

No costs from University of Alaska Statewide functions have been allocated. (See page 14 for a definition of Statewide administration costs)

FTE students are reported at the college, school, or campus offering the course

“Full-time equivalent student” is a term used to convert credit hours that may be generated from a mix of full-time, part-time, and nondegree-seeking students in order to measure and analyze costs. One FTE student was calculated as follows:

1. Every 30 undergraduate credit hours or
2. Every 24 graduate/professional level credit hours or
3. Every 30 noncredit and continuing education person contacts. (See footnote 2, page 2, for a definition of person contacts)

Students may have a serving campus and a home campus. A serving campus is the campus where the course is offered. The home campus is either where the student originally entered the UA system or where the student’s declared degree program is located. The home campus often reflects where the student is physically located. However, the unit cost analysis allocates credit hours to the serving campus in order to match those credit hours with the primary mission costs.

FTE faculty were used to calculate credit hours generated by faculty

“Full-time equivalent faculty” is a term used to convert faculty effort that may be generated from a mix of full-time, part-time, and adjunct faculty as well as faculty overload and additional assignments. One FTE faculty was calculated as follows:

1. Every 1,560 regular faculty hours (9 months) or
2. Every \$28,000 paid to adjunct faculty or
3. Every \$28,000 paid to regular faculty for overload and additional assignments.

Appendix E presents the number of FTE faculty by college, school, and small campus. The final column in these attachments provides expenditures per FTE faculty. As discussed above, expenditures include both allocated and direct costs. Salaries and employee benefits, contractual obligations, and supplies and materials are included in the totals. This is because the cost of FTE faculty is not only the cost associated with an individual faculty member, but also the support cost. These support costs range from 0% to 135% of the direct costs.

ORGANIZATION AND FUNCTION

The University of Alaska (UA or University) was established by the Alaska Constitution, Article VII, Section 2, and by Alaska Statute 14.40 as the state university. The Board of Regents, appointed by the governor, serves as the governing body.

Alaska's territorial governor accepted federal land granted for higher education in 1917

In 1917, Alaska's territorial governor signed a bill accepting a federal land grant to create the Alaska Agricultural College and School of Mines “*as a land grant college committed to public service, teaching and research.*” The institution, established in Fairbanks, was opened in 1922. In 1935, the territorial legislature approved changing the name to the University of Alaska.

UA presently comprises three main campuses and thirteen extended (small) campuses

There are three regional university centers in the UA system: University of Alaska Fairbanks (UAF), University of Alaska Anchorage (UAA), and University of Alaska Southeast (UAS). (See Exhibit 1 on the following page) A chancellor who reports to the president heads each university center. In 1986, community colleges were merged into the UA system. The regional university centers assumed responsibility for the educational missions of the community colleges.

The three main campuses and their associated schools, colleges, research institutes, and public service organizations are described below.

- UAF - Fairbanks Campus

UAF's main campus is located a few miles from downtown Fairbanks. UAF has the largest proportion of full-time students. The Fairbanks campus offers a variety of residential facilities for individuals or families. Degrees are offered at all levels, from certificate to doctorate. UAF is UA's only doctoral degree-granting institution.

UAF's academic units are:

- College of Liberal Arts
- College of Natural Sciences and Mathematics
- College of Engineering and Mines
- School of Natural Resources and Agricultural Sciences
- School of Education
- School of Fisheries and Ocean Sciences
- School of Management

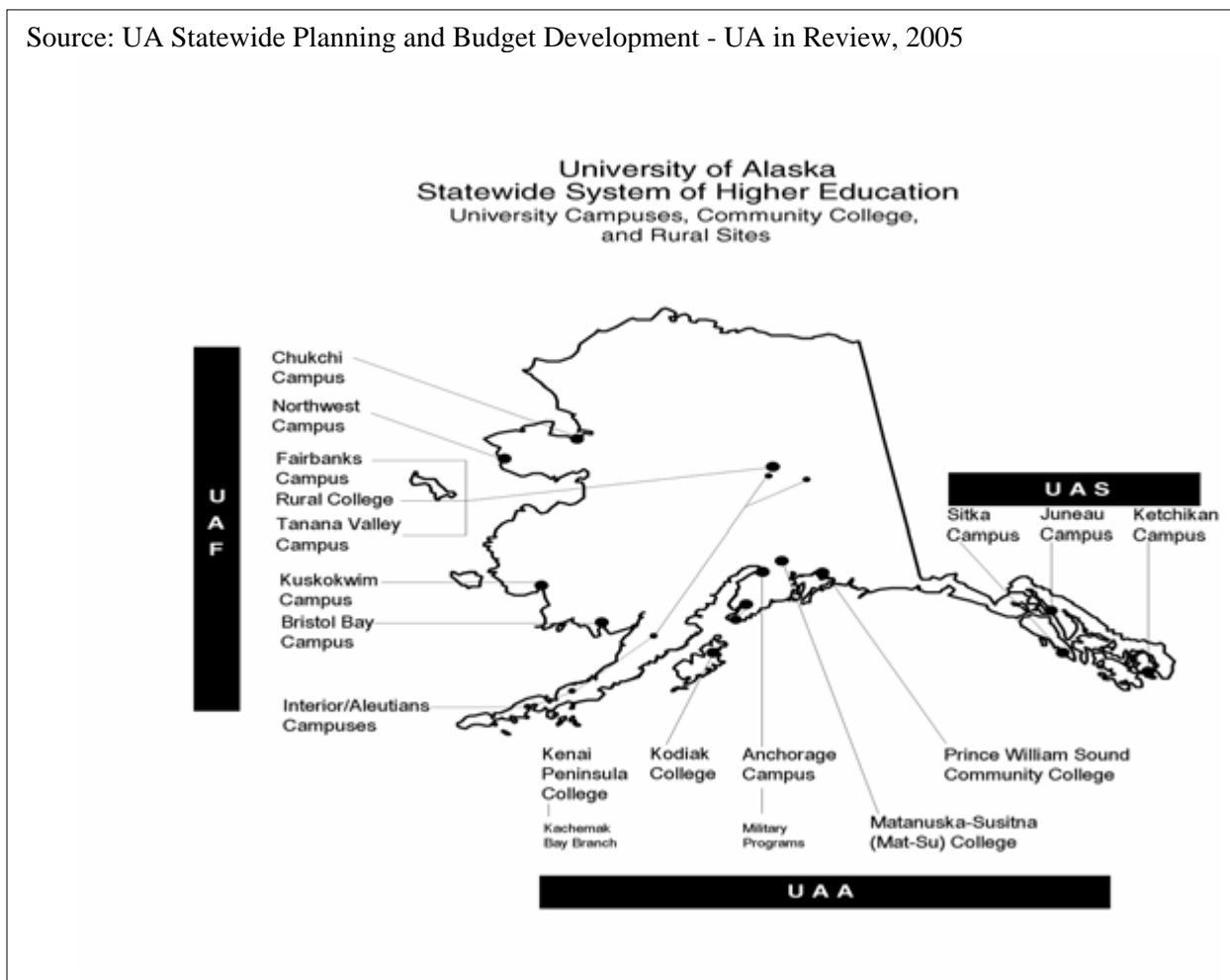
UAF's research institutes and public service organizations are:

- Arctic Region Supercomputing Center
- Institute of Northern Engineering
- Clean Coal Diesel Project
- Cooperative Extension Service
- Development Programs and Projects
- Geophysical Institute
- Institute of Arctic Biology
- International Arctic Research Center
- UA Museum

Research and public service is conducted at various centers and institutes at UAF. The Arctic Region Supercomputing Center is known for high-performance computational research in science and engineering. Also, the International Arctic Research Center is a focal point for studies on global climate change.

Exhibit 1

Source: UA Statewide Planning and Budget Development - UA in Review, 2005



- UAA – Anchorage Campus

The Anchorage Campus of UAA is located in the state’s largest city. Instructional programs span noncredit community education programs as well as certificate, associate, baccalaureate, and master’s degree programs. UA higher education programs are extended to military sites through UAA.

UAA’s academic units are:

- College of Arts and Sciences
- College of Business and Public Policy
- College of Health and Social Welfare
- Community and Technical College
- College of Education
- School of Engineering

UAA’s research institutes are:

- American Russian Center
- Environmental and Natural Resources Institute
- Institute of Social and Economic Research

- UAS – Juneau Campus

UAS’s Juneau Campus is a residential institution located in Alaska’s capital city. UAS offers a variety of degree programs available through traditional enrollment and distance delivery. They include certificate, associate, and baccalaureate degrees as well as master’s degrees in the areas of administration and education. Degrees are offered at most levels, from certificate to master’s.

UAS’s academic units are:

- College of Education, Liberal Arts, Science, Business and Public Administration
- School of Career and Vocational Education

- Kenai Peninsula College (KPC)

KPC campus of UAA is located between Kenai and Soldotna on the Kenai Peninsula. This campus offers associate degree programs, coursework leading to baccalaureate degrees, vocational programs, continuing education, and personal development courses. The Kachemak Bay Branch, located in Homer, provides a variety of academic, vocational, and continuing education courses.

- Kodiak College (KOC)

KOC campus of UAA is located on Kodiak Island south of Anchorage. This campus offers certificate programs and associate degree programs. Courses leading to baccalaureate degrees are taught, as well as continuing and vocational technical education.

- Matanuska-Susitna College (MSC)

MSC campus of UAA is located in the Matanuska-Susitna Valley. This campus offers courses leading to certificate, associate, and baccalaureate degree programs. Numerous vocational and special interest courses are also provided.

- Prince William Sound Community College (PWS)

PWS campus of UAA is located in Valdez. The college offers associate degrees and certificate programs and maintains extension units in Cordova and Copper Basin. Housing is offered in Valdez.

- Bristol Bay Campus (BB)

BB of UAF is located in Dillingham on the northern coast of Bristol Bay. Courses are offered through distance delivery, including correspondence; use of itinerant instructors; and traditional methods. The campus offers certificate programs as well as associate, bachelor's, and master's degree programs.

- Chukchi Campus (CC)

CC of UAF is located in Kotzebue above the Arctic Circle. Chukchi offers the Associate of Arts and Associate of Applied Science degrees, as well as courses leading to baccalaureate degrees in education, rural development, and social work.

- Interior-Aleutians Campus (IA)

IA of UAF is located in Fairbanks and administers rural centers in Fort Yukon, Galena, McGrath, Tok, and Unalaska. Service is also provided to five towns and villages within the Doyon region and the Aleutians/Pribilof Islands. Offerings include the Associate of Arts degree and several vocationally oriented Associate of Applied Science degrees, as well as skill-building and community interest classes. Courses are offered via distance delivery as well as on site by local or itinerant instructors.

- Kuskokwim Campus (KC)

KC of UAF is located in Bethel. The campus offers an Associate of Arts degree and Associate of Applied Science degrees. Some baccalaureate degrees are also available. Housing is available at Sackett Hall on the campus.

- Northwest Campus (NW)

NW of UAF is located in Nome. NW offers educational services to the 15 Eskimo villages in the surrounding area. This campus offers certificate programs and associate degree programs.

- Rural College (RC) Center for Distance Education

RC, part of UAF, is located in Fairbanks. Courses are offered by local instructors and through RC's audio-conferencing system and correspondence. RC information in the unit cost appendix represents only those costs associated with delivery of distance education courses by faculty of the RC Center for Distance Education.

RC also oversees campuses at extended sites: the Bristol Bay Campus in Dillingham, the Chukchi Campus in Kotzebue, the Kuskowim Campus in Bethel, the Northwest Campus in Nome, and the Tanana Valley Campus and Interior-Aleutians Campus in Fairbanks. In this analysis, RC costs associated with administration of the extended sites have been allocated to those units.

- Tanana Valley Campus (TVC)

TVC of UAF is located in Fairbanks. The campus provides general education at the certificate and associate degree levels, and vocational technical training programs focused on business, computers, office professions, and industrial/ technical areas.

- Ketchikan Campus (KET)

KET is part of UAS. The campus offers certificate programs as well as associate degree programs. A variety of continuing education offerings are also available to support community needs.

- Sitka Campus (SC)

SC is part of UAS. The campus offers certificate programs and associate degree programs, some of which are entirely distance-delivered across Alaska and to students in other states. A wide range of continuing education courses is also available.

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BACKGROUND INFORMATION

The central objective of this audit request was to determine the costs of the various activities carried out by the University of Alaska (UA or University). The financial information and related unit cost calculations are for UA system activity for FY 04 and the 2004 academic year⁴ (AY 04). For our analysis, we used financial information on a fund basis as reported by the University in the FY 04 Statement of Changes in Fund Balance. We worked with University personnel in calculating these unit costs. Their comments and observations were considered in finalizing the methodology and approach we used in making our calculations.

Cost categories presented in the various graphs in this report are the standard National Center for Higher Education Management Systems (NCHEMS) classifications. These are standard categories used by universities nationwide. Use of these standard categories allows for comparisons between UA activities and national averages.

The NCHEMS⁵ structure comprises nine basic categories designed to cover the full array of university activities: three primary activities (instruction, research, and public service) and six support activities (student services, student aid, academic support, institutional support, operations and management, and auxiliary services). The three primary university mission categories are further defined below:

1. Instruction. This category includes activities of the colleges, schools, departments, and other instructional divisions of the institution, as well as departmental research and public service activities that are not accounted for separately. It includes general academic instruction; occupational and vocational instruction; community education; preparatory and adult basic education; and regular, special, and extension sessions. These can be credit or noncredit courses. This excludes activities for academic administration.
2. Research. This includes activities specifically organized to produce research outcomes and commissioned by an agency either external to the institution or accounted for separately by an organizational unit within the institution.
3. Public Service. This includes activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. This function includes expenses for community services, cooperative extension services, and public broadcasting services.

The six support categories include activities and operations and are outlined in Exhibit 2 on the following page.

⁴ AY 04 refers to Summer 2003, Fall 2003, and Spring 2004.

⁵ NCHEMS category definitions come from the National Center for Education Statistics, Integrated Postsecondary Education Data System website: <http://www.nces.ed.gov/ipeds/glossary/index.asp>

Exhibit 2

NCHEMS Support Categories					
Student Services	Student Aid	Academic Support*	Institutional Support*	Operations and Maintenance*	Auxiliary Services**
Student Service Administration	Scholarships	Library Services	Executive Management	Physical Plant Administration	Internal Independent Operations
Social and Cultural Development	Fellowships	Museums and Galleries	Financial Management	Building Maintenance	External Independent Operations
Counseling and Career Guidance		Educational Media Services	General Administration	Custodial Services	Student and Faculty Housing
Financial Aid Administration		Academic Computing Support	Administrative Computing Support	Utilities	Food Services
Intercollegiate Athletics		Ancillary Support	Public Relations Development	Grounds Maintenance	Student Union
Student Health Medical Services		Academic Administration		Major Repairs and Renovation	Bookstore
Student Admissions		Course and Curriculum Development		Property Insurance	
		Academic Personnel Development			
<p>* These are the overhead categories addressed in this report. ** Auxiliary services are not presented in the unit cost analysis that is the subject of this report.</p>					

Only eight of the nine NCHEMS categories are presented in this unit cost analysis

The tables and graphs in this report present the costs in NCHEMS categories, either by school, college, small campus, research institute, or public service organization. Instead of presenting the nine NCHEMS categories in this unit cost analysis, however, we only present eight. We exclude \$36 million in auxiliary services expenditures, as these costs are offset by auxiliary services revenue and do not represent educational or administrative costs.

Also, student aid expenditures have been increased by \$7.6 million for tuition allowances. Accounting principles require that tuition allowances be offset against tuition revenue. Because

these allowances represent institutional resources provided to students, they are recognized in this cost analysis as University expenditures.

Finally, the unit cost information presented in Exhibits 5 through 7 and in the appendices does not include any allocation for the more than \$21 million of Statewide administration costs. Statewide administration costs are those incurred by the Fairbanks-based Statewide Programs and Services Unit (Statewide). Statewide provides coordination among campuses; Board of Regents support; and overall administrative management, including but not limited to the Office of the President, government and university relations, development, general counsel, finance and planning, and information technology services. Statewide expenditures are only shown in Exhibits 3 and 4.

Housing revenues and expenditures are presented by complex

Five campuses provide students with housing. These campuses are University of Alaska Anchorage (UAA); University of Alaska Fairbanks (UAF); UAF Rural College (RC), Kuskokwim Campus in Bethel; University of Alaska Southeast (UAS) in Juneau; and, Prince William Sound Community College (PWS) in Valdez. The type of housing varies from dormitory rooms to full apartments and combinations of both. This analysis does not include any food or dining services. We obtained capacity and occupancy information from staff at each of the campuses. UA internal audit staff provided the revenue and expenditure data from UA's information system financial module.

Housing revenue and expenditures are most often classified by activities rather than by housing complex or unit. This is discussed further in Recommendation No. 2. In order to present financial activity by housing complex, we allocated revenues and expenditures to buildings on a reasonable basis. As an example, housing administrative costs were allocated based on building capacity, and electric costs were allocated based on building square footage. Total revenues in Exhibit 10 include revenue generated during the summertime as well as the Fall and Spring terms.

As shown in Exhibits 9 and 10, UAF has five complexes for family housing. These complexes are shown on a per-unit basis. The rest of the complexes are represented on a per-occupant basis. UAF rents family housing on a unit basis, while other complexes are rented on a bed-space basis. Also shown in Exhibit 9, UAF's Harwood Hall has no revenues. This is because Harwood Hall was used by the Music Department and then renovated during FY 04.

Resident advisor services and debt service affect financial information comparability

Two factors affect comparability of the costs across campuses. UAF records the resident advisor services, while other campuses do not. Resident advisors provide a service for the housing departments and, in return, receive a rent-free room to live in. The UAF financial information in Exhibit 9 includes the residential staff revenue and expenditures. The other campuses' financial information does not. This is also further discussed in Recommendation No. 2.

Debt service also affects comparability of expenditures across campuses. UAA, UAF, and UAS accrued debt in order to finance the construction, acquisition, or repair of buildings. The new buildings are Banfield Hall at UAS, North East and West (NEW) Halls at UAA, and Templewood Apartments at UAA.

Faculty information is critical to the calculation of faculty full-time equivalencies

In our prior unit cost analysis,⁶ information-system weaknesses and poor policies and procedures relating to personnel information resulted in difficulty in determining faculty full-time equivalencies. The University did not adequately support faculty evaluations, overload and additional assignments, and sabbaticals. Additionally, the University was unable to extract accurate data from its information system. Therefore, conservative estimates were used to calculate full-time equivalencies for adjuncts, overloads, and additional assignments in the prior audit, and recommendations were made for improvement. Current background on faculty evaluations, sabbaticals, and overloads is as follows:

- Faculty Evaluations

UA faculty evaluation documents are maintained in the academic files, and the storage of these files varies somewhat among the main campuses. An academic file generally contains the faculty member's workload agreements; activity reports; performance evaluations and documents relating to promotion, retention, and tenure; and any other academic records pertaining to the faculty member. An employment file typically contains the faculty member's hiring, compensation, and benefit documents.

At UAF, the academic files are the responsibility of the deans' and directors' offices. At UAA and UAS, the academic files are maintained by the Office of the Provost. Faculty evaluation guidelines are outlined in the UA Board of Regents policies and in the faculty bargaining agreements. Detailed evaluation policies and procedures regarding faculty evaluations are set out in each of the main campuses' faculty handbooks. The Office of the Provost at each main campus is responsible for ensuring compliance of evaluations. In the last audit, we recommended that the University improve policies and procedures regarding faculty evaluation compliance.

⁶ *University of Alaska, Unit Cost Analysis and Selected Operational Aspects, November 15, 1993, Audit Control Number 45-4448-94*

- Sabbaticals

Per Board of Regents policy, the faculty member shall submit a sabbatical report detailing the activities and accomplishments of the sabbatical leave within three months after returning from leave. The report is submitted to the faculty member's dean or director for review prior to submitting it to the Office of the Provost. Sabbatical guidelines are outlined in the UA Board of Regents policies, in the faculty bargaining agreements, and in each of the main campus faculty handbooks. The recommendation from the prior audit stated that the University should improve the subsequent follow-up and review procedures of completed sabbaticals.

- Faculty Overloads and Additional Assignments

Faculty members receive extra compensation for working an overload or additional assignments. Credit overloads are for additional instruction taught during the academic year, and noncredit overloads are for other non-instructional work assigned during the academic year. Credit additional assignments are generally for Summer instruction, and noncredit additional assignments are for other non-instructional Summer work assigned. Overloads and additional assignments are addressed in the UA Board of Regents regulations and in the faculty bargaining agreements. The prior audit recommended that the University increase controls and improve accountability for employees performing overload or additional assignments.

(Intentionally left blank)

REPORT CONCLUSIONS

This audit presents expenditures, revenue, and other cost information by the three main campuses—University of Alaska Anchorage (UAA), University of Alaska Fairbanks (UAF), and University of Alaska Southeast (UAS)—small campuses, and statewide administration. Further, in the appendices of the report, costs are categorized in functional categories by college, school, small campus, research institute, or public service organization. These presentations compute cost per credit hour, cost per full-time equivalent (FTE) student, and credit hours per faculty.

Comparability between this unit cost analysis and the one performed in 1993 is limited, primarily due to the following:

- Improved financial information;
- Better information on faculty workloads;
- Improved information on student credit hours; and
- University organizational changes

This report also provides an analysis of housing financial and occupancy information, evaluates housing revenues collected in the summertime, and addresses the status of recommendations of the prior audit—*University of Alaska, Unit Cost Analysis and Selected Operational Aspects, November 15, 1993*, Audit Control Number 45-4448-94.

The conclusions are organized into three categories as follows:

1. Unit Cost Analysis
2. Housing Analysis by Complex
3. Follow-up on Prior Recommendations

UNIT COST ANALYSIS

The financial information and related unit cost calculations are for UA system activity for FY 04 and the 2004 academic year⁷ (AY 04). For this analysis, we used financial information on a fund basis as reported by the University in the FY 04 Statement of Changes in Fund Balance.

Exhibits 3 and 4 present FY 04 operating expenditures and revenue for the University as a whole. Exhibit 5 presents research and public service expenditures with their related overhead. Exhibit 6 presents the credit hours by regional campus, average cost per full-time equivalent student, and average cost per credit hour. Exhibit 7 presents UA expenditures by function as compared with the national average.

Additionally, the information presented as Appendices A through D illustrates and discusses similar computations for each of the reporting units—schools, colleges, small campuses, research institutes, and public service organizations. The appendices divide the University into four segments. The three main campuses at Anchorage, Fairbanks, and Juneau are considered separately, while the smaller campuses at thirteen different locations⁸ are combined for presentation purposes. Cost information is presented for the three main campuses, summarized on a college, school, research institute, or public service organization basis within the campus. Cost information for the smaller campus schools is presented on a campus-by-campus basis.

The graphs were produced from the cost information presented in Appendix E. Methodology for determining costs is presented in the Objectives, Scope, and Methodology section of this report.

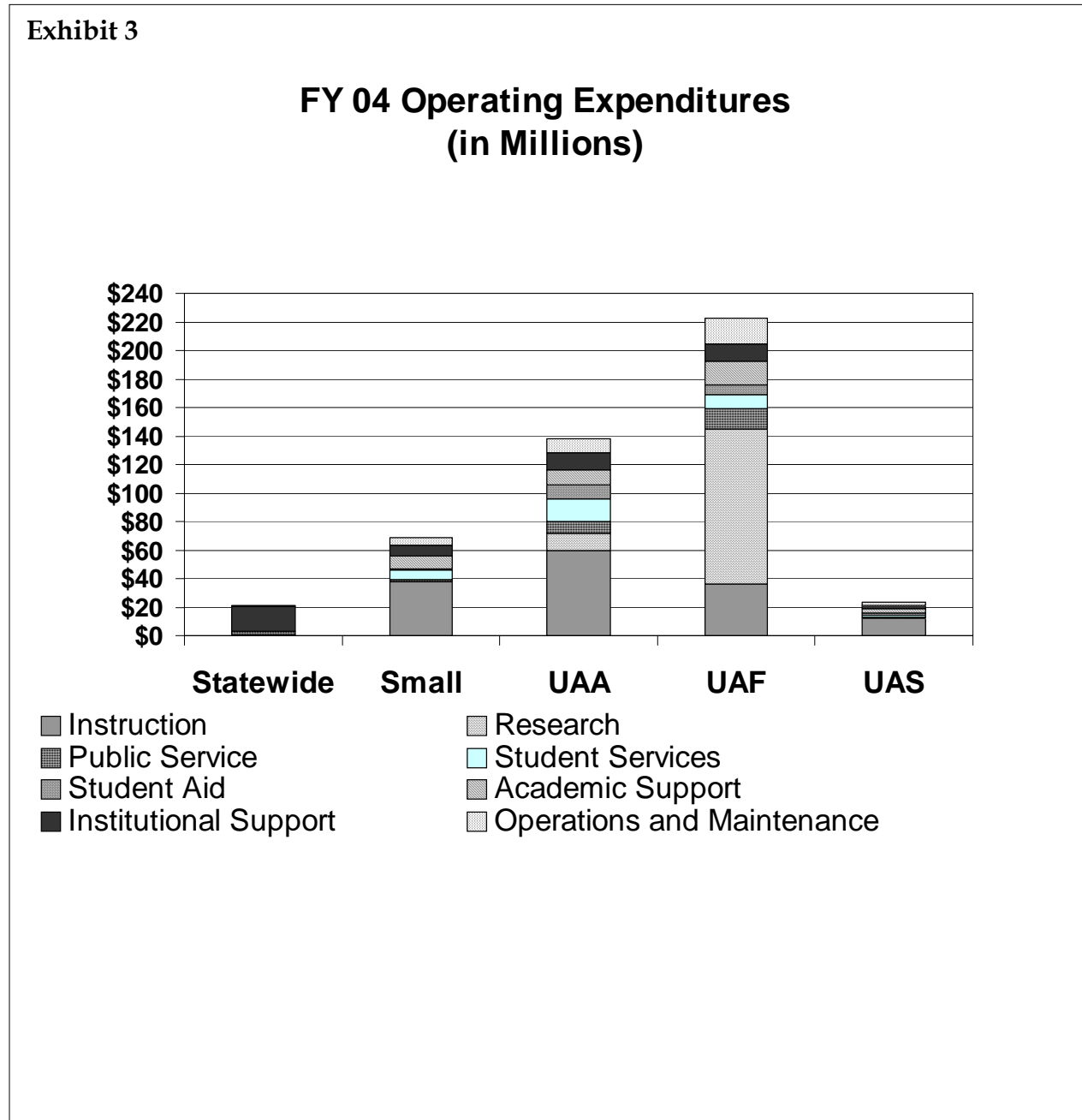
UAF has the largest percentage of total University expenditures, while UAA has the largest percentage of instructional costs

Exhibit 3 on the following page summarizes the University's reported \$474 million in expenditures for FY 04. UAF accounts for 47% of the total UA expenditures. UAF also has a substantial amount of expenditures related to research, which is a more significant part of its operations than at any other campus in the system. However, UAA has more expenditures than UAF related to instruction. Instruction is the major expenditure category for UAA, UAS, and the combined smaller campuses.

⁷ AY 04 refers to Summer 2003, Fall 2003, and Spring 2004.

⁸ Smaller campus locations include Kenai Peninsula, Matanuska-Susitna, Kodiak, Prince William Sound Community College in Valdez, Kuskokwim Campus in Bethel, Chukchi Campus in Kotzebue, Bristol Bay Campus in Dillingham, Northwest Campus in Nome, Sitka Campus, and Ketchikan Campus. Also included in the small campus graphs are Tanana Valley Campus, Interior-Aleutians Campus, and Rural College Center for Distance Education located in Fairbanks. Interior-Aleutians Campus and Rural College Center for Distance Education provide coursework to outlying areas on a distance-delivery basis, while Tanana Valley Campus offers courses in a traditional classroom setting.

Exhibit 3 also shows Statewide expenditures totaling approximately \$21 million. Statewide expenditures represent almost 5% of operating expenditures in the financial statements.⁹ Statewide provides leadership, coordination of campus efforts, and centralized administrative support. (These costs were not allocated in the unit costs analysis reported in Exhibits 5 through 7, or in the detail analyses in Appendices A through E.)



⁹ This excludes auxiliary services and internal inter-unit expenditures and revenues.

The State's General Fund is the largest single source of funds

Exhibit 4 on the following page summarizes the University's reported \$494 million in revenue for FY 04. As previously disclosed, auxiliary services activities are excluded from the unit cost analysis, and therefore the \$37 million in auxiliary services revenue is not included in the revenues in Exhibit 4.

Appropriations from the State's General Fund are the single major source of revenue for the University, providing \$218 million (44%) in 2004. Federal revenue is the second largest funding source for the University. UA received almost \$134 million (27%) in federal funding in FY 04, primarily related to research conducted at UAF. Tuition and fees account for \$67 million (14%) of the total FY 04 revenue.

UAF ranks in the top 100 institutions nationwide for research and development

The large bar in Exhibit 5 reflects UAF's ranking among the National Science Foundation's top 100 institutions nationwide for research and development.

UA considers research a critical component in the delivery of programs and services that are of value now and to the future of Alaska. UA research is internationally recognized in a wide array of topics that include engineering, space physics, and climate change, as well as social and policy research.

For our unit cost presentation purposes, besides emphasizing the significant role that research plays at UAF compared with other UA system campuses, Exhibit 5 identifies the NCHEMS expenditures that are not as directly related to students and instructional hours as are other categories. (These expenditures are not included in the costs presented in the unit cost information in Exhibit 6.)

Exhibit 4

**FY 04 Operating Revenues
(in Millions)**

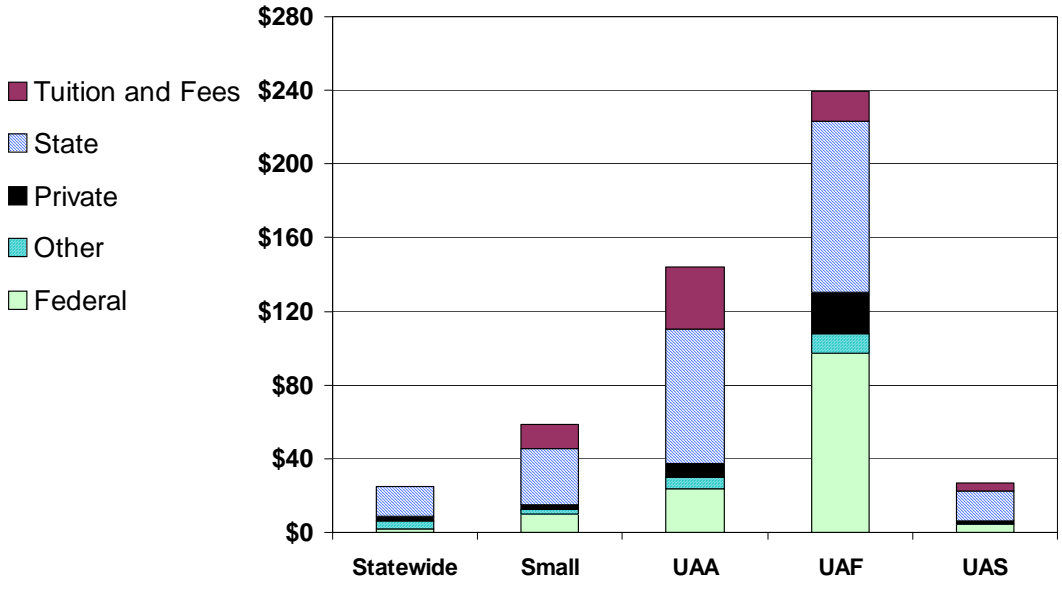
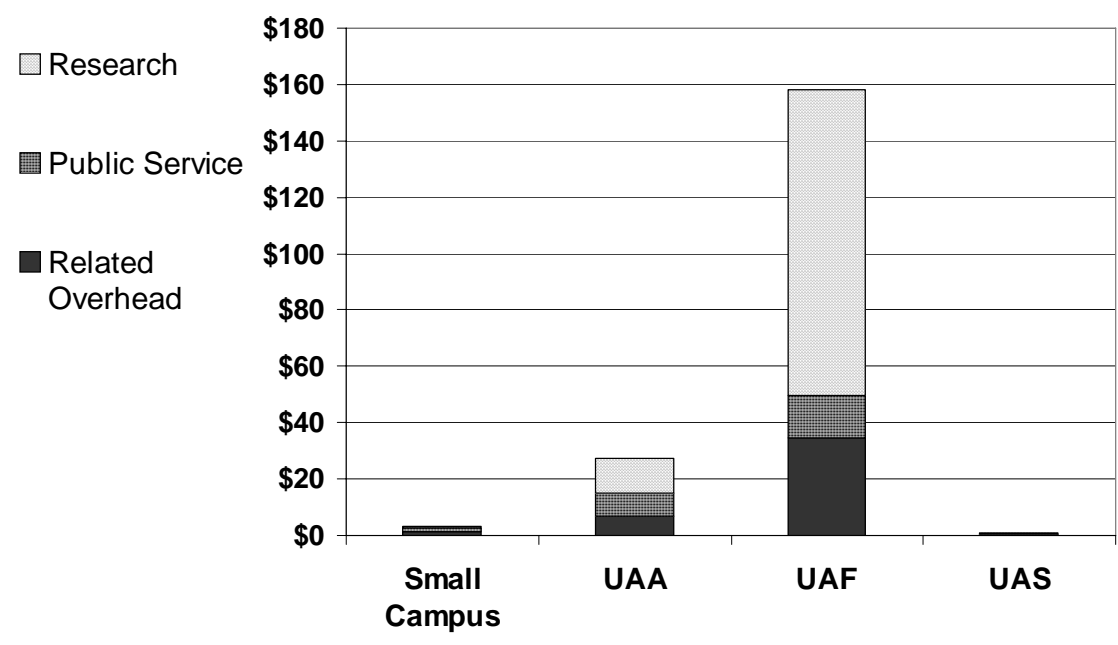


Exhibit 5

**FY 04 Research and Public Service
including related overhead costs
(in Millions)**



UAA has the highest number of credit hours and lowest cost per credit hour

Exhibit 6 on the next page compares the costs for UAA, UAF, UAS, and the combined small campuses, presented on both a credit-hour and per-student basis. The first bar in the graph for each campus reflects the total credit hours generated during the Summer 2003, Fall 2003, and Spring 2004 semesters, which represent the 2004 academic year (AY 04). As reflected in the graph, UAA generates almost as many credit hours as UAF, UAS, and the 13 smaller campuses combined.

This relatively large-scale production by UAA contributes to making the campus's cost per FTE student and credit hour the smallest of the four. Besides the economies of scale, other factors that have an impact on unit costs include:

- A. Nature of the courses—Coursework in some fields is inherently more expensive than others. For example, engineering, science, and vocational education generally cost more to provide than business, education, or social science courses. Fifty percent of the total credit hours at UAA were from the College of Arts and Sciences, which predominantly offers these less expensive types of courses.
- B. Makeup of faculty—The number and type of faculty and their credit hour production are probably the largest factors affecting cost per credit hour. UAF, the oldest and most established campus, employs more full professors and more individuals with advanced degrees. This type of faculty is more expensive than adjunct faculty hired to teach a given course. Adjunct faculty are used more extensively at UAA and UAS.

Exhibit 6 shows that the annual cost of educating a student ranges from a low of \$11,869 at UAA to a high of \$17,725 at UAS.

UA expenditures for research and administration exceed national averages

Exhibit 7 on the next page compares UA expenditures with averages compiled by U.S. Department of Education's National Center for Education Statistics. The graph shows how each dollar spent is split among NCHEMS categories.¹⁰ Information in the graph is drawn from the University's average expenditures over a five-year period (FY 00 – FY 04), as reported annually in its fund financial statements, compared with national statistics for 2001, the last year for which national totals were available.

UA exceeds the national average in research, student services, operations and maintenance, and administration,¹¹ while spending less than the national average on all instruction, public service, and student aid. This is partially due to UAF's emphasis on research.

¹⁰ Exhibit 7 excludes mandatory transfers totaling 1.5% and 1.6%, respectively, for national and UA data because the amounts are so small. Thus the total percentages do not equal 100%.

¹¹ Administration comprises two NCHEMS categories: institutional support and academic support.

Exhibit 6

University of Alaska for FY 04

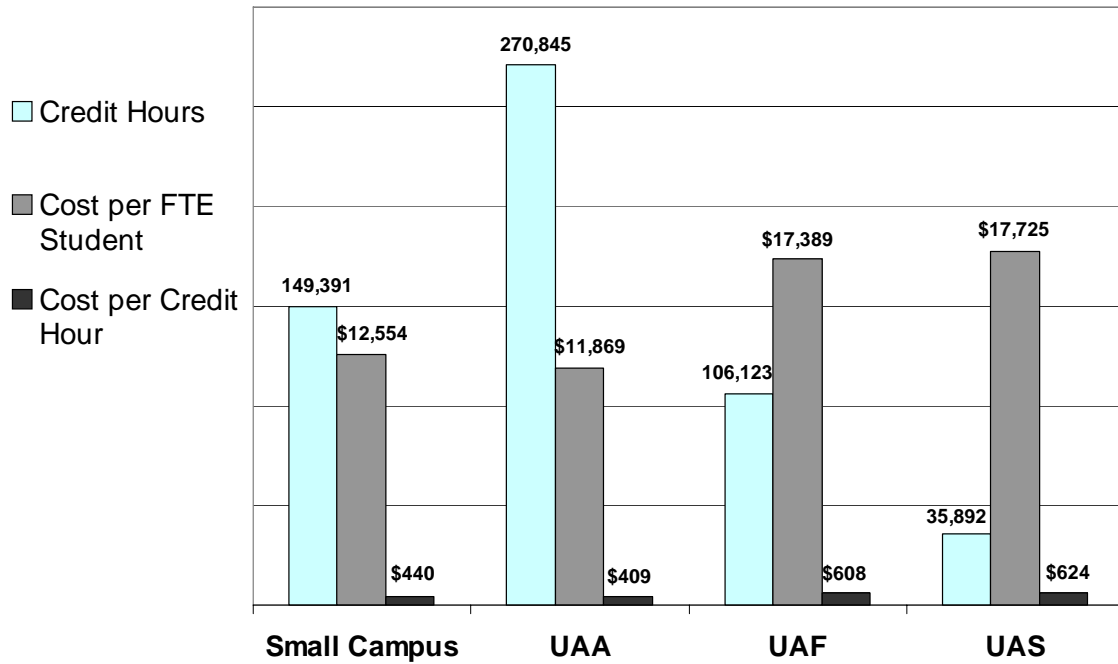
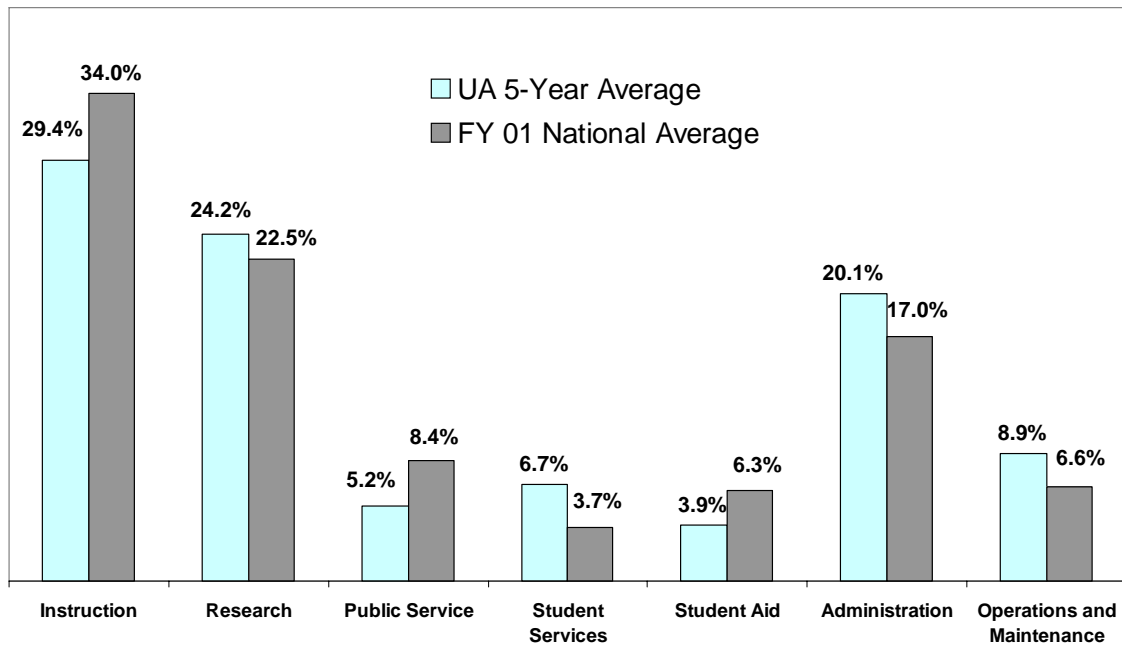


Exhibit 7

UA Expenditures by Function Compared with National Average



HOUSING ANALYSIS BY COMPLEX

As stated in the Background Information section of this report, five campuses provide students with some form of housing. During the 2004 academic year, the University had capacity to house over 3,000 students. However, some of these spaces were either used for other purposes or, because of some other reason such as renovations, were unavailable to house students. Housing units available for occupancy totaled 2,780. Overall, the University had nearly 95% occupancy of its available beds.

In FY 04, UA housing revenues exceeded operating expenditures

In FY 04, University housing, in total, collected nearly \$2 million more in revenue than operating expenditures. Operating expenditures are the day-to-day costs incurred in running a business, such as utilities and administration. However, these figures do not include debt service payments made in FY 04. See Exhibit 8 for more information.

UA records debt service costs in the housing auxiliary funds. For this analysis, however, debt service expenditures were removed, since debt service is a financing expenditure, not an operating expenditure. This also allows comparisons among campuses to be more meaningful. UAA’s current debt service expenditures are over 85% of total debt service expenditures.

Exhibit 8

Campus	Surplus/(Deficit)	
	No Debt Service	With Debt Service
Anchorage	\$1,353,032	\$(577,586)
Bethel	14,577	14,577
Fairbanks	381,419	191,032
Juneau	228,036	94,931
Valdez	<u>(15,385)</u>	<u>(15,385)</u>
UA Total	\$1,961,679	\$(292,431)

Further analysis shows that revenues for 18 of the 23 housing units cover operating expenditures. (Elsworth and Mattocks Houses at UAS are not accounted for separately.) This leaves 5 housing units with operating expenditures that exceed revenues. But the revenue shortfall left by these 5 is covered by the revenue surplus provided by the 18 units with a positive operating income.

FY 04 debt service expenditures for UA housing reduce the almost \$2 million operating surplus to just over a \$290,000 deficit. Exhibit 8 shows the impact that debt service payments had on the operations at each campus. Exhibit 9 on the following page provides detail of the surplus and deficit by complex. (See Recommendation No. 2 for further discussion)

Exhibit 10 shows that occupancy at many housing units was close to capacity during the FY 04 Fall and Spring terms.

Exhibit 9

Student Housing Financial Information

Building	Average Occu-pancy	Total Revenue per occupant	Operating Expenditures per occupant	Before Debt Service per occupant	Debt Service Expenditures per occupant	After Debt Service per occupant
Anchorage (UAA)						
North, East, & West Halls	530	\$ 2,352,365 \$ 4,438	\$ 1,796,228 \$ 3,389	\$ 556,137 \$ 1,049	\$ 1,733,794 \$ 3,271	\$ (1,177,657) \$ (2,222)
Student Housing Bldg 1-6	301	1,503,742 4,996	842,230 2,798	661,512 2,198	- -	661,512 2,198
Templewood Apartments	76	364,897 4,801	229,514 3,020	135,383 1,781	196,824 2,590	(61,441) (808)
Fairbanks (UAF)						
Bartlett Hall	200	921,539 4,608	691,811 3,459	229,728 1,149	190,387 952	39,341 197
Cutler Apartments	200	781,681 3,908	953,846 4,769	(172,165) (861)	- -	(172,165) (861)
Lathrop Hall	119	358,248 3,010	338,857 2,848	19,391 162	- -	19,391 162
MacLean House	25	90,031 3,601	114,099 4,564	(24,068) (963)	- -	(24,068) (963)
McIntosh Hall	89	322,203 3,620	268,118 3,013	54,085 608	- -	54,085 608
Moore Hall	294	953,362 3,243	787,102 2,677	166,260 566	- -	166,260 566
Nerland Hall	88	294,575 3,347	261,483 2,971	33,092 376	- -	33,092 376
Skarland Hall	127	446,329 3,514	395,823 3,117	50,506 398	- -	50,506 398
Stevens Hall	92	346,357 3,765	326,393 3,548	19,964 217	- -	19,964 217
Wickersham Hall	64	326,439 5,101	231,417 3,616	95,022 1,485	- -	95,022 1,485
Garden Apartments (Family)	5	53,433 10,687	48,299 9,660	5,134 1,027	- -	5,134 1,027
Harwood Hall (Family)	-	- N/A	123,993 N/A	(123,993) N/A	- N/A	(123,993) N/A
Hess Village Apartments (Family)	70	618,767 8,840	581,636 8,309	37,131 531	- -	37,131 531
Stuart Hall (Family)	12	84,311 7,026	64,475 5,373	19,836 1,653	- -	19,836 1,653
Walsh Hall (Family)	11	77,409 7,037	105,913 9,628	(28,504) (2,591)	- -	(28,504) (2,591)
Juneau (UAS)						
Student Housing Bldg A-G	189	739,364 3,912	581,693 3,078	157,671 834	- -	157,671 834
Banfield Hall	63	277,178 4,400	225,493 3,579	51,685 821	133,105 2,112	(81,420) (1,291)
Elsworth & Mattocks Houses	7	40,187 5,741	21,507 3,072	18,680 2,669	- -	18,680 2,669
Bethel (KC)						
John Sackett Hall and Annex	35	225,208 6,435	210,631 6,018	14,577 417	- -	14,577 417
Valdez (PWS)						
Copper Bsn, Cordova, Valdez Halls	31	89,891 2,900	105,276 3,396	(15,385) (496)	- -	(15,385) (496)
Total		11,267,516	9,305,837	1,961,679	2,254,110	(292,431)

Exhibit 10**Student Housing Fall 2003/Spring 2004 Information**

Building	Capacity as Built	Average Capacity as Used	Average Occupancy	Occupancy Rate
Anchorage (UAA)				
North, East, & West Halls	564	561	530	94%
Student Housing Bldg 1-6	320	310	301	97%
Templewood Apartments	80	80	76	94%
Fairbanks (UAF)				
<i>Single Student</i>				
Bartlett Hall	322	202	200	99%
Cutler Apartments	241	203	200	98%
Lathrop Hall	132	126	119	95%
MacLean House	29	27	25	91%
McIntosh Hall	98	95	89	94%
Moore Hall	322	308	294	95%
Nerland Hall	97	93	88	95%
Skarland Hall	142	135	127	94%
Stevens Hall	102	99	92	92%
Wickersham Hall	96	65	64	98%
<i>Family</i>				
Garden Apartments	6	6	5	91%
Harwood Hall	36	0	0	-
Hess Village Apartments	72	72	70	98%
Stuart Hall	12	12	12	100%
Walsh Hall	12	11	11	100%
Juneau (UAS)				
Student Housing Bldg A-G	200	197	189	96%
Banfield Hall	84	76	63	82%
Elsworth House	4	4	4	100%
Mattocks House	3	3	3	100%
Bethel (KC)				
John Sackett Hall and Annex	48	48	35	72%
Valdez (PWS)				
Copper Basin, Cordova & Valdez Halls	52	47	31	66%
Total	3,074	2,780	2,628 (95%)	

Notes to Exhibit 10

1. Capacity as built is the maximum number of individuals originally planned for the housing complex.
2. Average capacity as used is capacity as built less extra bed spaces assigned to resident advisors (RA) and other housing staff, bed spaces that are bought out, and bed spaces used as offices. An extra bed space assigned to an RA occurs when an RA is assigned two or more bed spaces. Buying out a bed space occurs at UAS and UAF, where students who are alone in a double room can pay a premium to ensure that the other bed space is not filled. Bed spaces are used as offices at UAA for conference services staff.
3. Average occupancy is a simple average of midterm occupant totals for Fall 2003 and Spring 2004 terms.
4. Family housing complexes are reported in units, while the other complexes are reported in bed spaces.
5. Harwood Hall was used by the Music Department and under renovation during FY 04. Thus there is no student housing occupancy.

UAA seeks to maximize summertime guest revenues

The housing environment changes dramatically from the Fall/Spring terms to the Summer term, when demand for student housing falls greatly. The main campuses require students to apply for Summer housing by mid-Spring semester. These students are guaranteed housing. Then the main campuses can plan for maintenance, renovation, or occupancy of the buildings not used by students. Most of the buildings are available for other guests. Campus officials take advantage of these open buildings by housing conferences, camps, campus visitors, and others. This revenue increase helps to pay for debt service and renovation expenditures.

The three main campuses have different eligibility requirements for individuals allowed to stay in campus housing in the summertime. At UAA, anyone can rent a room during the summertime in campus housing. The rates are lower, but the accommodations and services are limited compared with most hotels. One person described staying on campus as between a hostel and a hotel experience. UAA staff actively promotes use of campus housing to attract summertime conferences and groups. At UAF and UAS, though, only individuals who have an affiliation to the University or who are prospective students can stay on campus during the summertime. According to University personnel, these restrictions are in place because of safety considerations or hotel competition concerns. Summertime guest eligibility restrictions are further discussed in Recommendation No. 3.

FOLLOW-UP ON PRIOR RECOMMENDATIONS

The University has either resolved or made significant progress on the five recommendations

We were asked to review UA's progress on the five recommendations made in the prior audit, *University of Alaska, Unit Cost Analysis and Selected Operational Aspects, November 15, 1993*, Audit Control Number 45-4448-94. Weaknesses identified reflected areas in which the prior audit was impeded by the lack of reliable data.

Prior Recommendation No. 1 suggested the University improve the utilization of existing management information systems by making data more accurate and more accessible to users of these systems. The University's information systems have changed since the prior audit, and data was accessible and determined to be accurate.

Prior Recommendation No. 5 regarding auxiliary cost policies has also been substantially resolved. Policies were implemented and procedures are being followed, which allows management to know the revenues and expenditures related to a given auxiliary operation. Although some minor weaknesses exist (see page 31 in the Findings and Recommendations section of this report), these weaknesses did not hinder our calculation of housing information on a building-occupant basis.

Finally, progress has been made in implementing prior Recommendations Nos. 2 through 4, which dealt with the enforcement of policies and procedures over faculty evaluations, sabbaticals, and faculty overloads and additional assignments. While some improvements in these areas are still needed and are addressed in the Findings and Recommendations section of this report on page 29, the remaining issues did not impede the performance of the current unit cost analysis.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

University chancellors should improve enforcement of policies and procedures over faculty evaluations, sabbaticals, and faculty overloads and additional assignments.

During our review of faculty evaluations, sabbaticals, overloads and additional assignments, we noted several weaknesses, with missing and incomplete documentation that show a need to improve enforcement of certain policies and procedures.

A. The tracking, monitoring, and compliance of faculty evaluations and supporting documents require improvement.

Faculty evaluations and the supporting documents are not being completed at University of Alaska Anchorage (UAA) and University of Alaska Fairbanks (UAF). Per University of Alaska (UA) Board of Regents policy 04.04.050, faculty evaluations shall be the responsibility of the chancellor or the chancellor's designee. The deans and directors have been delegated this responsibility, with oversight given to the provost offices. The provost offices at two main campuses are not adequately monitoring compliance and enforcing University policies and procedures.

Evaluations from September 2000 through May 2004 were reviewed from 90 faculty files. The following findings were identified:

- two UAF faculty member evaluations¹² were not completed;
- four UAA faculty member evaluations¹³ were not completed;
- three UAF faculty activity reports were not completed; and
- one UAA faculty workload was found incomplete and one was not completed.

Per Board of Regents policy, “*evaluations shall play a major part in determining if the faculty member will receive renewal of employment or be promoted or tenured.*” If evaluations and supporting documentation such as faculty activity reports and workload agreements are not completed, the University risks taking unsupported personnel action.

The Office of the Provost at each major campus should track, monitor, and oversee the compliance of faculty evaluations to ensure the deans and directors, including interim deans and directors, are following University policies and procedures. However, the current tracking system makes monitoring and enforcement difficult, and the chancellors should consider evaluating and improving this system.

¹²One annual evaluation and one post-tenure evaluation were not completed at UAF.

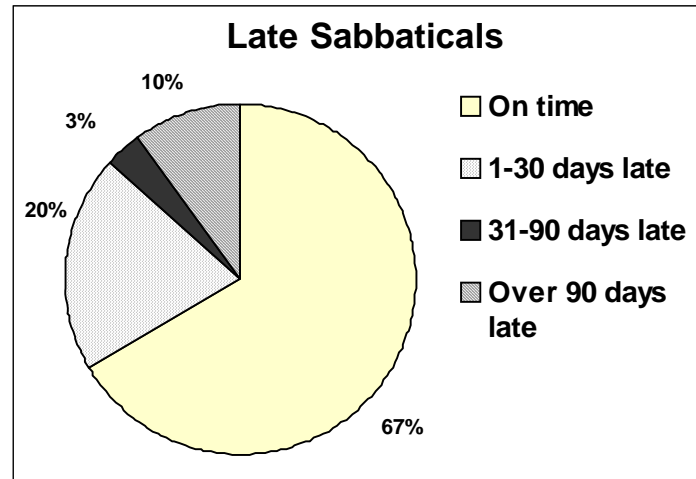
¹³Two annual evaluations and two post-tenure evaluations were not completed at UAA.

B. Procedures should be adopted to address late sabbaticals.

Per UA Board of Regents policy, a written report detailing the professional activities and accomplishments for which the sabbatical leave was granted shall be submitted within three months after returning from leave.

Although the 30 sabbatical reports examined provided adequate documentation that the sabbatical objectives were met, one-third were turned in late. (See Exhibit 11) Additionally, faculty activity reports and an evaluation were not completed prior to when the faculty members went on sabbatical leave.

Exhibit 11



Untimely sabbatical reports prevent the University from taking remedial actions if the objectives of the sabbaticals were not met. Furthermore, faculty members may not be treated similarly if some members are allowed to turn in late reports and others are not.

There should be consequences if a faculty member breaks the terms and conditions of the sabbatical award, and these consequences should be enforced. For instance, the failure to submit a timely report should cause the faculty member to be ineligible for future sabbaticals.¹⁴

To help faculty members fulfill their responsibilities, a standard sabbatical award letter that includes the due date¹⁵ of the sabbatical report should be considered. It would be helpful to include a reminder that certain responsibilities should be completed prior to going on leave, such as completing evaluations and activity reports. Additionally, the consequences of not fulfilling the terms of the award should be included in the letter.

C. Payment for faculty overloads and additional assignments should not be allowed without a signed agreement.

Faculty overloads and additional assignments were not being adequately documented and approved. The University has controls in place to capture and identify faculty in overload or additional assignment status; however, faculty members are paid additional

¹⁴One faculty union adopted a policy for not turning in reports, but does not address late reports.

¹⁵UAA already includes an actual due date of the report in the award letter.

compensation without documented, signed agreements. Without a signed agreement, neither the University nor the faculty member can dispute or enforce the terms and conditions of the overload or additional assignment.

While the overload form has been officially mandated to be used effective this last year, the additional assignment document is currently inadequate. Data entry forms that do not have the terms and conditions of the assignment were used as the approving document. A few were not approved and signed by the proper academic representative. Additionally, none of the data entry forms reviewed were signed by the faculty member accepting the terms and conditions of the additional assignment.

An overload should not be paid without a completed form, and an additional assignment should not be paid without an appointment letter. The document approving the overload or the additional assignment should describe the terms and conditions of the overload or assignment. At a minimum, this approving document should contain the salary provision and the terms including a description of the work to be performed. The document should be signed by both the academic representative approving the overload or assignment and the faculty member accepting the terms and conditions of the overload or assignment. If the academic representative is not available to approve and sign the additional workload, the Office of the Provost should then undertake that responsibility.

Additionally, overload and additional assignment procedures should be documented in each of the major campus faculty handbooks and as part of human resources internal control procedures.

Recommendation No. 2

The vice chancellors of administrative services should continue to improve accounting for auxiliary services.

In order to better assess whether University housing adequately addresses current and future residential demands, the University should continue to improve accounting for auxiliary services. More precise and consistent recording of financial activity related to housing services will ensure management has the best information to make knowledgeable decisions. Our review indicated three areas for improvement, as follows:

1. Inconsistent accounting for residential staff financial activity. Currently, the costs associated with residential housing staff are not consistently recorded by the different campuses. As stated in the Background Information section of this report, resident advisors provide a service for the housing departments and, in return, receive a rent-free room. UAF records the revenue and expenditure at the room rate where the staff member lives. However, the other campuses do not. By recording the activity associated with resident advisors, the University has a complete accounting of the housing activity

including staffing patterns. Full accounting for resident advisors would be similar to the accounting treatment the University gives to scholarships for tuition.

2. All financial activity is not allocated by building or complex. Main campuses' administrators do not know if a building's revenues exceeds its expenditures. Without knowing this, buildings that will not recoup the expenditures may be renovated. To meet current demands of students, the University should possibly replace the building or allow a different department to use the space. Management decisions would be enhanced by knowing each building's revenues and expenditures, in addition to the financial trends over the years.
3. Fire and security costs are not consistently allocated to housing in accordance with UA policy. Main campuses are now allocating utilities, physical plant supervision, and groundskeeping services to the housing units. However, fire and internal security are not allocated or directly tracked to housing. The University should either account for the portion of these costs relevant to housing or, if the University has chosen not to allocate these expenditures due to the immateriality, the University should document that decision.

Exhibit 12

Building	Year Acquired	Historical Cost
Anchorage (UAA)		
North, East, & West Halls	1999	\$28,779,291
Student Housing Bldg 1-6	1985	12,608,662
Templewood Apartments	1988	1,717,588
Fairbanks (UAF)		
<i>Single Student</i>		
Bartlett Hall	1970	5,402,304
Cutler Apartments	1982	11,702,827
Lathrop Hall	1962	3,567,199
MacLean House	1999	1,113,824
McIntosh Hall	1957	4,463,512
Moore Hall	1966	5,782,596
Nerland Hall	1952	3,892,904
Skarland Hall	1964	2,916,700
Stevens Hall	1958	3,724,750
Wickersham Hall	1957	3,705,967
<i>Family</i>		
Garden Apartments	1943	52,844
Harwood Hall	1964	1,176,856
Hess Village Apartments	1972	3,446,650
Stuart Hall	1956	449,186
Walsh Hall	1958	396,989
Juneau (UAS)		
Student Housing Bldg A-G	1986	8,817,495
Banfield Hall	1997	4,157,553
Elsworth House	2002	195,293
Mattocks House	1987	94,806
Bethel (KC)		
John Sackett Hall	1985	2,116,228
Valdez (PWS)		
Copper Basin, Cordova & Valdez Halls	1997	1,840,980
Total		\$112,123,004

As indicated in Exhibit 12, ten of the fifteen UAF housing complexes in this analysis are over 40 years

old, with one over 60 years old. With students demanding apartment- or suite-style housing¹⁶ and UAF providing primarily dormitory rooms, UAF may lose students to off-campus housing or other universities that provide better housing options. By addressing these opportunities to improve accounting for housing activity, the University will be better set to make sound management decisions. This should also help to ensure campuses provide students with the best possible services and facilities while charging the lowest possible fees.

More precise accounting is not done due to the additional administrative burden placed on staff. However, University policy P05.15.03 requires that pricing of auxiliary services, to the extent practicable, be sufficient to maintain high-quality facilities or services. This policy also addresses pricing being related to: (1) full direct costs; (2) full indirect costs; (3) periodic contributions for renovation and remodeling projects; and (4) periodic contributions for renewal and replacement projects.

We recommend the University improve its accounting over auxiliary services by: (1) consistently recording residential staff revenues and expenses; (2) allocating housing revenues and expenditures to housing complexes; and (3) distributing fire and security expenditures to housing auxiliary services or documenting the decision not to do so.

Recommendation No. 3

UAF vice chancellors for administrative services should pursue opportunities to increase revenues in order to accommodate debt service requirements and/or future construction needs.

The buildings with current debt service do not generate enough revenue to cover expenditures, when considering the debt. Additionally, UAF, with older buildings and the change in demand for types of housing, may decide to renovate or reconstruct housing units. Exhibit 13 emphasizes UAF's potential future predicament with financing new construction. These current and potential future needs to service debt will require increased revenues in order for housing to remain self-funded.

To address a similar need to generate additional revenue, UAA chose to be more flexible with its summertime housing eligibility requirements. Therefore, it actively

Exhibit 13

"While the proposed housing improvements are a critical part of the Campus Life Master Plan, financing any development will be difficult given the cost of constructing residential facilities in Fairbanks. The University will likely have to explore alternative funding strategies to allow for the development of any new residential facilities on campus."

-from the November 2004 Brailsford and Dunlavey UAF Campus Life Master Plan.

¹⁶ UAF has study results reporting a current demand for 400 additional suite-style bed spaces. This study states that the number of beds nearly meets demand; however, the unit types do not meet the students' demands. November 2004 *Brailsford and Dunlavey UAF Campus Life Master Plan*.

pursued guests not normally sought by University housing, such as independent travelers and travel groups.

Auxiliary services such as housing are self-funded. Hence, revenues generated should equal the expenditures necessary to create the revenue. With respect to housing, this includes the expenditures for repairs, renovations, and new construction.

Campuses have different eligibility requirements for individuals wanting to stay in University housing in the summertime. At UAF and UAS, only individuals with an affiliation to the University or prospective students can stay on campus in the summertime. At UAA, though, anyone can rent a room during the summertime in campus housing. The rates are lower, but the accommodations and services are limited compared with most hotels.

UAF and UAS restrictions are in place because of potential competition concerns with local hotels and safety concerns with respect to students housed at the University. Although interviewed hoteliers expressed concern about the appropriateness of University housing having an open-door policy and competing with the hotels, they felt their businesses would not be affected. One option to address safety concerns would be enhanced security measures.

Board of Regents policies allow campuses to develop eligibility requirements of who can stay in student housing in the summertime. UA's Board of Regents policy P05.15.06, *Competition with the Private Sector*, states:

The university has a responsibility to carefully consider any decision to provide products and services to students, faculty, staff, public or private organizations, or the public at large, particularly when the products or services to be provided might compete with similar products or services offered by the private sector. ... Where a potentially competitive situation exists, the university should consider the concerns of affected private businesses and the community as a whole and act with sensitivity and good faith regarding those concerns.

Exhibit 14

Summer Revenue Comparison

Campus	FY 04 Revenue
Anchorage	\$ 648,209
Fairbanks	1,052,537
Juneau	224,132
Bethel & Valdez	92,008

Exhibit 14 shows that UAF collected about \$400,000 more in summertime revenue than UAA. UAF collects more revenue primarily because it has family housing and more overall bed spaces. UAF family housing has a higher occupancy rate during the summertime than single-student and guest housing. UAF family housing generates over \$220,000. The bed-to-revenue ratio at UAF and UAA is similar. However, UAF's 1,259 single-student bed spaces generate more revenue than the 964 bed spaces at UAA. UAF's larger number of beds creates an opportunity for additional growth in summertime housing revenues.

These concerns are important; however, they should not detract from the University being open to potential revenue-generating opportunities. If UA housing brings in more summertime guests or if guests stay an extra day due to the cheaper accommodations, then other private businesses—such as restaurants, grocery stores, souvenirs stores, and other people providing services—may experience increased sales.

We recommend the University consider opportunities that would increase housing revenues. The University could pursue establishing lodging agreements with governmental agencies that are concerned with reducing travel costs.

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APPENDIX A

University of Alaska Anchorage

Graph UAA-1 provides an overview of credit hours produced at the University of Alaska Anchorage (UAA)

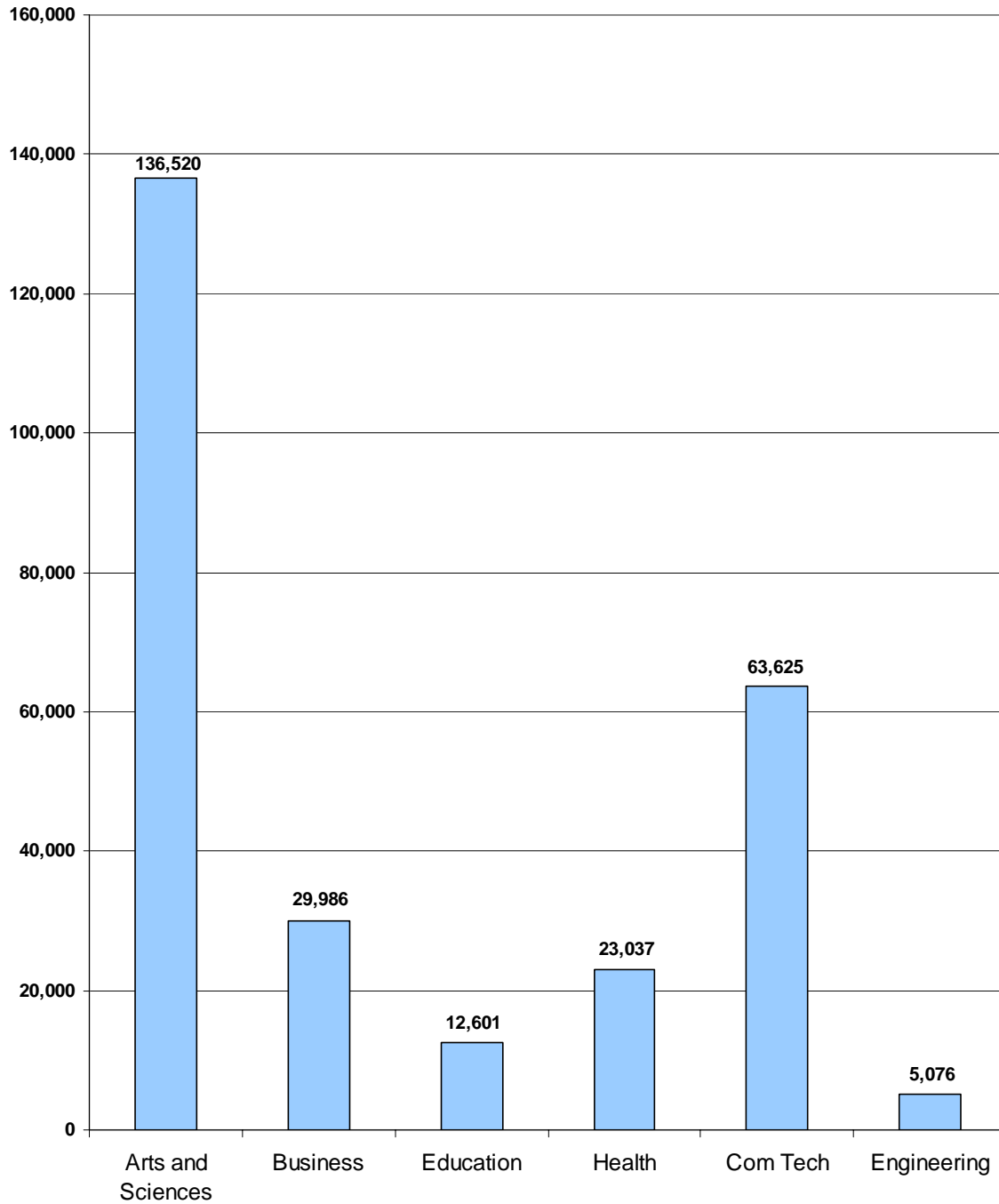
Graph UAA-1 on the opposite page provides an overview of the credit hours generated by the various schools and colleges at UAA.

As shown on the graph, during the 2004 academic year (AY 04)—the Summer 2003, Fall 2003, and Spring 2004 semesters—the largest number of credit hours was generated by the College of Arts and Sciences, with more than twice the hours generated by the next closest college, the Community and Technical College.

The table below provides a key to the notations used on the bottom axis of the graph:

Abbreviation	School or College
Arts and Sciences	College of Arts and Sciences
Business	College of Business and Public Policy
Education	College of Education
Health	College of Health and Social Welfare
Com Tech	Community and Technical College
Engineering	School of Engineering

UAA Total Credit Hours for AY 04



Graph UAA-2 illustrates expenditures for various UAA colleges/schools plus other entities

Graph UAA-2 on the opposite page provides an overview of FY 04 expenditures, summarized by the various schools and colleges at UAA. In addition to showing the six colleges and schools listed on the prior graph of credit hours (UAA-1), we have broken out three research institutes and public service organizations that are affiliated with UAA. These organizations are as follows:

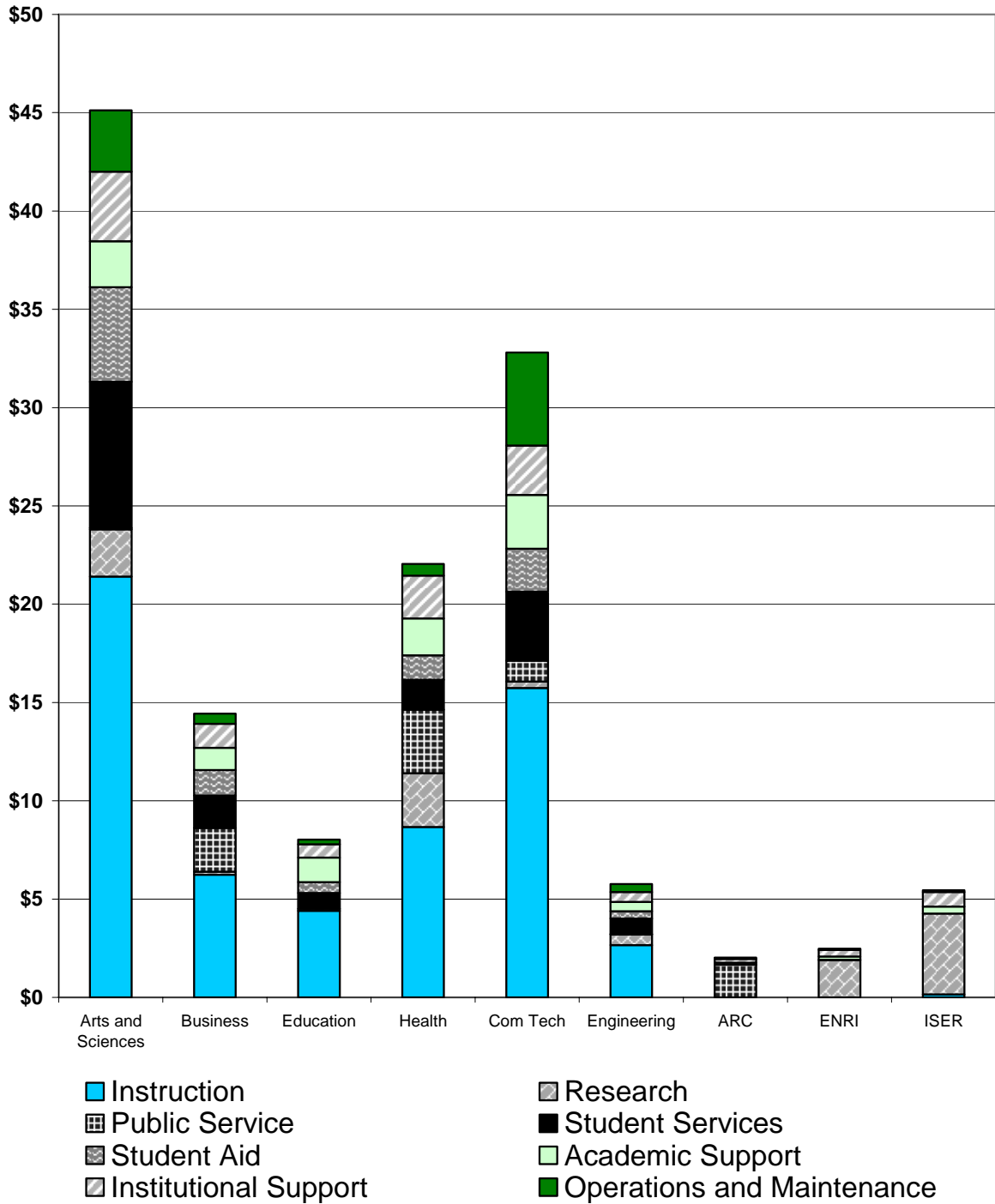
Abbreviation	Research and Public Service Organization
ARC	American Russian Center
ENRI	Environmental and Natural Resources Institute
ISER	Institute for Social and Economic Research

The totals presented are made up of expenditures that can be directly related or have been allocated to various organizations, schools, and colleges presented on the graph. The expenditures are summarized by the standard National Center for Higher Education Management Systems (NCHEMS) cost accounting categories (excluding auxiliary services). Expenditure allocation methodologies and NCHEMS categories are discussed in the Background Information section of this report. The legend for the various NCHEMS categories is presented below graph UAA-2.

The table below provides a key to other notations used on the bottom axis of the graph, representing the six UAA colleges and schools:

Abbreviation	School or College
Arts and Sciences	College of Arts and Sciences
Business	College of Business and Public Policy
Education	College of Education
Health	College of Health and Social Welfare
Com Tech	Community and Technical College
Engineering	School of Engineering

FY 04 UAA Expenditures (in Millions)



Graph UAA-3 provides a break-out of research and public services expenditures at UAA

Graph UAA-3 on the opposite page provides an overview of selected FY 04 expenditures, summarized by the various organizations, schools, and colleges at UAA. The expenditures illustrated by the graph are those that relate only to the NCHEMS categories of research and public service, along with related overhead costs.¹⁷ As shown by the graph, the three major research institutes and public service organizations at UAA are ARC, ENRI, and ISER. Additionally, significant research and public service expenditures were reported at all colleges and schools except for the College of Education and the College of Engineering.

The College of Health and Social Services accounted for 29% of the total research and public service costs at UAA. This college houses research entities such as the Institute for Circumpolar Health Studies, the Center for Human Development, the Center for Alcohol and Addiction Studies, and the UAA Justice Center.

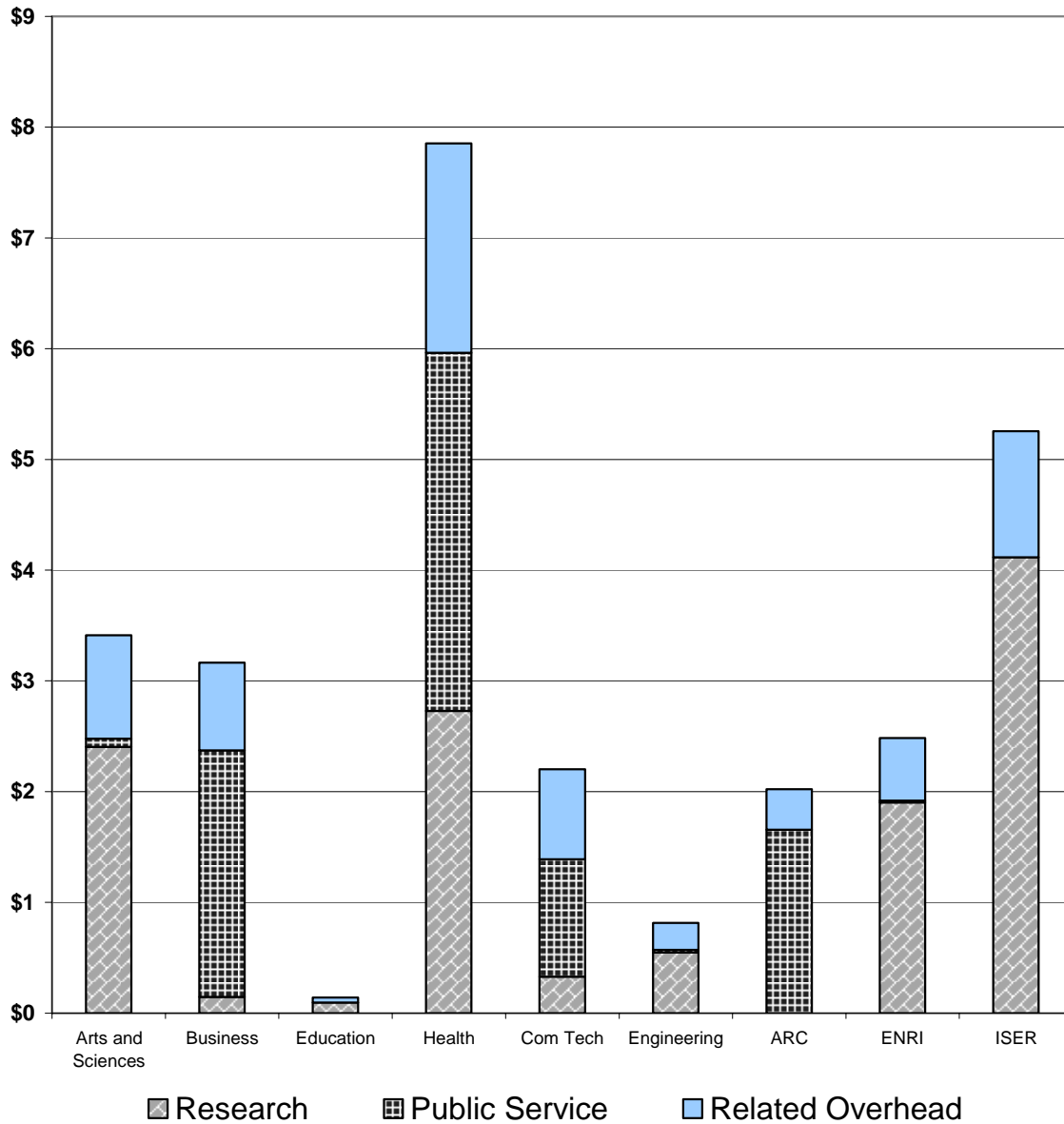
Since these expenditures are not related to generating credit hours, we have accordingly identified them separately on this graph, and have excluded them from the next two graphs (UAA-4 and UAA-5) where we present information relating to cost per credit hour and cost per student.

The table below provides a key to other notations used on the bottom axis of the graph:

Abbreviation	School or College
Arts and Sciences	College of Arts and Sciences
Business	College of Business and Public Policy
Education	College of Education
Health	College of Health and Social Welfare
Com Tech	Community and Technical College
Engineering	School of Engineering
ARC	American Russian Center
ENRI	Environmental and Natural Resources Institute
ISER	Institute for Social and Economic Research

¹⁷ The related overhead comprises those portions of academic support, institutional support, and operations and maintenance that are related to research and public service activities.

UAA Expenditures for Research and Public Service including related overhead costs (in Millions)



Graph UAA-4 illustrates cost per credit hour, summarized by school/college

Graph UAA-4 on the opposite page illustrates the cost per credit hour, based on FY 04 expenditures, by school and college at UAA. As noted in the title of the graph, the expenditures used for the calculation exclude those related to research and public service.

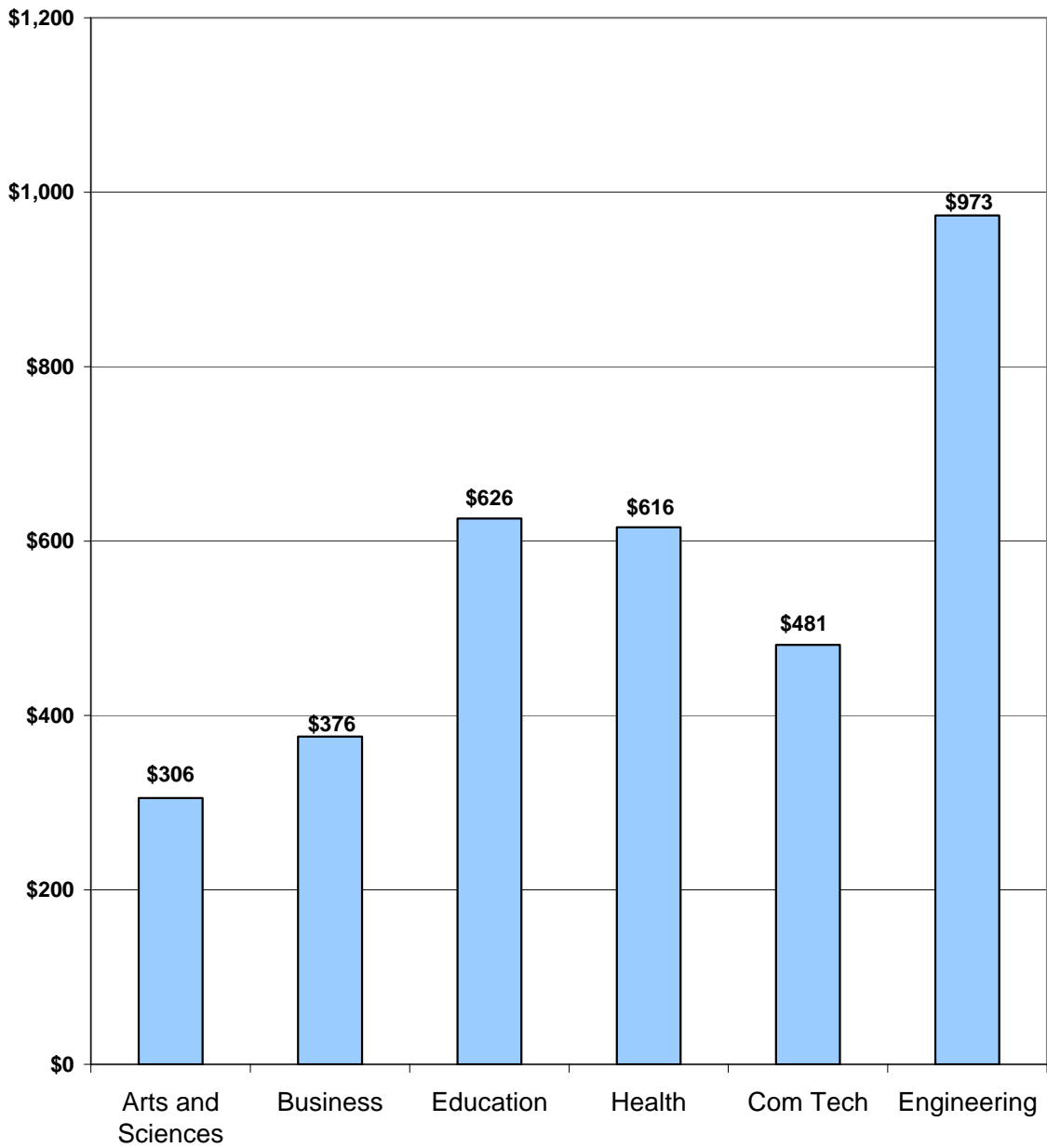
As illustrated by the graph, those schools/colleges that generate relatively fewer credit hours (see graph UAA-1)—the School of Engineering, College of Education, and College of Health and Social Welfare—have higher costs per credit hour than other schools/colleges.

The three research institutes and public service organizations are omitted from this graph, since they do not generate credit hours.

The table below provides a key to other notations used on the bottom axis of the graph, representing the six UAA colleges and schools:

Abbreviation	School or College
Arts and Sciences	College of Arts and Sciences
Business	College of Business and Public Policy
Education	College of Education
Health	College of Health and Social Welfare
Com Tech	Community and Technical College
Engineering	School of Engineering

Cost per UAA Credit Hour excluding research, public service, and related overhead



Graph UAA-5 illustrates cost per full-time equivalent (FTE) student at UAA

Graph UAA-5 on the opposite page illustrates the cost per FTE student for each of the colleges/schools at UAA. These costs are based on FY 04 expenditures.

“Full-time equivalent student” is a term used to convert credit hours that may be generated from a mix of full-time, part-time and nondegree-seeking students in order to measure and analyze costs. One FTE student was calculated as follows:

1. Every 30 undergraduate credit hours or
2. Every 24 graduate/professional level credit hours or
3. Every 30 noncredit and continuing education person contacts.¹⁸

The three research institutes and public service organizations are omitted from this graph, since they do not generate credit hours.

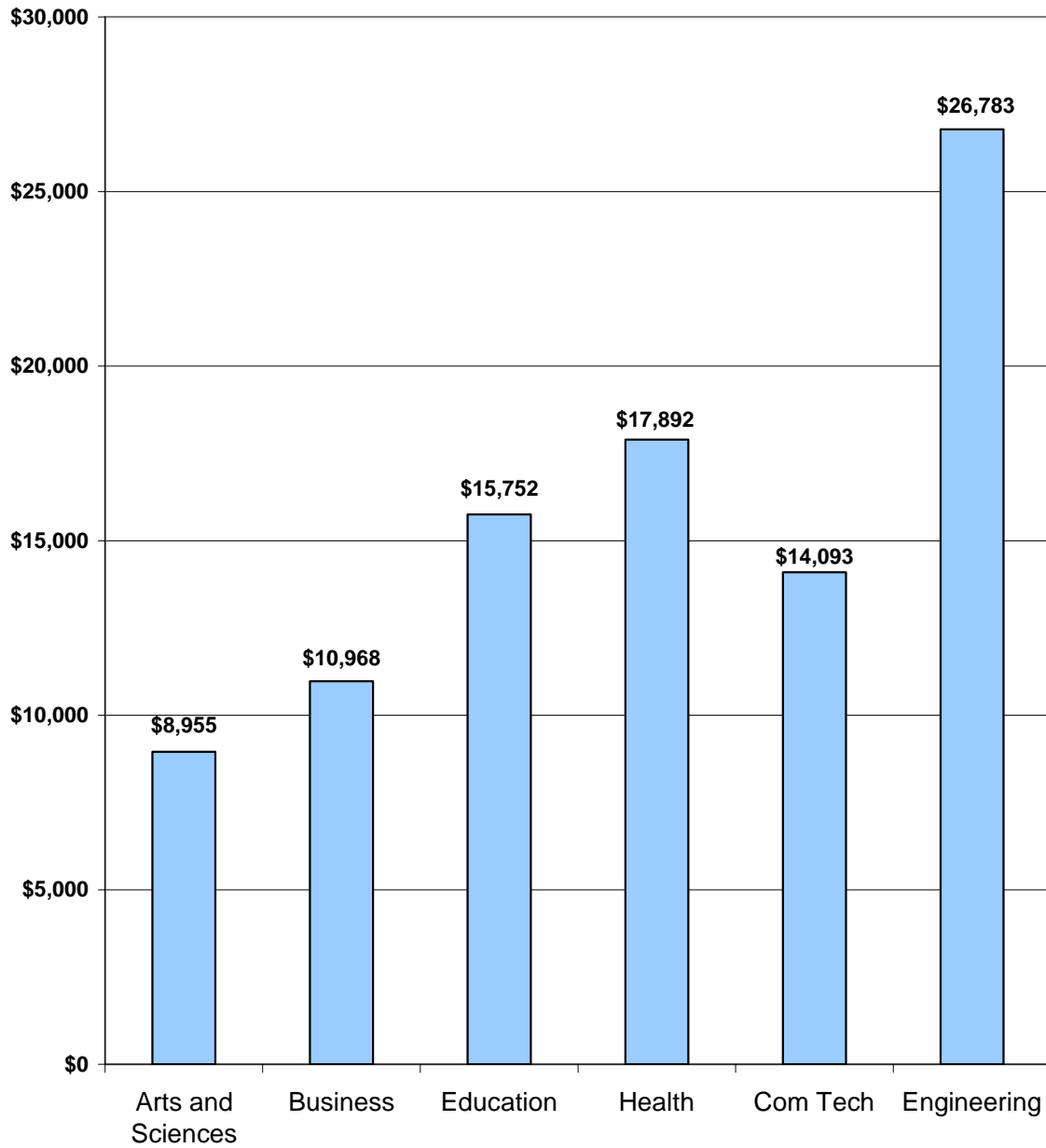
The table below provides a key to other notations used on the bottom axis of the graph, representing the six UAA colleges and schools:

Abbreviation	School or College
Arts and Sciences	College of Arts and Sciences
Business	College of Business and Public Policy
Education	College of Education
Health	College of Health and Social Welfare
Com Tech	Community and Technical College
Engineering	School of Engineering

¹⁸ Person contacts describe the number of people taking noncredit or continuing education courses. If a person takes three different noncredit courses in one semester, for example, that equals three person contacts.

UAA-5

**Cost per UAA FTE Student
excluding research, public service,
and related overhead**



Graph UAA-6 illustrates how many credit hours UAA faculty are generating

Graph UAA-6 on the opposite page illustrates the comparison of credit hours per faculty member for AY 04. The information is summarized for each UAA school and college. As with expenditures, not all efforts of faculty necessarily generate credit hours. Examples of such efforts include research, public service, and courses offered with no credits.

Generally, there is an inverse relationship between costs per credit hour and credit hours per faculty. Schools with low costs per credit hour (see UAA-4) have faculty that produce more credit hours. This relationship is reflected in the 498 credit hours produced by each full-time equivalent faculty member of the College of Arts and Sciences. The opposite effect is shown in the School of Engineering, where FTE faculty production is a relatively low 185 credit hours.

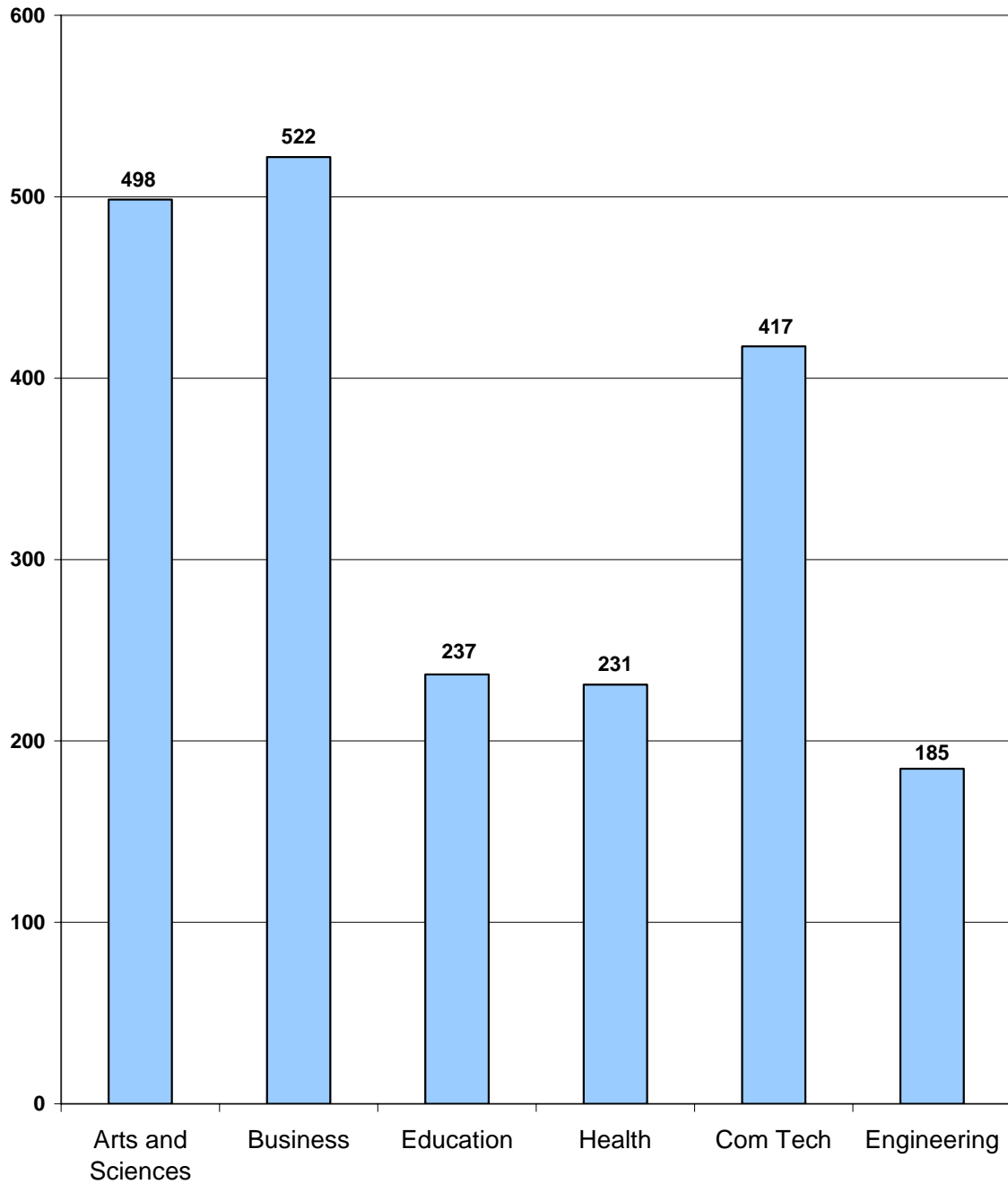
“Full-time equivalent faculty” is a term used to convert faculty effort that may be generated from a mix of full-time, part-time, and adjunct faculty as well as faculty overload and additional assignments. One FTE faculty was calculated as follows:

1. Every 1560 regular faculty hours (9 months) or
2. Every \$28,000 paid to adjunct faculty or
3. Every \$28,000 paid to regular faculty for overload and additional assignments.

The table below provides a key to other notations used on the bottom axis of the graph, representing the six UAA colleges and schools:

Abbreviation	School or College
Arts and Sciences	College of Arts and Sciences
Business	College of Business and Public Policy
Education	College of Education
Health	College of Health and Social Welfare
Com Tech	Community and Technical College
Engineering	School of Engineering

UAA Credit Hours per FTE Faculty



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APPENDIX B

University of Alaska Fairbanks

Graph UAF-1 provides an overview of credit hours produced at the University of Alaska Fairbanks (UAF)

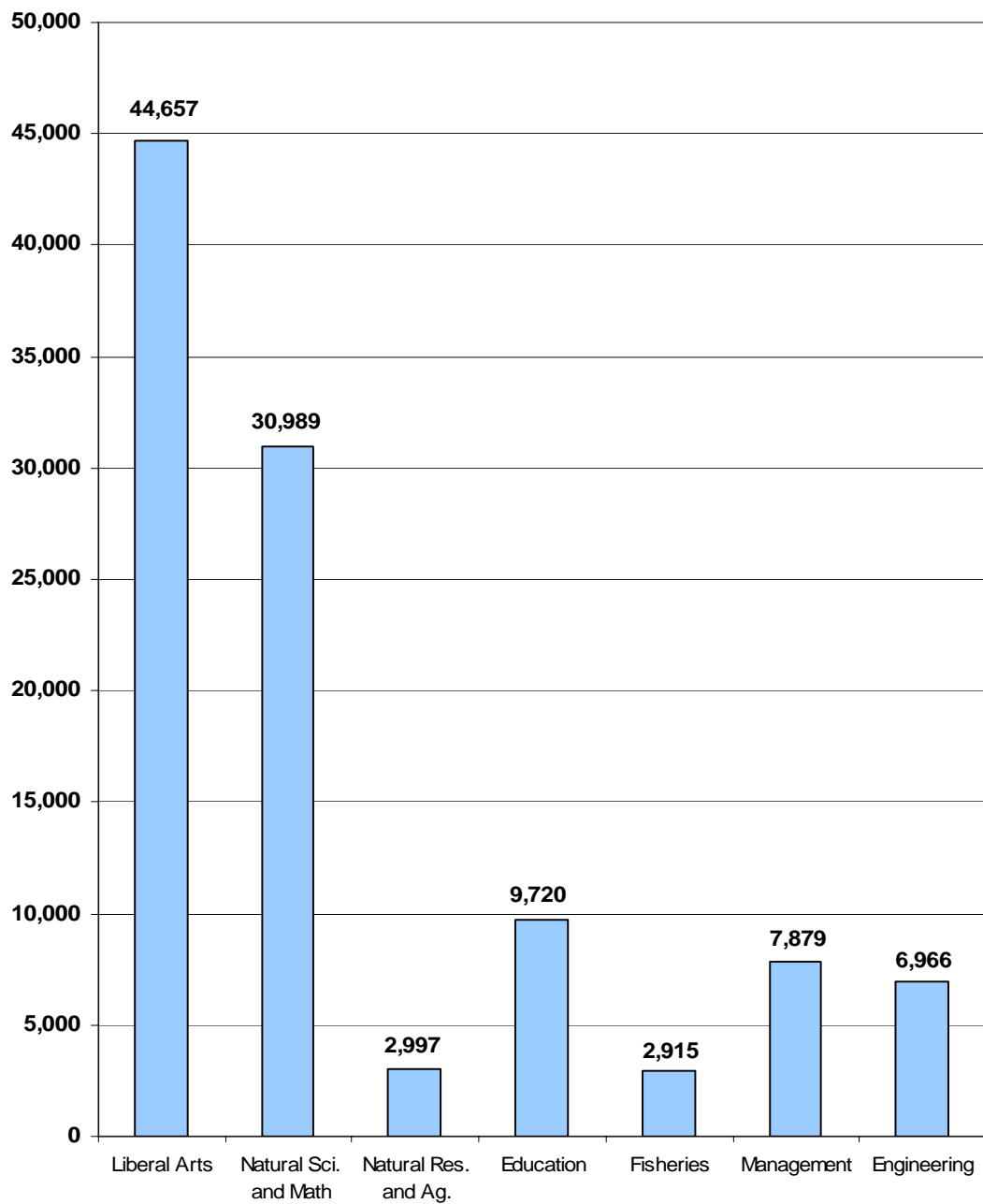
Graph UAF-1 on the opposite page provides an overview of the credit hours generated by the various schools and colleges at UAF.

As shown on the graph, during the 2004 academic year (AY 04)—the Summer 2003, Fall 2003, and Spring 2004 semesters—the largest number of credit hours was generated by the College of Liberal Arts. The primary function of the School of Fisheries and Ocean Sciences and the School of Natural Resources and Agricultural Sciences is research. Accordingly, the schools generate very few credit hours.

The table below provides a key to the notations used on the bottom axis of the graph:

Abbreviation	School or College
Liberal Arts	College of Liberal Arts
Natural Sci. and Math	College of Natural Sciences and Mathematics
Natural Res. and Ag.	School of Natural Resources and Agricultural Sciences
Education	School of Education
Fisheries	School of Fisheries and Ocean Sciences
Management	School of Management
Engineering	College of Engineering and Mines

UAF Total Credit Hours for AY 04



Graph UAF-2 illustrates FY 04 expenditures by schools and colleges at UAF

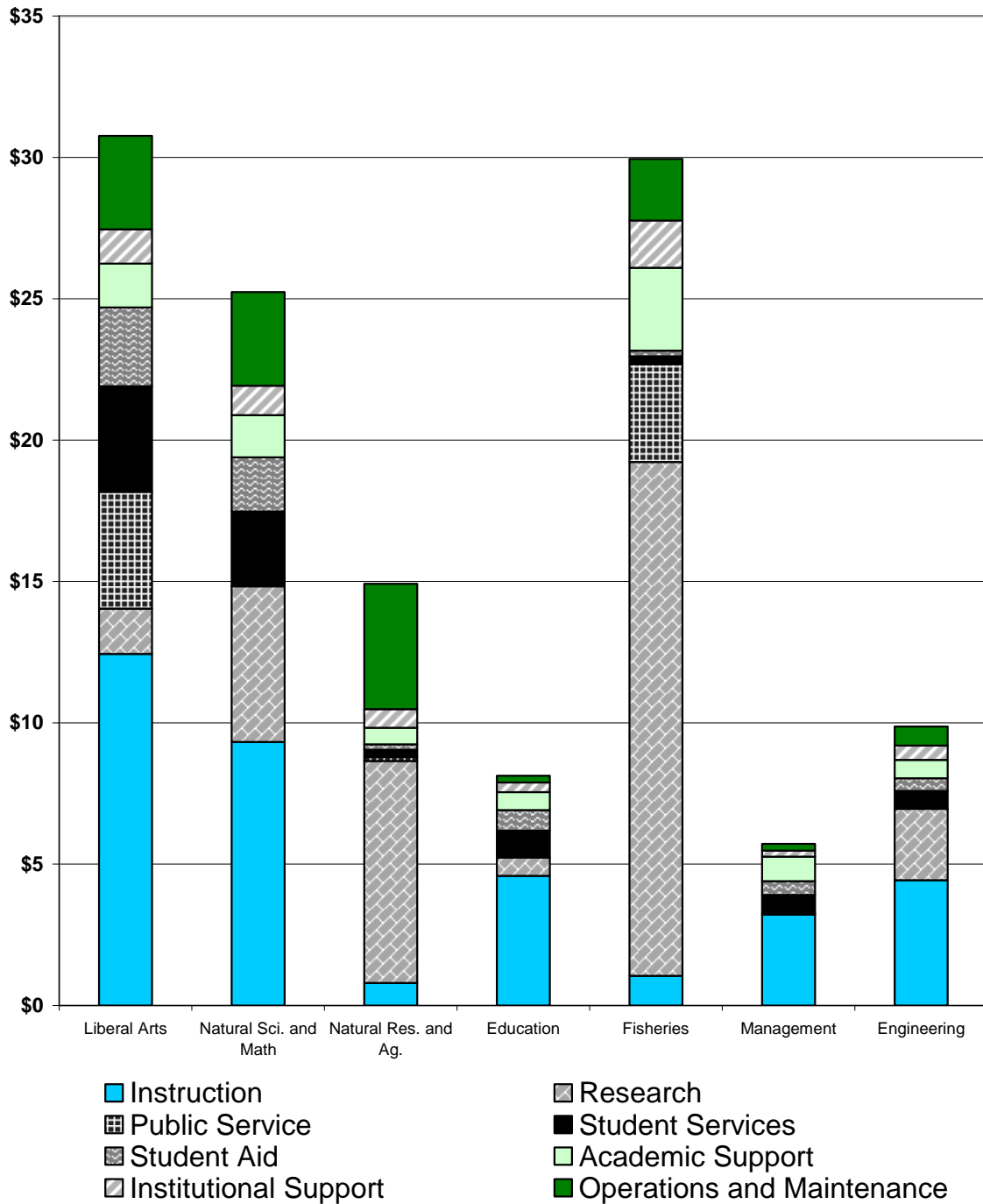
Graph UAF-2 on the opposite page provides an overview of FY 04 expenditures, summarized by the various schools and colleges at UAF. As signified by the title of the graph, these expenditures relate to those organizations at UAF that generate credit hours. The next graph (UAF-3) presents expenditures which are related to UAF organizations that are more oriented to research and public service and do not generate credit hours.

The totals presented are made up of expenditures that can be directly related to the various schools and colleges presented on the graph plus other allocated expenditures. The expenditures are further summarized by the standard National Center for Higher Education Management Systems (NCHEMS) cost accounting categories (excluding auxiliary services). Expenditure allocation methodologies and NCHEMS categories are discussed in the Background Information section of this report. The legend for the various NCHEMS categories is presented below graph UAF-2.

The table below provides a key to the notations used on the bottom axis of the graph, representing the seven UAF colleges and schools:

Abbreviation	School or College
Liberal Arts	College of Liberal Arts
Natural Sci. and Math	College of Natural Sciences and Mathematics
Natural Res. and Ag.	School of Natural Resources and Agricultural Sciences
Education	School of Education
Fisheries	School of Fisheries and Ocean Sciences
Management	School of Management
Engineering	College of Engineering and Mines

FY 04 UAF Expenditures for Schools and Colleges (in Millions)



Graph UAF-3 illustrates that UAF has many entities which do not generate credit hours

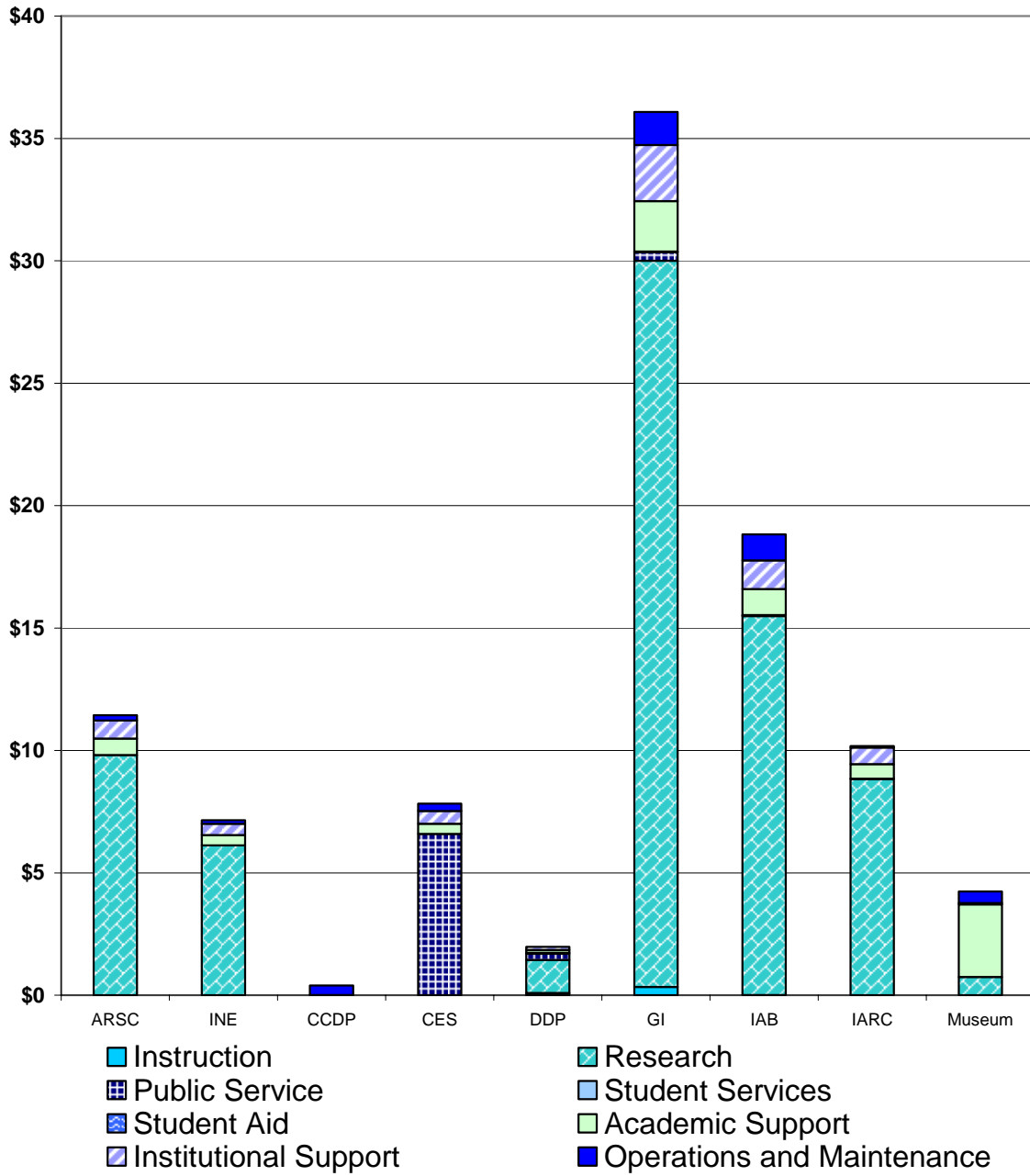
Graph UAF-3 on the opposite page provides an overview of FY 04 expenditures, summarized by the various research institutes and other public service organizations at UAF. These expenditures relate to research institutes and public service organizations that do not generate credit hours.

The totals presented are made up of expenditures that can be directly related or have been allocated to the various institutes and organizations presented on the graph. The expenditures are further summarized by the eight standard NCHEMS cost accounting categories (excluding auxiliary services) that are discussed in the Background Information section of this report. The legend for these various categories is presented below the graph.

The table below provides a key to the notations used on the bottom axis of the graph:

Abbreviation	Organization or School
ARSC	Arctic Region Supercomputing Center
INE	Institute of Northern Engineering
CCDP	Clean Coal Diesel Project
CES	Cooperative Extension Service
DPP	Developmental Programs and Projects
GI	Geophysical Institute
IAB	Institute of Arctic Biology
IARC	International Arctic Research Center
Museum	Museum

FY 04 UAF Expenditures for Research Institutes and Public Service Organizations (in Millions)



Graph UAF-4 illustrates how significant research is to various UAF schools and colleges

Graph UAF-4 on the opposite page provides an overview of selected FY 04 expenditures, summarized by the various schools and colleges at UAF. The expenditures presented in the graph are those that relate only to the NCHEMS categories of research and public service along with related overhead costs. As with the previous two graphs (UAF-2 and UAF-3), the information is presented in two parts.

Graph UAF-4 illustrates research, public service, and related overhead expenditures for the seven UAF colleges or schools that generate credit hours. Graph UAF-5 illustrates these same expenditure categories for the nine research institutes and public service organizations that do not generate credit hours.

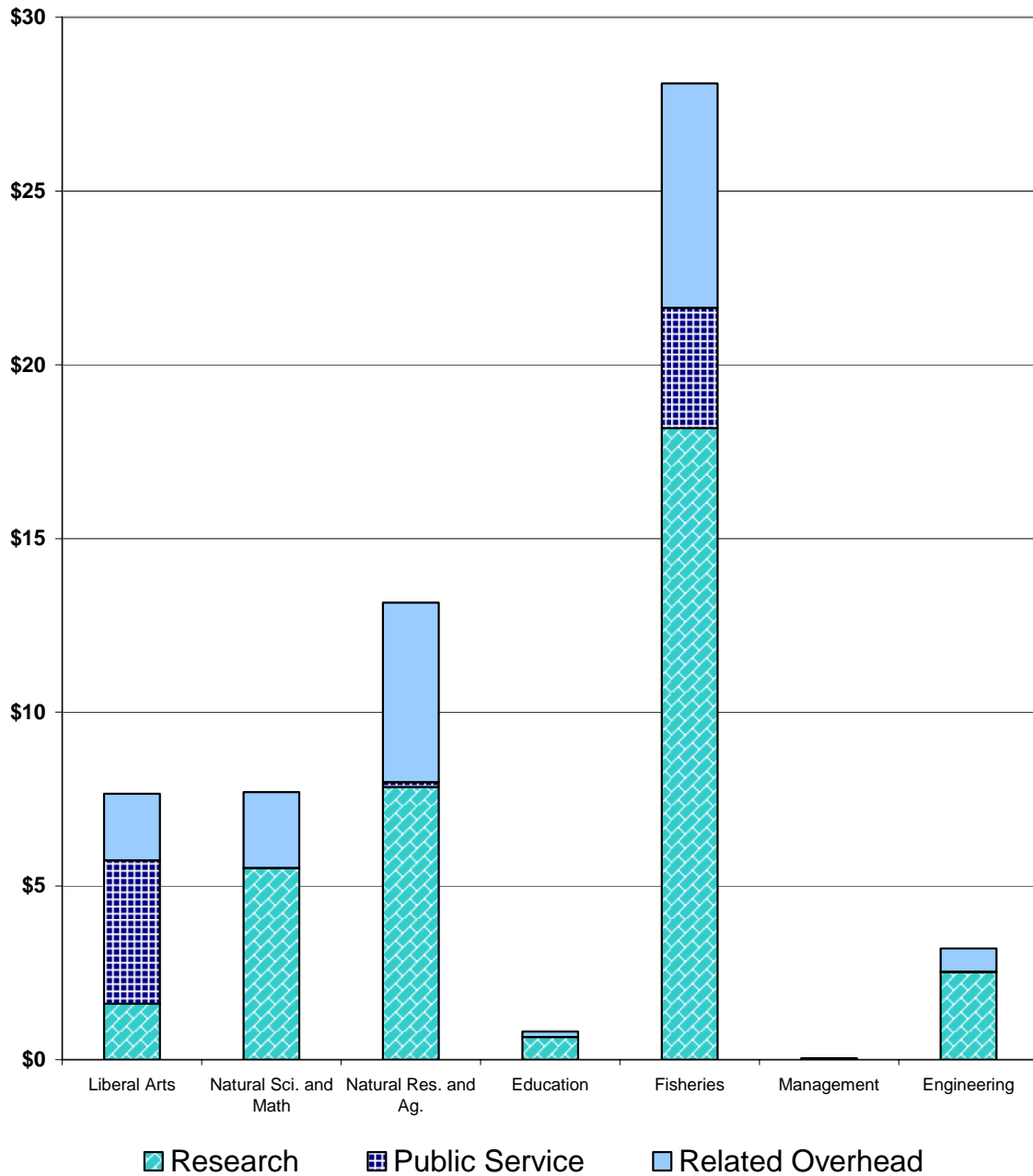
We chose to report the activities of the School of Fisheries and Ocean Sciences and the School of Natural Resources and Agricultural Sciences with the other UAF schools and campuses because part of their mission is instruction. However, less than 10% of total expenditures in those schools are related to instruction; rather, the primary mission of those schools is research. This is clearly illustrated in graph UAF-2 as well as graph UAF-4.

The School of Fisheries and Ocean Sciences houses research entities such as the Institute of Marine Sciences and the Alaska Sea Grant College Program. The School of Natural Resources and Agricultural Sciences houses the Agricultural and Forestry Experiment Station and the Reindeer Research Program.

The table below provides a key to the notations used on the bottom axis of graph UAF-4:

Abbreviation	School or College
Liberal Arts	College of Liberal Arts
Natural Sci. and Math	College of Natural Sciences and Mathematics
Natural Res. and Ag.	School of Natural Resources and Agricultural Sciences
Education	School of Education
Fisheries	School of Fisheries and Ocean Sciences
Management	School of Management
Engineering	College of Engineering and Mines

UAF Expenditures for Schools and Colleges Research, Public Service, and Related Overhead (in Millions)



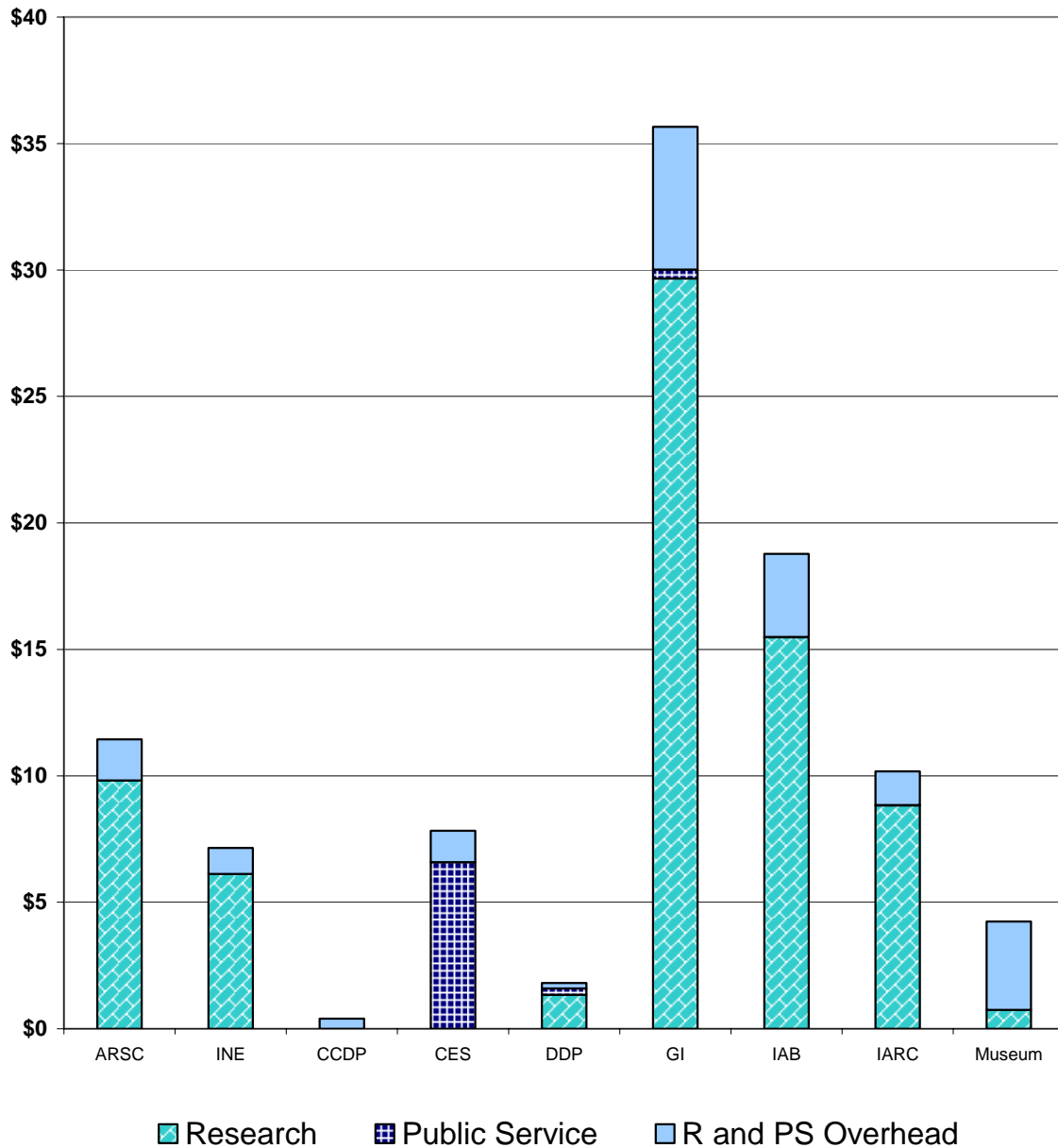
Graph UAF-5 shows how research is a significant part of other UAF operations

Graph UAF-5 on the opposite page provides an overview of selected FY 04 expenditures for the nine UAF research institutes and public service organizations that do not generate credit hours. The expenditures presented in the graph are those that relate only to the NCHEMS categories of research and public service, along with related overhead costs.

The table below provides a key to the notations used on the bottom axis of the graph:

Abbreviation	Organization or School
ARSC	Arctic Region Supercomputing Center
INE	Institute of Northern Engineering
CCDP	Clean Coal Diesel Project
CES	Cooperative Extension Service
DDP	Developmental Programs and Projects
GI	Geophysical Institute
IAB	Institute of Arctic Biology
IARC	International Arctic Research Center
Museum	Museum

UAF Expenditures for Research Institutes and Public Service Organizations Research, Public Service, and Related Overhead (in Millions)



Graph UAF-6 illustrates cost per credit hour, summarized by school/college

Graph UAF-6 on the opposite page illustrates the cost per credit hour, by school/college, at UAF for FY 04 expenditures. As noted in the title of the graph, the expenditures used for the calculation exclude those related to research and public service.

As illustrated by the graph, those schools/colleges that generate a relatively larger number of credit hours (see graph UAF-1)—the College of Liberal Arts and the College of Natural Sciences and Mathematics—have lower costs per credit hour than other UAF schools/colleges.

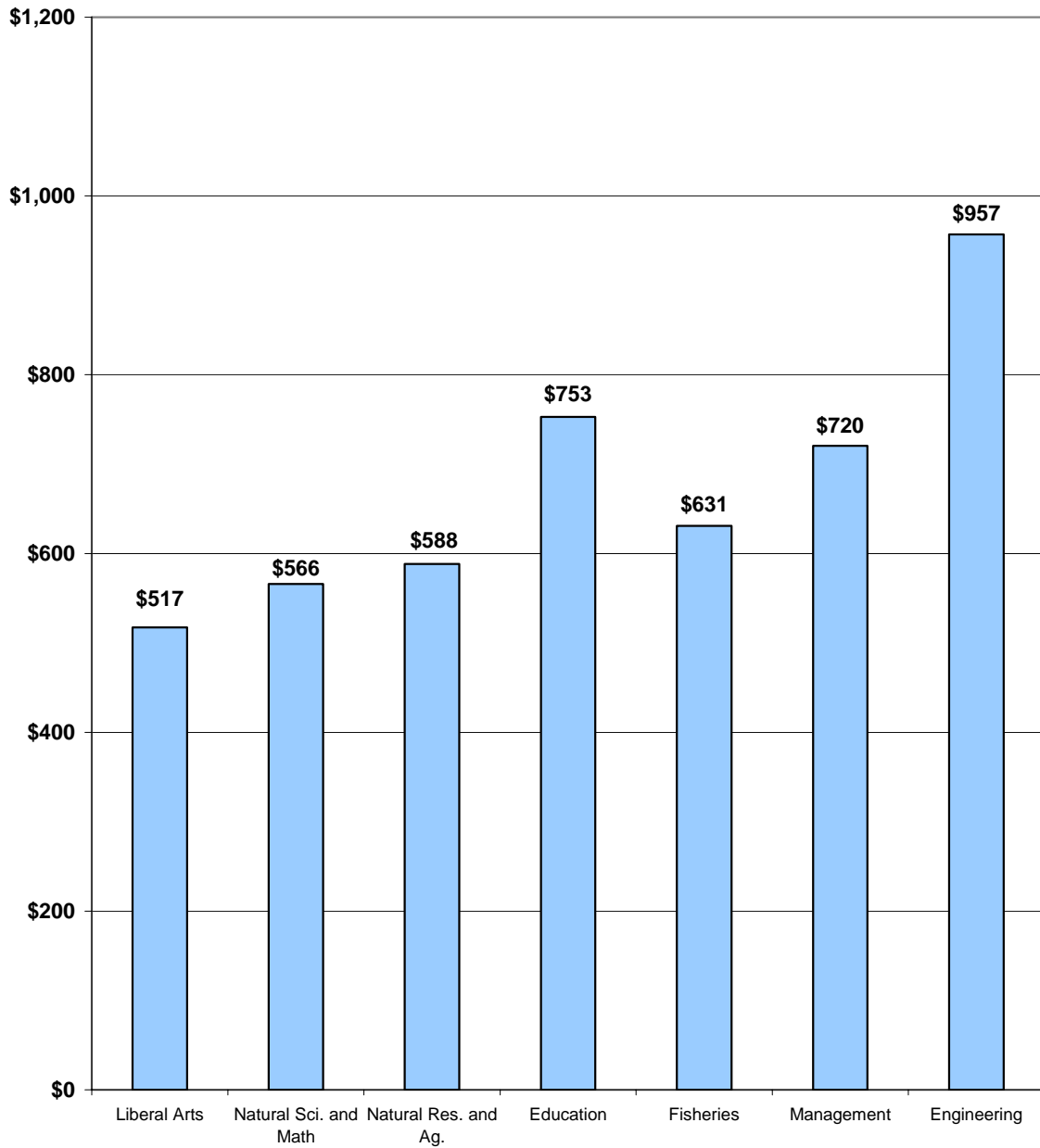
As discussed earlier, we chose to include the School of Fisheries and Ocean Sciences and the School of Natural Resources and Agricultural Sciences with the other UAF schools and colleges. However, the primary mission for both of these schools is research and not instruction. Therefore, the calculated cost per credit hour on graph UAF-6 and the credit hours per FTE faculty on graph UAF-8 cannot be meaningfully compared with the other schools and colleges.

The table below provides a key to the notations used on the bottom axis of graph UAF-6, representing the seven UAF schools or colleges:

Abbreviation	School or College
Liberal Arts	College of Liberal Arts
Natural Sci. and Math	College of Natural Sciences and Mathematics
Natural Res. and Ag.	School of Natural Resources and Agricultural Sciences
Education	School of Education
Fisheries	School of Fisheries and Ocean Sciences
Management	School of Management
Engineering	College of Engineering and Mines

UAF-6

**Cost per UAF Credit Hour
excluding research, public service,
and related overhead**



Graph UAF-7 illustrates cost per full-time equivalent (FTE) student at UAF

Graph UAF-7 on the opposite page illustrates the cost per FTE student for each of the colleges/schools at UAF. These costs are based on FY 04 expenditures.

“Full-time equivalent student” is a term used to convert credit hours that may be generated from a mix of full-time, part-time and nondegree-seeking students in order to measure and analyze costs. One FTE student was calculated as follows:

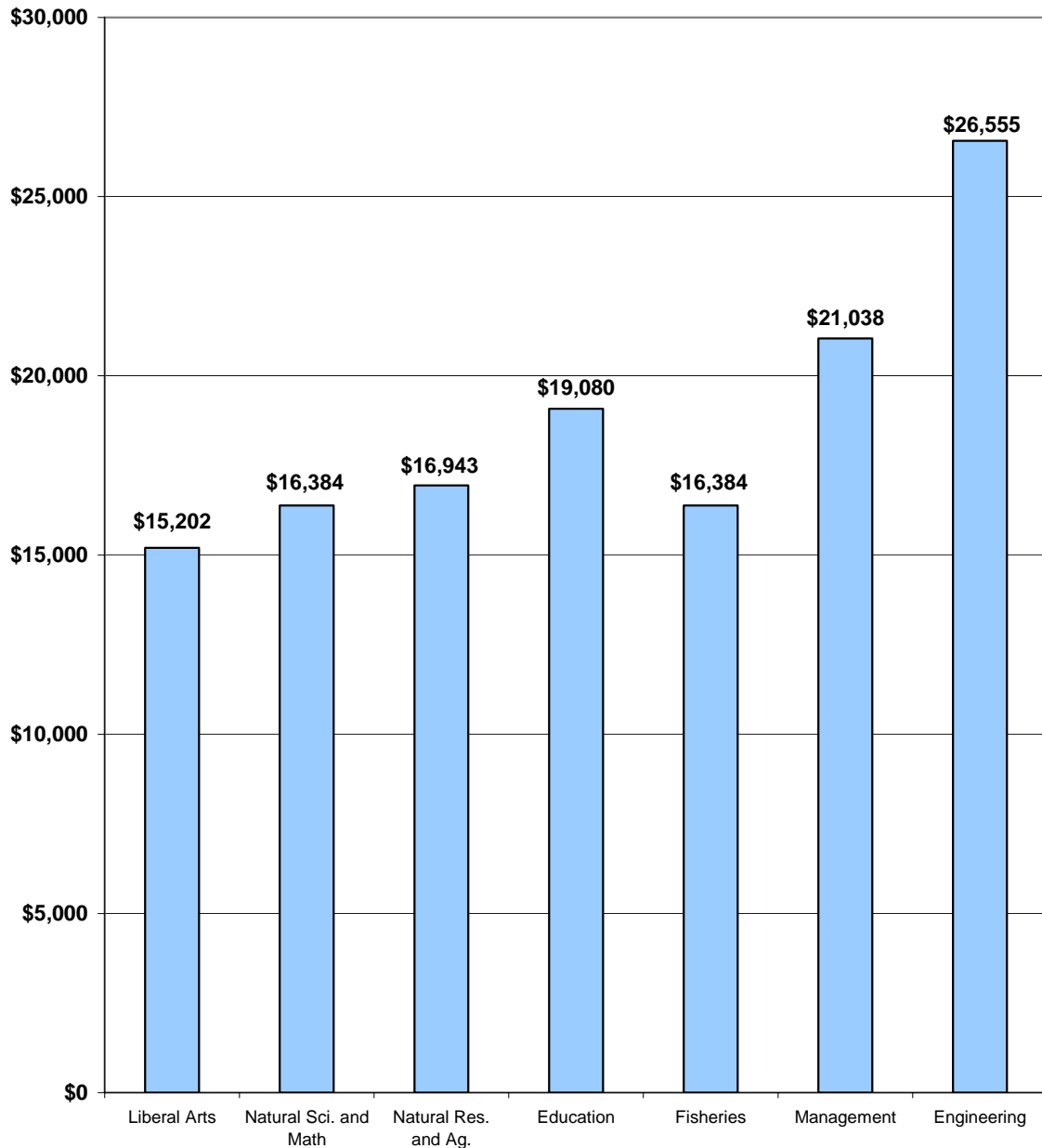
1. Every 30 undergraduate credit hours or
2. Every 24 graduate/professional level credit hours or
3. Every 30 noncredit and continuing education person contacts.¹⁹

The table below provides a key to other notations used on the bottom axis of the graph, representing the seven UAF schools or colleges:

Abbreviation	School or College
Liberal Arts	College of Liberal Arts
Natural Sci. and Math	College of Natural Sciences and Mathematics
Natural Res. and Ag.	School of Natural Resources and Agricultural Sciences
Education	School of Education
Fisheries	School of Fisheries and Ocean Sciences
Management	School of Management
Engineering	College of Engineering and Mines

¹⁹ Person contacts describe the number of people taking noncredit or continuing education courses. If a person takes three different noncredit courses in one semester, for example, that equals three person contacts.

Cost per UAF FTE Student excluding research, public service, and related overhead



Graph UAF-8 illustrates how many credit hours UAF faculty are generating

Graph UAF-8 on the opposite page illustrates the comparison of credit hours per faculty for AY 04, summarized for each UAF school and college. As with expenditures, not all efforts of faculty necessarily generate credit hours. Examples of such efforts include research, public service, and courses offered with no credits.

Generally, there is an inverse relationship between costs per credit hour and credit hours per faculty. Schools with low costs per credit hour (see UAF-6) have faculty that produce more credit hours. This relationship is reflected in the 369 credit hours produced by each FTE faculty of the College of Natural Sciences and Mathematics. The opposite effect is shown in the College of Engineering and Mines, where FTE faculty production is a relatively low 139 credit hours.

Two schools have low faculty production because of the three primary missions (instruction, research, and public service), their focus is mainly research. The School of Natural Resources and Agricultural Sciences, at 100 credit hours, and the School of Fisheries and Ocean Sciences, at 42 credit hours, show the impact of research faculty on the credit-hours-per-FTE-faculty ratio. As shown on graph UAF-2, the primary mission expenditure of these two schools is research, with less than 10 percent going to instruction. Therefore, the cost per credit hour on graph UAF-6 and the credit hours per FTE faculty on graph UAF-8 cannot be meaningfully compared with the other schools and colleges.

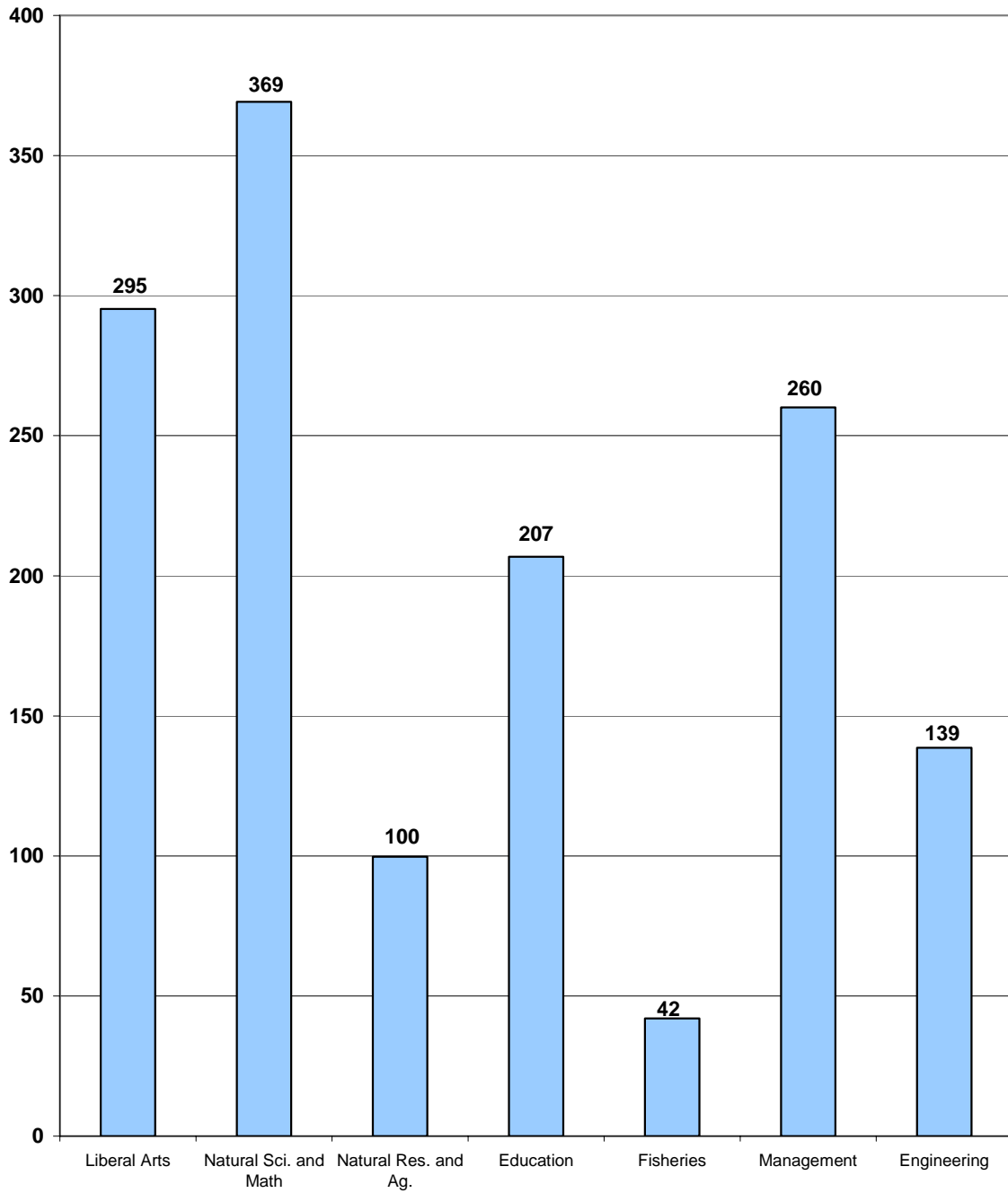
“Full-time equivalent faculty” is a term used to convert faculty effort that may be generated from a mix of full-time, part-time, and adjunct faculty as well as faculty overload and additional assignments. One FTE faculty was calculated as follows:

1. Every 1560 regular faculty hours (9 months) or
2. Every \$28,000 paid to adjunct faculty or
3. Every \$28,000 paid to regular faculty for overload and additional assignments.

The table below provides a key to notations used on the bottom axis of graph UAF-8, representing the seven UAF schools or colleges:

Abbreviation	School or College
Liberal Arts	College of Liberal Arts
Natural Sci. and Math	College of Natural Sciences and Mathematics
Natural Res. and Ag.	School of Natural Resources and Agricultural Sciences
Education	School of Education
Fisheries	School of Fisheries and Ocean Sciences
Management	School of Management
Engineering	College of Engineering and Mines

UAF Credit Hours per FTE Faculty



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APPENDIX C

University of Alaska Southeast

Graph UAS-1 provides overview of credit hours produced at the University of Alaska Southeast (UAS)

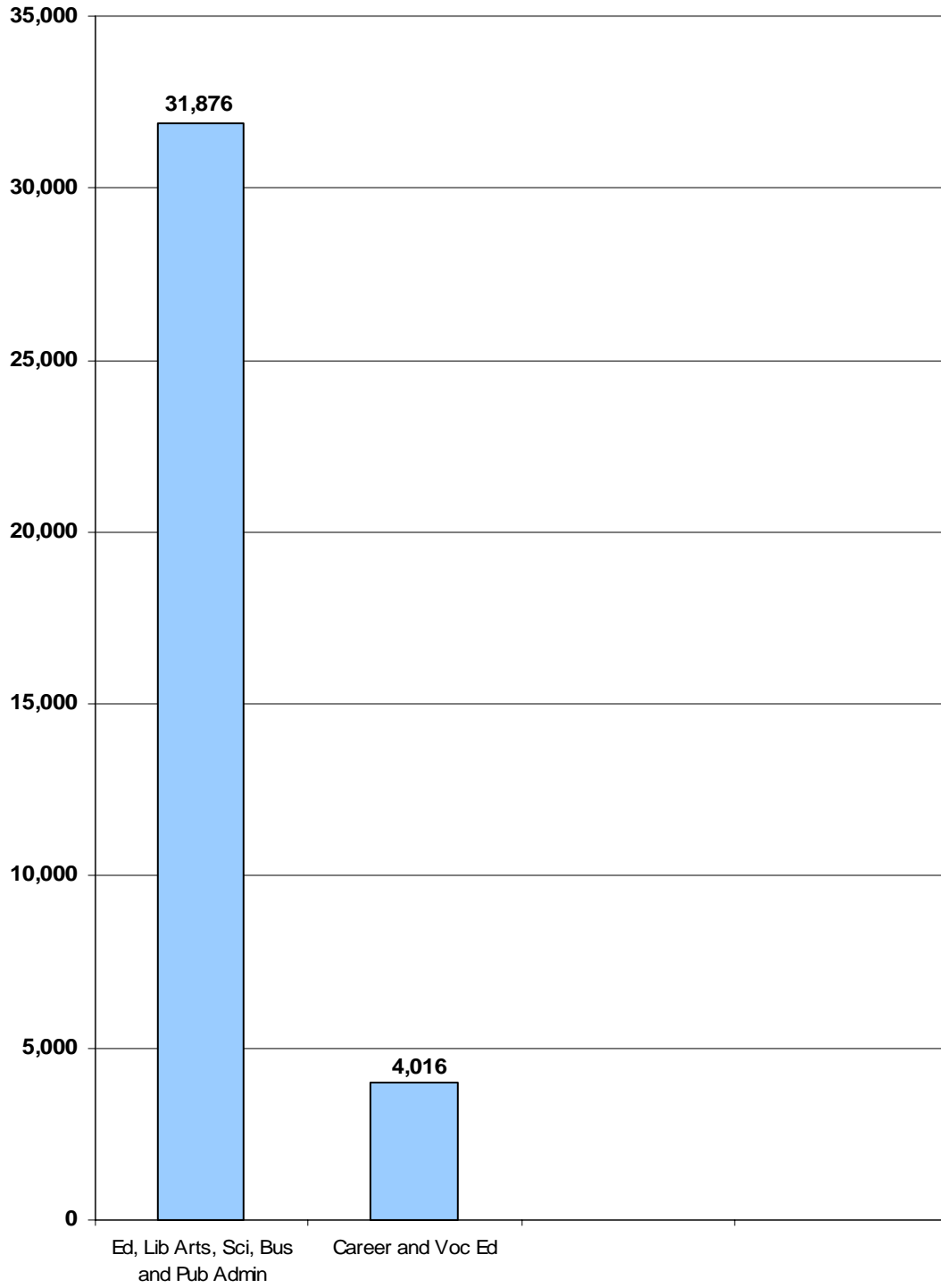
Graph UAS-1 on the opposite page provides an overview of the credit hours generated by the various schools and colleges at UAS.

As shown in the graph, during the 2004 academic year (AY 04)—the Summer 2003, Fall 2003, and Spring 2004 semesters—the largest number of credit hours was generated by the School of Education, Liberal Arts, Science, Business and Public Administration. (As seen in Appendices A and B, these subject areas are separated, to some extent, at the larger UAA and UAF colleges.)

The table below provides a key to the notations used on the bottom axis of the graph:

Abbreviation	School or College
Ed, Lib Arts, Sci, Bus and Pub Admin	School of Education, Liberal Arts, Science, Business and Public Administration
Career and Voc Ed	School of Career and Vocational Education

UAS Total Credit Hours for AY 04



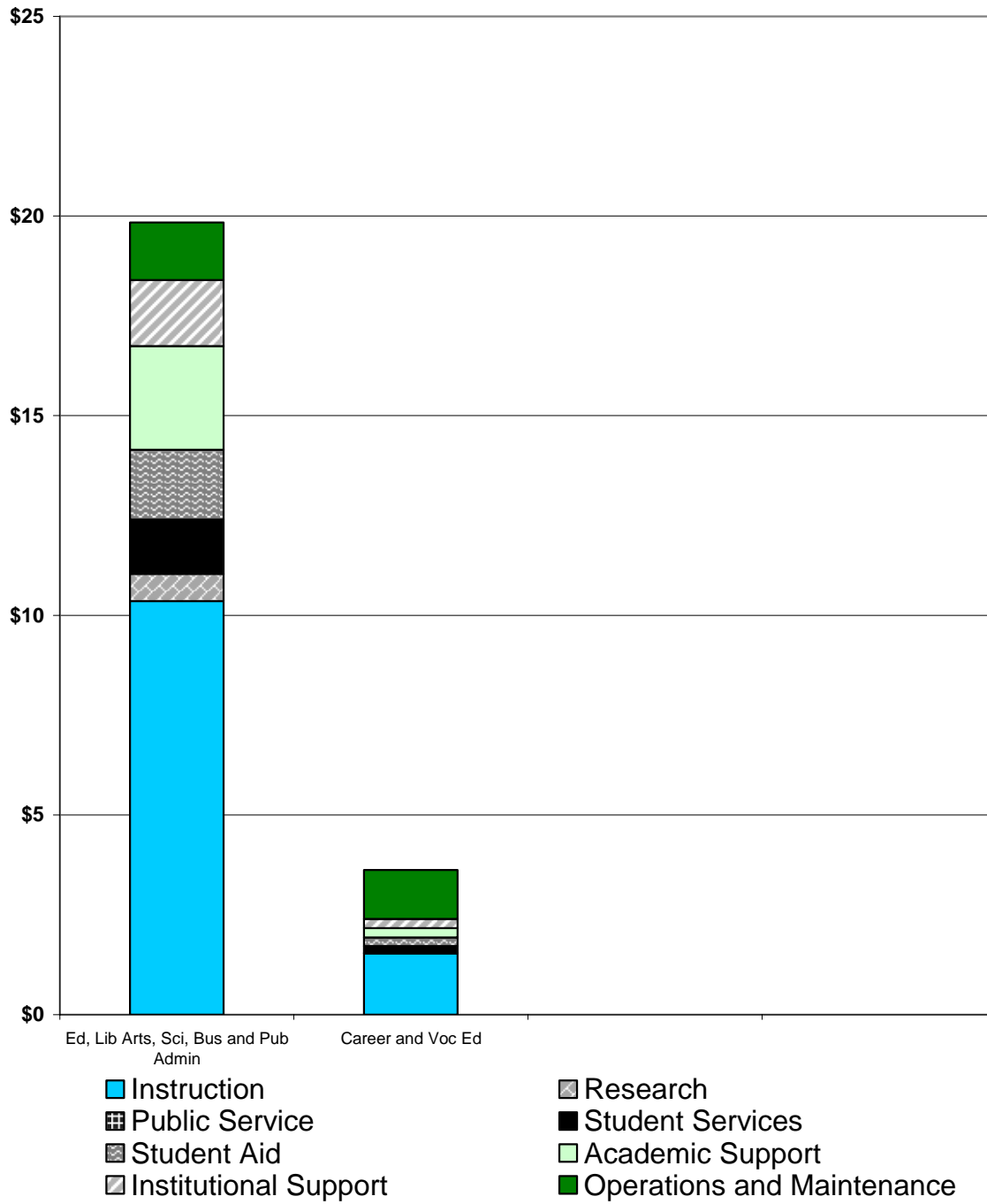
Graph UAS-2 illustrates expenditures for UAS schools

Graph UAS-2 on the opposite page provides an overview of total FY 04 expenditures for the two schools at UAS. The totals presented are made up of expenditures that can be directly related or have been allocated to the schools presented on the graph. The expenditures are summarized by the standard National Center for Higher Education Management Systems (NCHEMS) cost accounting categories (excluding auxiliary services). Expenditure allocation methodologies and NCHEMS categories are discussed in the Background Information section of this report. The legend for the various NCHEMS categories is presented below graph UAS-2.

The table below provides a key to the notations used on the bottom axis of the graph:

Abbreviation	School or College
Ed, Lib Arts, Sci, Bus and Pub Admin	School of Education, Liberal Arts, Science, Business and Public Administration
Career and Voc Ed	School of Career and Vocational Education

FY 04 UAS Expenditures (in Millions)



Graph UAS-3 provides a break-out of research and public service expenditures at UAS

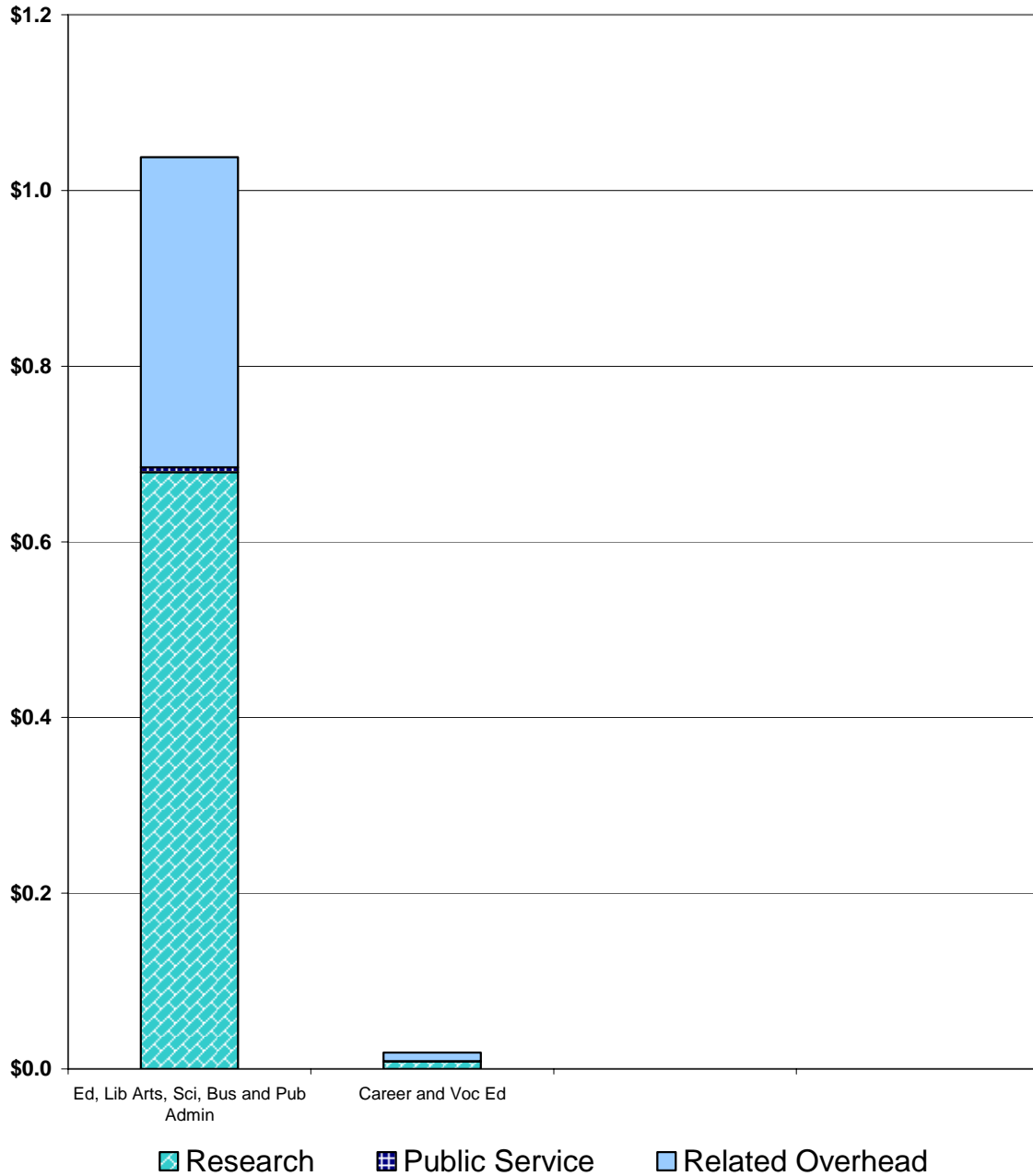
Graph UAS-3 on the opposite page provides an overview of selected FY 04 expenditures for the two schools at UAS. The expenditures illustrated by the graph are those that relate only to the NCHEMS categories of research and public service, along with related overhead costs. As shown by the graph, research and public service in the School of Career and Vocational Education are minimal.

Since these expenditures are not related to generating credit hours, we have identified them separately on this graph, and have excluded them from the next two graphs (UAS-4 and UAS-5), where we present information relating to cost per credit hour and cost per student.

The table below provides a key to the notations used on the bottom axis of the graph:

Abbreviation	School or College
Ed, Lib Arts, Sci, Bus and Pub Admin	School of Education, Liberal Arts, Science, Business and Public Administration
Career and Voc Ed	School of Career and Vocational Education

UAS Expenditures for Research, Public Service, and Related Overhead (in Millions)



Graph UAS-4 illustrates cost per credit hour for UAS schools

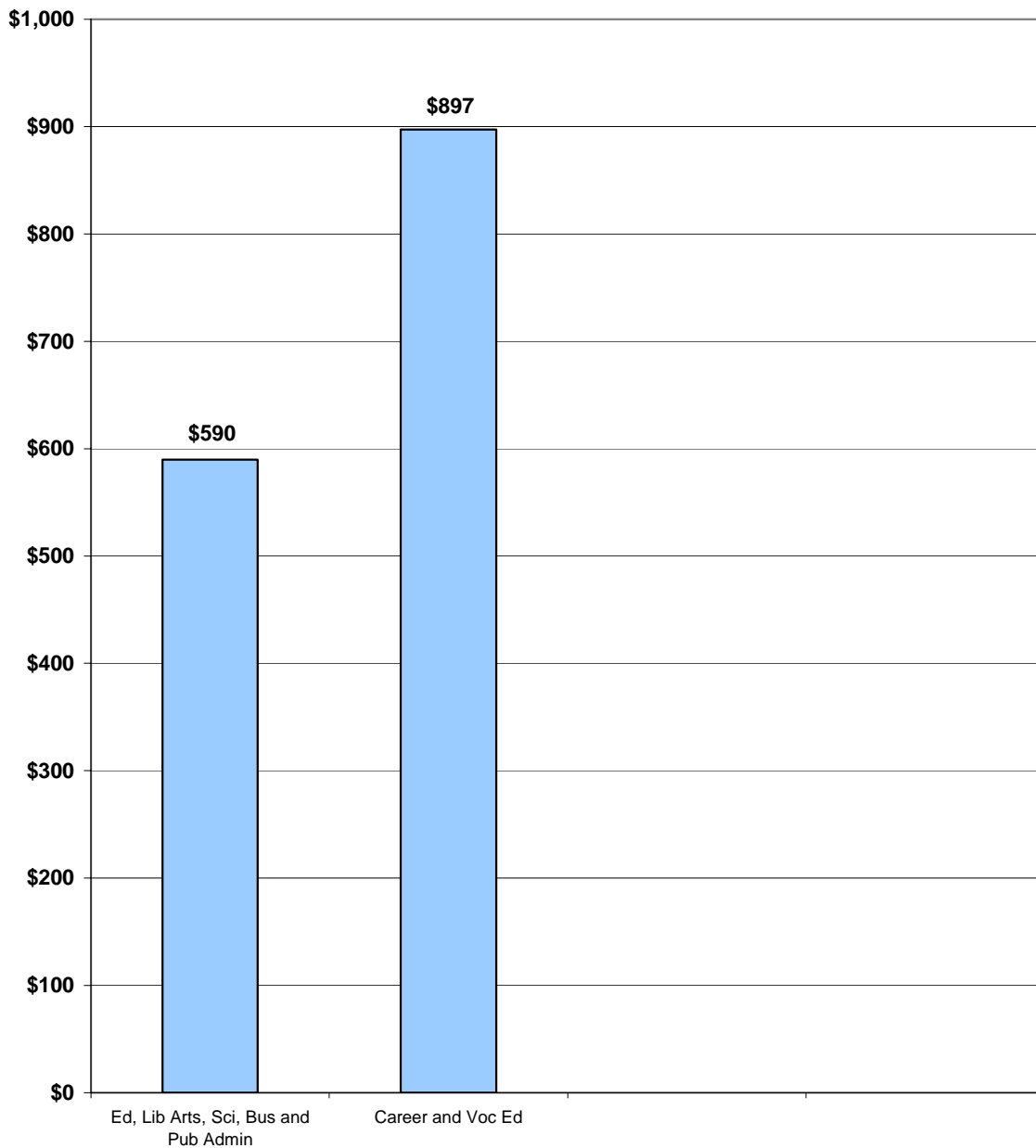
Graph UAS-4 on the opposite page illustrates the cost per credit hour, based on FY 04 expenditures, for the two schools at UAS. As noted in the title of the graph, the expenditures used for the calculation exclude those related to research and public service.

As illustrated by the graph, the school that generates the fewest credit hours—the School of Career and Vocational Education (see graph UAS-1)—has higher costs per credit hour than the other school.

The table below provides a key to the notations used on the bottom axis of the graph:

Abbreviation	School or College
Ed, Lib Arts, Sci, Bus and Pub Admin	School of Education, Liberal Arts, Science, Business and Public Administration
Career and Voc Ed	School of Career and Vocational Education

Cost per UAS Credit Hour excluding research, public service, and related overhead



Graph UAS-5 illustrates cost per full-time equivalent (FTE) student at UAS

Graph UAS-5 on the opposite page illustrates the cost per FTE student for the two schools at UAS. These costs are based on FY 04 expenditures.

“Full-time equivalent student” is a term used to convert credit hours that may be generated from a mix of full-time, part-time and nondegree-seeking students in order to measure and analyze costs. One FTE student was calculated as follows:

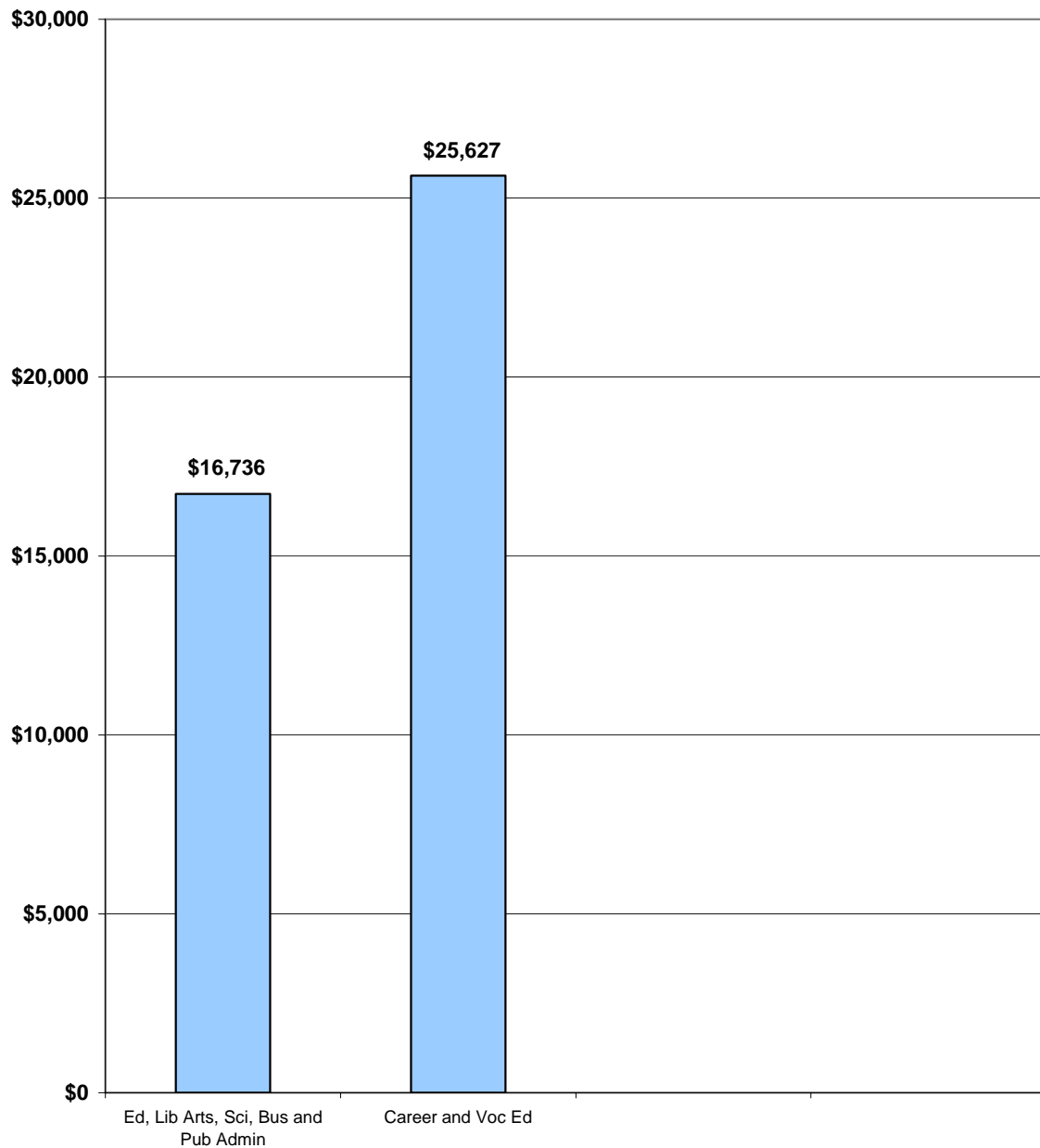
1. Every 30 undergraduate credit hours or
2. Every 24 graduate/professional level credit hours or
3. Every 30 noncredit and continuing education person contacts.²⁰

The table below provides a key to the notations used on the bottom axis of the graph:

Abbreviation	School or College
Ed, Lib Arts, Sci, Bus and Pub Admin	School of Education, Liberal Arts, Science, Business and Public Administration
Career and Voc Ed	School of Career and Vocational Education

²⁰ Person contacts describe the number of people taking noncredit or continuing education courses. If a person takes three different noncredit courses in one semester, for example, that equals three person contacts.

Cost per UAS FTE Student excluding research, public service, and related overhead costs



Graph UAS-6 illustrates how many credit hours UAS faculty are generating

Graph UAS-6 on the opposite page illustrates the comparison of credit hours per faculty for AY 04, summarized for each UAS school. As with expenditures, not all efforts of faculty necessarily generate credit hours. Examples of such efforts include research, public service, and courses offered with no credits.

Generally, there is an inverse relationship between costs per credit hour and credit hours per faculty. Schools with low costs per credit hour (see UAS-4) have faculty that produce more credit hours. This relationship is reflected in the 322 credit hours produced by each full-time equivalent faculty member of the School of Education, Liberal Arts, Sciences, Business and Public Administration. The opposite effect is shown in the School of Career and Vocational Education, where FTE faculty production is lower, at 223 credit hours.

“Full-time equivalent faculty” is a term used to convert faculty effort that may be generated from a mix of full-time, part-time, and adjunct faculty as well as faculty overload and additional assignments. One FTE faculty was calculated as follows:

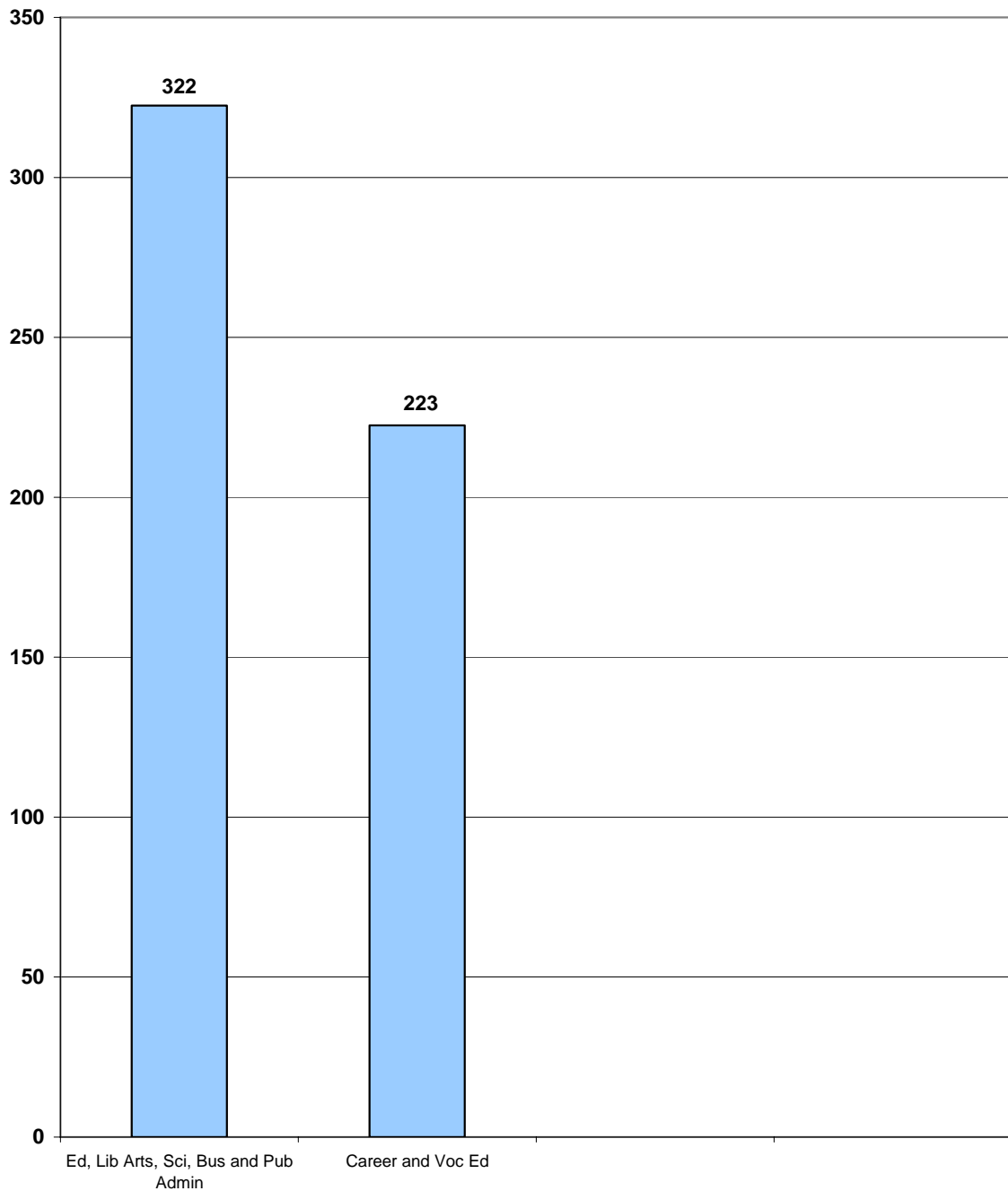
1. Every 1560 regular faculty hours (9 months) or
2. Every \$28,000 paid to adjunct faculty or
3. Every \$28,000 paid to regular faculty for overload and additional assignments.

The table below provides a key to the notations used on the bottom axis of the graph:

Abbreviation	School or College
Ed, Lib Arts, Sci, Bus and Pub Admin	School of Education, Liberal Arts, Science, Business and Public Administration
Career and Voc Ed	School of Career and Vocational Education

UAS-6

UAS Credit Hours per FTE Faculty



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APPENDIX D

University of Alaska – Small Campuses

Graph SC-1 provides an overview of credit hours produced at University of Alaska's (UA) small campuses

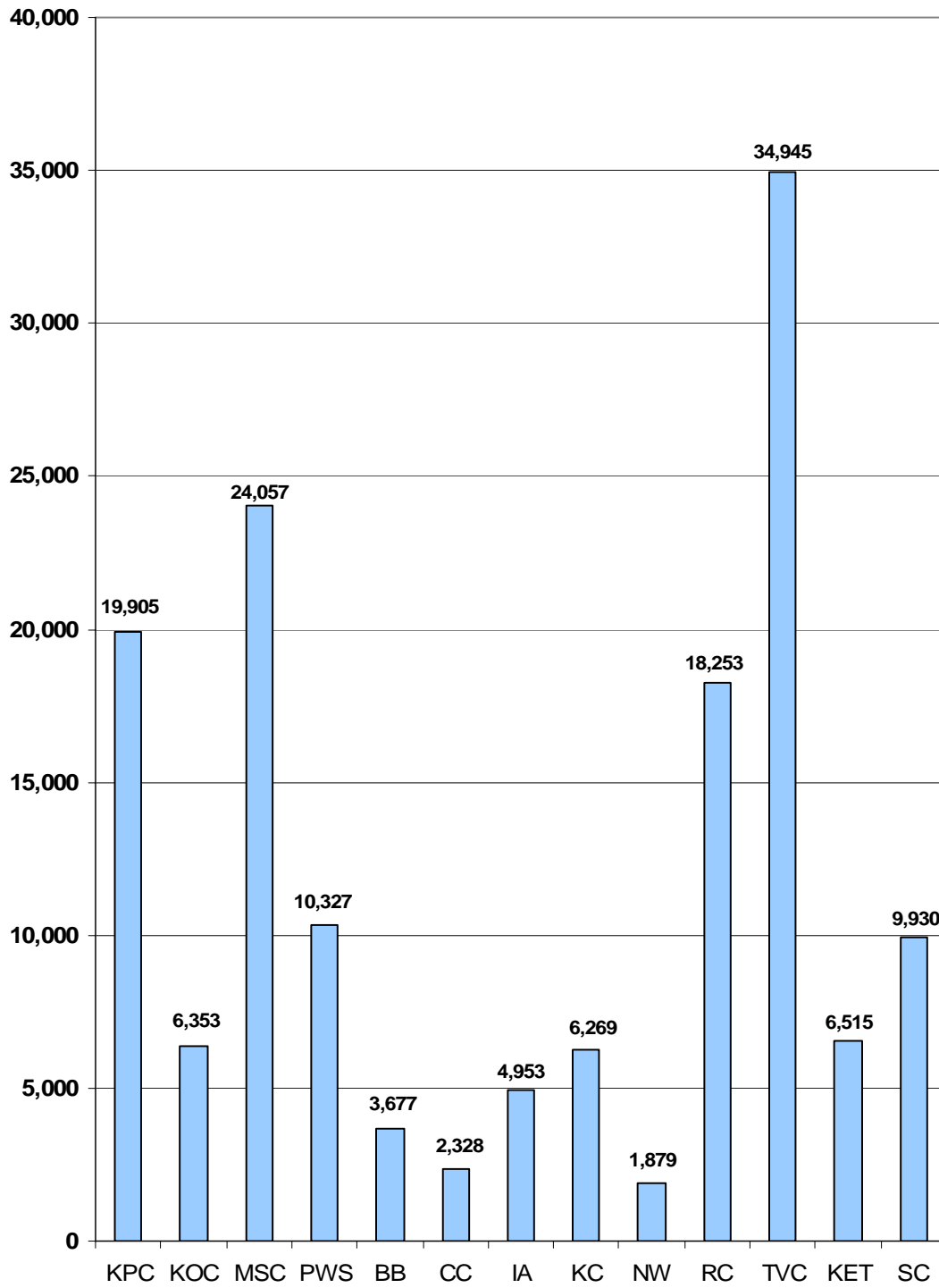
Graph SC-1 on the opposite page provides an overview of the credit hours generated by the various small campuses affiliated with UA.

As shown on the graph, during the 2004 academic year (AY 04)—the Summer 2003, Fall 2003, and Spring 2004 semesters—the largest number of credit hours was generated at the Tanana Valley Campus (TVC) in Fairbanks, followed by the Matanuska-Susitna College in Palmer and the Kenai Peninsula College located in Soldotna and Homer.

Listed below are the small campuses shown on the bottom axis of the graph:

Abbreviation	Campus	Location
KPC	UAA Kenai Peninsula College	Soldotna/Homer
KOC	UAA Kodiak College	Kodiak
MSC	UAA Matanuska-Susitna College	Palmer
PWS	UAA Prince William Sound Community College	Valdez
BB	UAF Bristol Bay Campus	Dillingham
CC	UAF Chukchi Campus	Kotzebue
IA	UAF Interior-Aleutians Campus	Fairbanks
KC	UAF Kuskokwim Campus	Bethel
NW	UAF Northwest Campus	Nome
RC	UAF Rural College Center for Distance Education	Fairbanks
TVC	UAF Tanana Valley Campus	Fairbanks
KET	UAS Ketchikan Campus	Ketchikan
SC	UAS Sitka Campus	Sitka

Small Campus Credit Hours for AY 04



Graph SC-2 summarizes expenditures by small campus

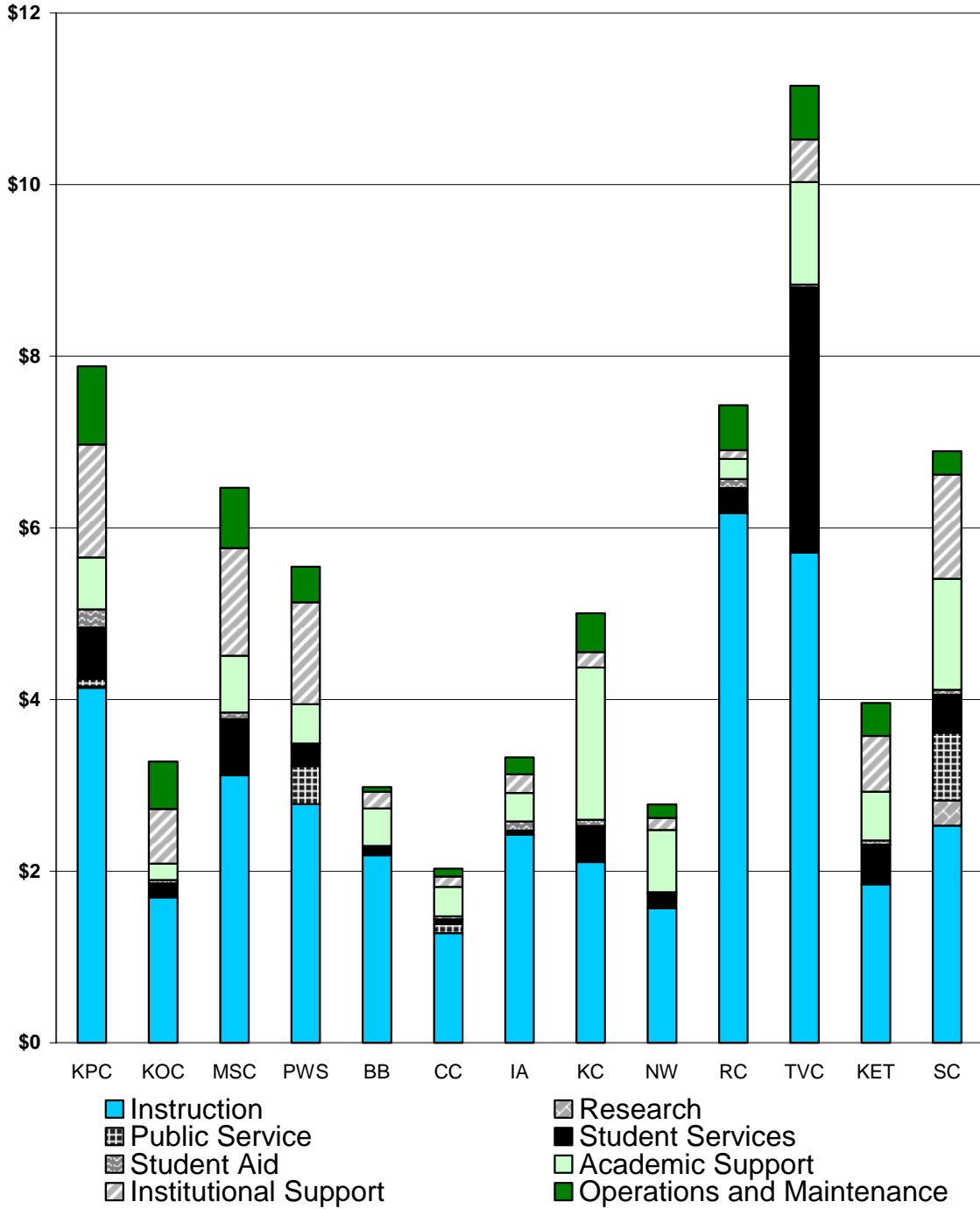
Graph SC-2 on the opposite page provides an overview of total FY 04 expenditures for each of the various smaller campuses affiliated with UA.

The totals presented are made up of expenditures that can be directly related or are allocated to various small campuses presented on the graph. The expenditures are further summarized by the standard National Center for Higher Education Management Systems (NCHEMS) cost accounting categories (excluding auxiliary services). Expenditure allocation methodologies and NCHEMS categories are discussed in the Background Information section of this report. The legend for the various NCHEMS categories is presented below graph SC-2.

Listed below are the small campuses shown on the bottom axis of the graph:

Abbreviation	Campus	Location
KPC	UAA Kenai Peninsula College	Soldotna/Homer
KOC	UAA Kodiak College	Kodiak
MSC	UAA Matanuska-Susitna College	Palmer
PWS	UAA Prince William Sound Community College	Valdez
BB	UAF Bristol Bay Campus	Dillingham
CC	UAF Chukchi Campus	Kotzebue
IA	UAF Interior-Aleutians Campus	Fairbanks
KC	UAF Kuskokwim Campus	Bethel
NW	UAF Northwest Campus	Nome
RC	UAF Rural College Center for Distance Education	Fairbanks
TVC	UAF Tanana Valley Campus	Fairbanks
KET	UAS Ketchikan Campus	Ketchikan
SC	UAS Sitka Campus	Sitka

FY 04 Small Campus Expenditures (in Millions)



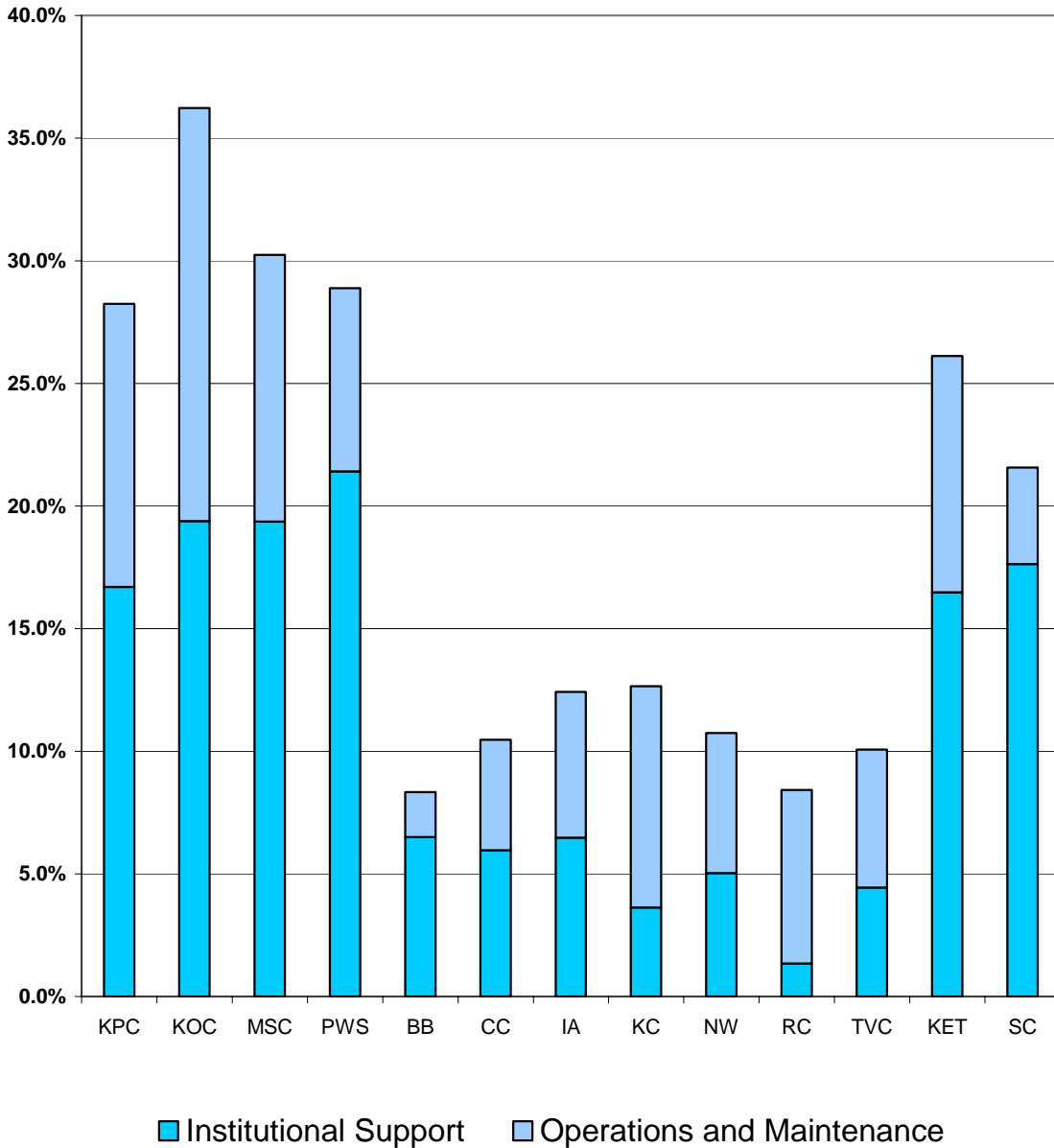
Graph SC-3 provides perspective on institutional support plus maintenance and operation costs

Graph SC-3 on the opposite page provides an overview of selected FY 04 expenditures related to institutional support plus maintenance and operation costs. These expenditures are summarized for the smaller campuses affiliated with UA. These costs are shown as the percentage of total FY 04 expenditures (excluding auxiliary services) for each of the smaller campuses.

Listed below are the small campuses shown on the bottom axis of the graph:

Abbreviation	Campus	Location
KPC	UAA Kenai Peninsula College	Soldotna/Homer
KOC	UAA Kodiak College	Kodiak
MSC	UAA Matanuska-Susitna College	Palmer
PWS	UAA Prince William Sound Community College	Valdez
BB	UAF Bristol Bay Campus	Dillingham
CC	UAF Chukchi Campus	Kotzebue
IA	UAF Interior-Aleutians Campus	Fairbanks
KC	UAF Kuskokwim Campus	Bethel
NW	UAF Northwest Campus	Nome
RC	UAF Rural College Center for Distance Education	Fairbanks
TVC	UAF Tanana Valley Campus	Fairbanks
KET	UAS Ketchikan Campus	Ketchikan
SC	UAS Sitka Campus	Sitka

FY 04 Small Campus Overhead (Institutional Support and Operations and Maintenance Costs)



Graph SC-4 illustrates the total FY 04 cost per credit hour for UA's small campuses

Graph SC-4 on the opposite page illustrates the cost per credit hour for each of the smaller campuses affiliated with UA, based on FY 04 expenditures.

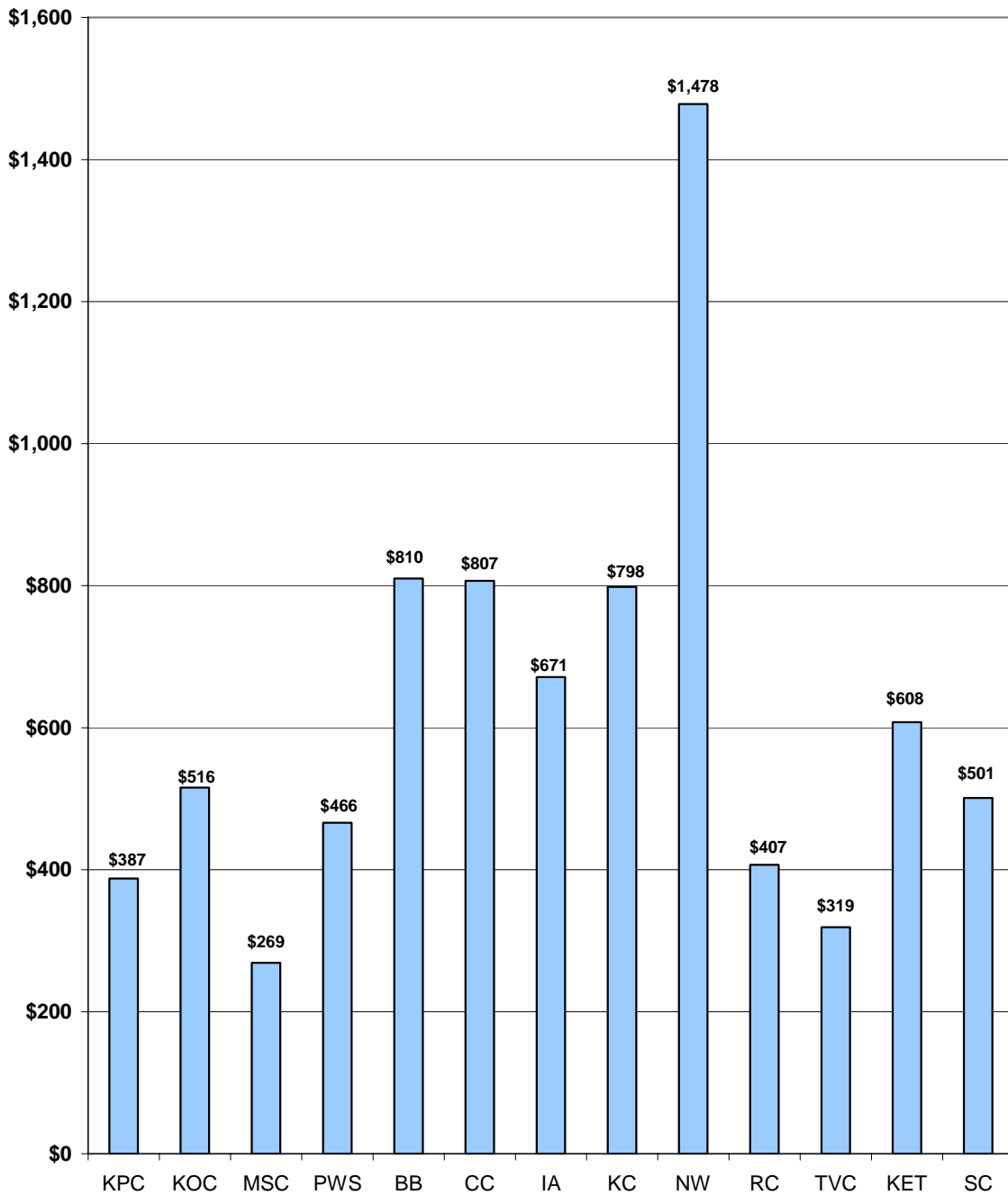
Among the smaller campuses, Kenai Peninsula College, Matanuska-Susitna College, Rural College Center for Distance Education, and Tanana Valley Campus benefit from larger credit hour production. Northwest Campus, in contrast, has relatively fewer credit hours and resultant higher costs per credit hour.

Listed below are the small campuses shown on the bottom axis of the graph:

Abbreviation	Campus	Location
KPC	UAA Kenai Peninsula College	Soldotna/Homer
KOC	UAA Kodiak College	Kodiak
MSC	UAA Matanuska-Susitna College	Palmer
PWS	UAA Prince William Sound Community College	Valdez
BB	UAF Bristol Bay Campus	Dillingham
CC	UAF Chukchi Campus	Kotzebue
IA	UAF Interior-Aleutians Campus	Fairbanks
KC	UAF Kuskokwim Campus	Bethel
NW	UAF Northwest Campus	Nome
RC	UAF Rural College Center for Distance Education	Fairbanks
TVC	UAF Tanana Valley Campus	Fairbanks
KET	UAS Ketchikan Campus	Ketchikan
SC	UAS Sitka Campus	Sitka

SC-4

Small Campus Cost per Credit Hour



Graph SC-5 illustrates costs per full-time equivalent (FTE) student

Graph SC-5 on the opposite page illustrates the cost per FTE student for each of the smaller campuses affiliated with UA. These costs are based on FY 04 expenditures.

“Full-time equivalent student” is a term used to convert credit hours that may be generated from a mix of full-time, part-time and nondegree-seeking students in order to measure and analyze costs. One FTE student was calculated as follows:

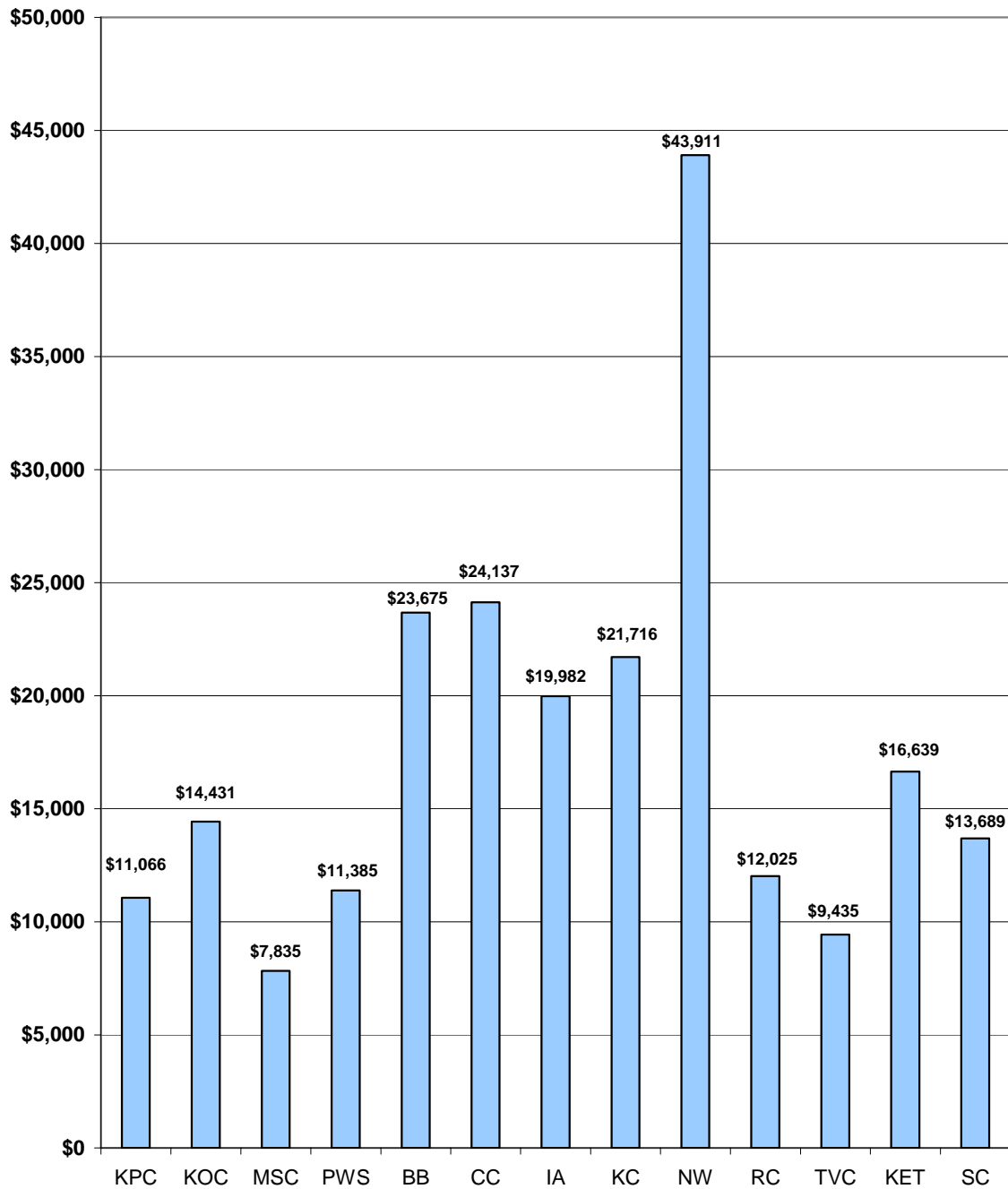
1. Every 30 undergraduate credit hours or
2. Every 24 graduate/professional level credit hours or
3. Every 30 noncredit and continuing education person contacts.²¹

Listed below are the small campuses shown on the bottom axis of the graph:

Abbreviation	Campus	Location
KPC	UAA Kenai Peninsula College	Soldotna/Homer
KOC	UAA Kodiak College	Kodiak
MSC	UAA Matanuska-Susitna College	Palmer
PWS	UAA Prince William Sound Community College	Valdez
BB	UAF Bristol Bay Campus	Dillingham
CC	UAF Chukchi Campus	Kotzebue
IA	UAF Interior-Aleutians Campus	Fairbanks
KC	UAF Kuskokwim Campus	Bethel
NW	UAF Northwest Campus	Nome
RC	UAF Rural College Center for Distance Education	Fairbanks
TVC	UAF Tanana Valley Campus	Fairbanks
KET	UAS Ketchikan Campus	Ketchikan
SC	UAS Sitka Campus	Sitka

²¹ Person contacts describe the number of people taking noncredit or continuing education courses. If a person takes three different noncredit courses in one semester, for example, that equals three person contacts.

Small Campus Cost per FTE Student



Graph SC-6 illustrates credit hours per FTE faculty

Graph SC-6 on the opposite page illustrates the comparison of credit hours per FTE faculty for AY 04, summarized for each of the smaller campuses affiliated with UA. As with expenditures, not all efforts of faculty necessarily generate credit hours. Examples of such efforts include research, public service, and courses offered with no credits.

“Full-time equivalent faculty” is a term used to convert faculty effort that may be generated from a mix of full-time, part-time, and adjunct faculty as well as faculty overload and additional assignments. One FTE faculty was calculated as follows:

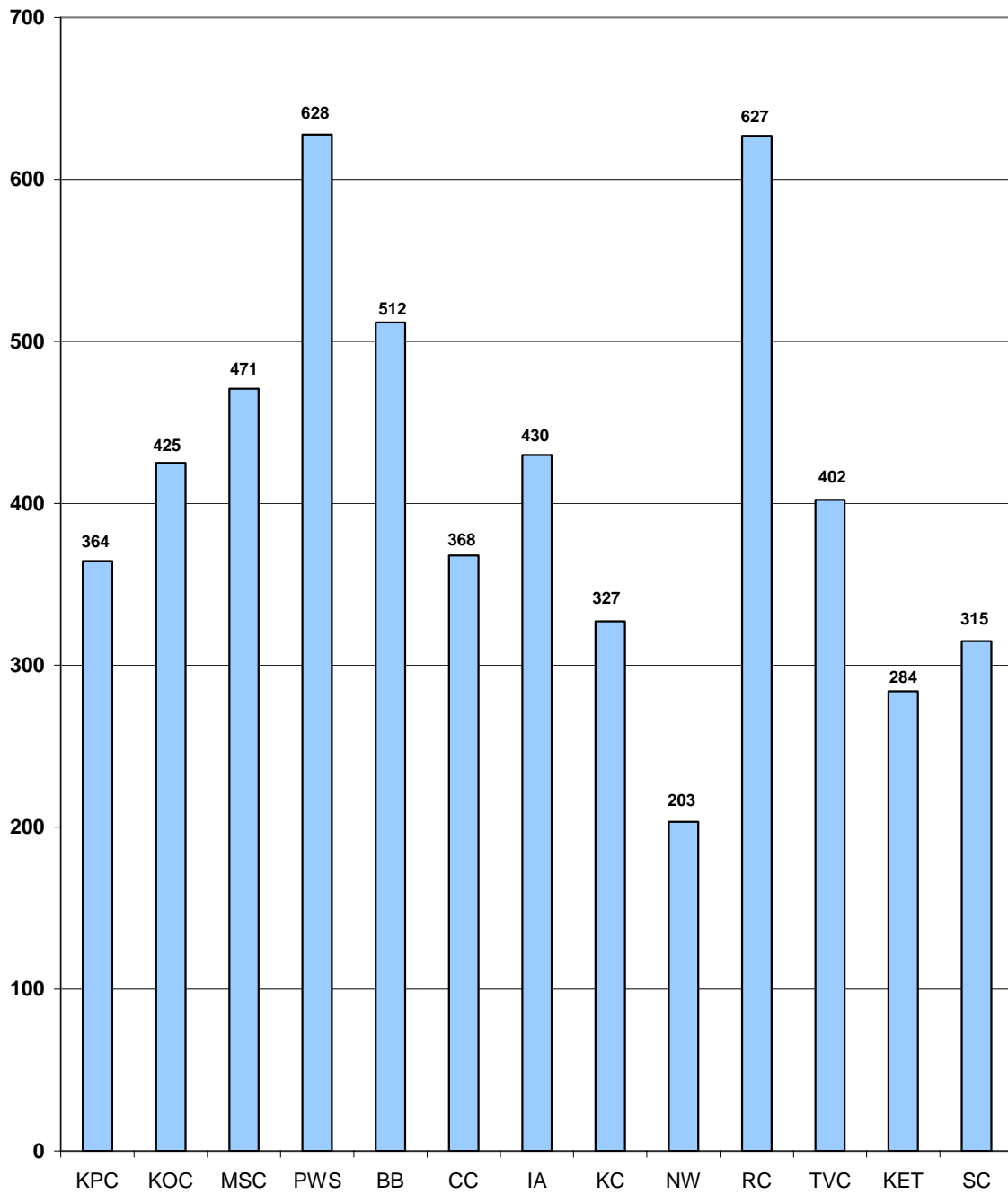
1. Every 1560 regular faculty hours (9 months) or
2. Every \$28,000 paid to adjunct faculty or
3. Every \$28,000 paid to regular faculty for overload and additional assignments.

Listed below are the small campuses shown on the bottom axis of the graph:

Abbreviation	Campus	Location
KPC	UAA Kenai Peninsula College	Soldotna/Homer
KOC	UAA Kodiak College	Kodiak
MSC	UAA Matanuska-Susitna College	Palmer
PWS	UAA Prince William Sound Community College	Valdez
BB	UAF Bristol Bay Campus	Dillingham
CC	UAF Chukchi Campus	Kotzebue
IA	UAF Interior-Aleutians Campus	Fairbanks
KC	UAF Kuskokwim Campus	Bethel
NW	UAF Northwest Campus	Nome
RC	UAF Rural College Center for Distance Education	Fairbanks
TVC	UAF Tanana Valley Campus	Fairbanks
KET	UAS Ketchikan Campus	Ketchikan
SC	UAS Sitka Campus	Sitka

SC-6

Small Campus Credit Hours per FTE Faculty



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APPENDIX E

FY 04 Unit Cost by Function

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APPENDIX E
FY 04 Unit Cost by Function

UAA College or School	Total	\$/FTE Student	\$/FTE Faculty
<u>College of Arts and Sciences (FTE Students: 4,657.3; FTE Faculty: 273.9)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$21,396,576	\$4,594	\$78,128
Research	\$2,404,493	N/A	\$8,780
Public Service	\$74,509	N/A	\$272
<i>Student Support Costs:</i>			
Student Services	\$7,445,425	\$1,599	N/A
Student Aid	\$4,805,544	\$1,032	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$2,096,214	\$450	\$7,654
Research and Public Service	\$242,867	N/A	\$887
Operations and Maintenance			
Instruction	\$2,796,223	\$600	\$10,210
Research and Public Service	\$323,970	N/A	\$1,183
Institutional Support			
Instruction	\$3,167,364	\$680	\$11,565
Research and Public Service	\$366,970	N/A	\$1,340
Total	\$45,120,155	\$8,955	\$120,019
<u>College of Business and Public Policy (FTE Students: 1,027.7; FTE Faculty: 57.5)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$6,244,634	\$6,076	\$108,686
Research	\$147,823	N/A	\$2,573
Public Service	\$2,225,098	N/A	\$38,727
<i>Student Support Costs:</i>			
Student Services	\$1,642,946	\$1,599	N/A
Student Aid	\$1,301,162	\$1,266	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$824,651	\$802	\$14,353
Research and Public Service	\$313,362	N/A	\$5,454
Operations and Maintenance			
Instruction	\$380,336	\$370	\$6,620
Research and Public Service	\$144,525	N/A	\$2,515
Institutional Support			
Instruction	\$877,620	\$854	\$15,275
Research and Public Service	\$333,490	N/A	\$5,804
Total	\$14,435,647	\$10,967	\$200,007

APPENDIX E
FY 04 Unit Cost by Function

UAA College or School	Total	\$/FTE Student	\$/FTE Faculty
<u>College of Education</u> (FTE Students: 500.7; FTE Faculty: 53.2)			
<i>Primary Mission Costs:</i>			
Instruction	\$4,403,324	\$8,795	\$82,715
Research	\$95,942	N/A	\$1,802
Public Service	\$0	N/A	\$0
<i>Student Support Costs:</i>			
Student Services	\$814,400	\$1,627	N/A
Student Aid	\$543,802	\$1,086	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$1,225,404	\$2,448	\$23,019
Research and Public Service	\$26,700	N/A	\$502
Operations and Maintenance			
Instruction	\$238,292	\$476	\$4,476
Research and Public Service	\$5,192	N/A	\$98
Institutional Support			
Instruction	\$661,166	\$1,321	\$12,420
Research and Public Service	\$14,406	N/A	\$271
Total	\$8,028,628	\$15,753	\$125,303
<u>College of Health and Social Welfare</u> (FTE Students: 792.8; FTE Faculty: 99.7)			
<i>Primary Mission Costs:</i>			
Instruction	\$8,670,484	\$10,936	\$86,976
Research	\$2,728,191	N/A	\$27,367
Public Service	\$3,235,295	N/A	\$32,454
<i>Student Support Costs:</i>			
Student Services	\$1,514,944	\$1,911	N/A
Student Aid	\$1,251,668	\$1,579	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$1,112,108	\$1,403	\$11,156
Research and Public Service	\$764,898	N/A	\$7,673
Operations and Maintenance			
Instruction	\$349,951	\$441	\$3,510
Research and Public Service	\$240,693	N/A	\$2,414
Institutional Support			
Instruction	\$1,285,492	\$1,621	\$12,895
Research and Public Service	\$884,151	N/A	\$8,869
Total	\$22,037,875	\$17,891	\$193,314

APPENDIX E
FY 04 Unit Cost by Function

UAA College or School	Total	\$/FTE Student	\$/FTE Faculty
<u>Community and Technical College (FTE Students: 2,171.4; FTE Faculty: 152.4)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$15,736,880	\$7,247	\$103,259
Research	\$328,545	N/A	\$2,156
Public Service	\$1,062,361	N/A	\$6,971
<i>Student Support Costs:</i>			
Student Services	\$3,508,358	\$1,616	N/A
Student Aid	\$2,185,467	\$1,006	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$2,510,073	\$1,156	\$16,470
Research and Public Service	\$221,853	N/A	\$1,456
Operations and Maintenance			
Instruction	\$4,346,890	\$2,002	\$28,523
Research and Public Service	\$384,200	N/A	\$2,521
Institutional Support			
Instruction	\$2,314,511	\$1,066	\$15,187
Research and Public Service	\$204,568	N/A	\$1,342
Total	<u>\$32,803,706</u>	<u>\$14,093</u>	<u>\$177,885</u>
<u>School of Engineering (FTE Students: 184.5; FTE Faculty: 27.5)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$2,651,963	\$14,374	\$96,512
Research	\$549,098	N/A	\$19,983
Public Service	\$22,371	N/A	\$814
<i>Student Support Costs:</i>			
Student Services	\$784,568	\$4,252	N/A
Student Aid	\$375,684	\$2,036	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$392,318	\$2,126	\$14,277
Research and Public Service	\$84,540	N/A	\$3,077
Operations and Maintenance			
Instruction	\$323,046	\$1,751	\$11,757
Research and Public Service	\$69,613	N/A	\$2,533
Institutional Support			
Instruction	\$413,896	\$2,243	\$15,063
Research and Public Service	\$89,190	N/A	\$3,246
Total	<u>\$5,756,287</u>	<u>\$26,782</u>	<u>\$167,262</u>

APPENDIX E
FY 04 Unit Cost by Function

UAF College or School	Total	\$/FTE Student	\$/FTE Faculty
<u>College of Liberal Arts (FTE Students: 1,519.8; FTE Faculty: 151.2)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$12,431,508	\$8,180	\$82,203
Research	\$1,609,505	N/A	\$10,643
Public Service	\$4,128,062	N/A	\$27,297
<i>Student Support Costs:</i>			
Student Services	\$3,735,749	\$2,458	N/A
Student Aid	\$2,784,868	\$1,832	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$1,062,128	\$699	\$7,023
Research and Public Service	\$490,208	N/A	\$3,241
Operations and Maintenance			
Instruction	\$2,262,665	\$1,489	\$14,962
Research and Public Service	\$1,044,298	N/A	\$6,905
Institutional Support			
Instruction	\$827,882	\$545	\$5,474
Research and Public Service	\$382,096	N/A	\$2,527
Total	\$30,758,969	\$15,203	\$160,275
<u>College of Natural Science and Mathematics (FTE Students: 1,070.3; FTE Faculty: 84.0)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$9,318,277	\$8,707	\$110,998
Research	\$5,506,923	N/A	\$65,598
Public Service	\$15,303	N/A	\$182
<i>Student Support Costs:</i>			
Student Services	\$2,630,702	\$2,458	N/A
Student Aid	\$1,915,499	\$1,790	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$939,840	\$878	\$11,195
Research and Public Service	\$556,971	N/A	\$6,635
Operations and Maintenance			
Instruction	\$2,078,803	\$1,942	\$24,762
Research and Public Service	\$1,231,946	N/A	\$14,675
Institutional Support			
Instruction	\$652,177	\$609	\$7,769
Research and Public Service	\$386,495	N/A	\$4,604
Total	\$25,232,936	\$16,384	\$246,418

APPENDIX E
FY 04 Unit Cost by Function

UAF College or School	Total	\$/FTE Student	\$/FTE Faculty
<u>School of Natural Resources and Ag. Sciences (FTE Students: 104.1; FTE Faculty: 30.1)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$800,999	\$7,698	\$26,654
Research	\$7,846,220	N/A	\$261,088
Public Service	\$140,964	N/A	\$4,691
<i>Student Support Costs:</i>			
Student Services	\$255,794	\$2,458	N/A
Student Aid	\$188,078	\$1,808	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$54,146	\$520	\$1,802
Research and Public Service	\$539,915	N/A	\$17,966
Operations and Maintenance			
Instruction	\$404,048	\$3,883	\$13,445
Research and Public Service	\$4,028,973	N/A	\$134,067
Institutional Support			
Instruction	\$59,819	\$575	\$1,991
Research and Public Service	\$596,482	N/A	\$19,848
Total	\$14,915,438	\$16,942	\$481,552
<u>School of Education (FTE Students: 383.4; FTE Faculty: 47.0)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$4,585,504	\$11,960	\$97,543
Research	\$653,787	N/A	\$13,907
Public Service	\$1,652	N/A	\$35
<i>Student Support Costs:</i>			
Student Services	\$942,428	\$2,458	N/A
Student Aid	\$728,076	\$1,899	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$554,030	\$1,445	\$11,785
Research and Public Service	\$79,192	N/A	\$1,685
Operations and Maintenance			
Instruction	\$199,052	\$519	\$4,234
Research and Public Service	\$28,452	N/A	\$605
Institutional Support			
Instruction	\$306,401	\$799	\$6,518
Research and Public Service	\$43,796	N/A	\$932
Total	\$8,122,370	\$19,080	\$137,244

APPENDIX E
FY 04 Unit Cost by Function

UAF College or School	Total	\$/FTE Student	\$/FTE Faculty
<u>School of Fisheries and Ocean Science (FTE Students: 112.3; FTE Faculty: 69.5)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$1,047,669	\$9,331	\$15,075
Research	\$18,180,028	N/A	\$261,595
Public Service	\$3,459,408	N/A	\$49,778
<i>Student Support Costs:</i>			
Student Services	\$275,995	\$2,458	N/A
Student Aid	\$203,112	\$1,809	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$135,016	\$1,202	\$1,943
Research and Public Service	\$2,788,729	N/A	\$40,127
Operations and Maintenance			
Instruction	\$100,473	\$895	\$1,446
Research and Public Service	\$2,075,252	N/A	\$29,861
Institutional Support			
Instruction	\$77,335	\$689	\$1,113
Research and Public Service	\$1,597,342	N/A	\$22,984
Total	\$29,940,359	\$16,384	\$423,922
<u>School of Management (FTE Students: 269.8; FTE Faculty: 30.3)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$3,219,898	\$11,935	\$106,310
Research	\$28,497	N/A	\$941
Public Service	\$248	N/A	\$8
<i>Student Support Costs:</i>			
Student Services	\$663,155	\$2,458	N/A
Student Aid	\$483,487	\$1,792	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$859,326	\$3,185	\$28,372
Research and Public Service	\$7,671	N/A	\$253
Operations and Maintenance			
Instruction	\$229,641	\$851	\$7,582
Research and Public Service	\$2,050	N/A	\$68
Institutional Support			
Instruction	\$220,378	\$817	\$7,276
Research and Public Service	\$1,967	N/A	\$65
Total	\$5,716,318	\$21,038	\$150,875

APPENDIX E
FY 04 Unit Cost by Function

UAF College or School	Total	\$/FTE Student	\$/FTE Faculty
<u>College of Engineering and Mines (FTE Students: 251.0; FTE Faculty: 50.3)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$4,435,626	\$17,671	\$88,250
Research	\$2,522,910	N/A	\$50,195
Public Service	\$12,586	N/A	\$250
<i>Student Support Costs:</i>			
Student Services	\$617,005	\$2,458	N/A
Student Aid	\$448,950	\$1,789	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$413,271	\$1,646	\$8,222
Research and Public Service	\$236,234	N/A	\$4,700
Operations and Maintenance			
Instruction	\$430,554	\$1,715	\$8,566
Research and Public Service	\$246,114	N/A	\$4,897
Institutional Support			
Instruction	\$320,352	\$1,276	\$6,374
Research and Public Service	\$183,120	N/A	\$3,643
Total	\$9,866,722	\$26,555	\$175,097

APPENDIX E
FY 04 Unit Cost by Function

UAS College or School	Total	\$/FTE Student	\$/FTE Faculty
<u>School of Ed, LA, Scien., Bus, and Pub Admin (FTE Students: 1,123.4; FTE Faculty: 98.9)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$10,356,549	\$9,219	\$104,759
Research	\$679,202	N/A	\$6,870
Public Service	\$5,597	N/A	\$57
<i>Student Support Costs:</i>			
Student Services	\$1,362,310	\$1,213	N/A
Student Aid	\$1,743,724	\$1,552	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$2,433,169	\$2,166	\$24,612
Research and Public Service	\$160,887	N/A	\$1,627
Operations and Maintenance			
Instruction	\$1,351,961	\$1,203	\$13,675
Research and Public Service	\$89,395	N/A	\$904
Institutional Support			
Instruction	\$1,553,347	\$1,383	\$15,712
Research and Public Service	\$102,711	N/A	\$1,039
Total	<u>\$19,838,852</u>	<u>\$16,736</u>	<u>\$169,255</u>
<u>School of Career and Vocational Education (FTE Students: 140.6; FTE Faculty: 18.0)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$1,534,347	\$10,911	\$85,014
Research	\$8,100	N/A	\$449
Public Service	\$723	N/A	\$40
<i>Student Support Costs:</i>			
Student Services	\$170,536	\$1,213	N/A
Student Aid	\$216,417	\$1,539	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$235,865	\$1,677	\$13,069
Research and Public Service	\$1,356	N/A	\$75
Operations and Maintenance			
Instruction	\$1,216,434	\$8,650	\$67,399
Research and Public Service	\$6,995	N/A	\$388
Institutional Support			
Instruction	\$230,144	\$1,637	\$12,752
Research and Public Service	\$1,323	N/A	\$73
Total	<u>\$3,622,240</u>	<u>\$25,627</u>	<u>\$179,259</u>

APPENDIX E
FY 04 Unit Cost by Function

Small Campus	Total	\$/FTE Student	\$/FTE Faculty
<u>UAA - Kenai Peninsula Campus (FTE Students: 697.0; FTE Faculty: 54.6)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$4,135,308	\$5,933	\$75,676
Research	\$14,896	N/A	\$273
Public Service	\$87,522	N/A	\$1,602
<i>Student Support Costs:</i>			
Student Services	\$601,960	\$864	N/A
Student Aid	\$210,241	\$302	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$592,177	\$850	\$10,837
Research and Public Service	\$14,666	N/A	\$268
Operations and Maintenance			
Instruction	\$888,058	\$1,274	\$16,252
Research and Public Service	\$21,994	N/A	\$402
Institutional Support			
Instruction	\$1,285,033	\$1,844	\$23,516
Research and Public Service	\$31,826	N/A	\$582
Total	\$7,883,681	\$11,067	\$129,408
<u>UAA - Kodiak Campus (FTE Students: 227.0; FTE Faculty: 14.9)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$1,694,808	\$7,465	\$113,377
Research	\$0	N/A	\$0
Public Service	\$0	N/A	\$0
<i>Student Support Costs:</i>			
Student Services	\$162,130	\$714	N/A
Student Aid	\$39,992	\$176	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$192,468	\$848	\$12,875
Research and Public Service	\$0	N/A	\$0
Operations and Maintenance			
Instruction	\$551,832	\$2,431	\$36,916
Research and Public Service	\$0	N/A	\$0
Institutional Support			
Instruction	\$635,176	\$2,798	\$42,491
Research and Public Service	\$0	N/A	\$0
Total	\$3,276,406	\$14,432	\$205,659

APPENDIX E
FY 04 Unit Cost by Function

Small Campus	Total	\$/FTE Student	\$/FTE Faculty
<u>UAA - Matanuska-Susitna Campus (FTE Students: 825.4; FTE Faculty: 51.1)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$3,116,873	\$3,776	\$60,980
Research	\$0	N/A	\$0
Public Service	\$0	N/A	\$0
<i>Student Support Costs:</i>			
Student Services	\$653,850	\$792	N/A
Student Aid	\$76,919	\$93	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$663,926	\$804	\$12,989
Research and Public Service	\$0	N/A	\$0
Operations and Maintenance			
Instruction	\$703,804	\$853	\$13,770
Research and Public Service	\$0	N/A	\$0
Institutional Support			
Instruction	\$1,252,227	\$1,517	\$24,499
Research and Public Service	\$0	N/A	\$0
Total	\$6,467,599	\$7,835	\$112,238
<u>UAA - Prince William Sound Campus (FTE Students: 422.8; FTE Faculty: 16.5)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$2,778,130	\$6,571	\$168,850
Research	\$0	N/A	\$0
Public Service	\$447,913	N/A	\$27,223
<i>Student Support Costs:</i>			
Student Services	\$257,895	\$610	N/A
Student Aid	\$5,040	\$12	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$392,806	\$929	\$23,874
Research and Public Service	\$63,331	N/A	\$3,849
Operations and Maintenance			
Instruction	\$356,716	\$844	\$21,681
Research and Public Service	\$57,513	N/A	\$3,496
Institutional Support			
Instruction	\$1,022,683	\$2,419	\$62,157
Research and Public Service	\$164,885	N/A	\$10,021
Total	\$5,546,912	\$11,385	\$321,151

APPENDIX E
FY 04 Unit Cost by Function

Small Campus	Total	\$/FTE Student	\$/FTE Faculty
UAF - Bristol Bay Campus (FTE Students: 125.8; FTE Faculty: 7.2)			
<i>Primary Mission Costs:</i>			
Instruction	\$2,185,746	\$17,376	\$304,085
Research	\$0	N/A	\$0
Public Service	\$118	N/A	\$16
<i>Student Support Costs:</i>			
Student Services	\$86,433	\$687	N/A
Student Aid	\$21,313	\$169	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$436,460	\$3,470	\$60,721
Research and Public Service	\$24	N/A	\$3
Operations and Maintenance			
Instruction	\$54,477	\$433	\$7,579
Research and Public Service	\$3	N/A	\$0
Institutional Support			
Instruction	\$193,724	\$1,540	\$26,951
Research and Public Service	\$10	N/A	\$1
Total	\$2,978,308	\$23,675	\$399,356
UAF - Chukchi Campus (FTE Students: 77.8; FTE Faculty: 6.3)			
<i>Primary Mission Costs:</i>			
Instruction	\$1,276,169	\$16,403	\$201,595
Research	\$0	N/A	\$0
Public Service	\$107,474	N/A	\$16,978
<i>Student Support Costs:</i>			
Student Services	\$53,592	\$689	N/A
Student Aid	\$36,396	\$468	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$315,709	\$4,058	\$49,872
Research and Public Service	\$26,588	N/A	\$4,200
Operations and Maintenance			
Instruction	\$84,384	\$1,085	\$13,330
Research and Public Service	\$7,106	N/A	\$1,123
Institutional Support			
Instruction	\$111,592	\$1,434	\$17,628
Research and Public Service	\$9,398	N/A	\$1,485
Total	\$2,028,408	\$24,137	\$306,211

APPENDIX E
FY 04 Unit Cost by Function

Small Campus	Total	\$/FTE Student	\$/FTE Faculty
<u>UAF - Kuskokwim Campus (FTE Students: 230.5; FTE Faculty: 19.2)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$2,104,094	\$9,130	\$109,780
Research	\$0	N/A	\$0
Public Service	\$472	N/A	\$25
<i>Student Support Costs:</i>			
Student Services	\$420,767	\$1,826	N/A
Student Aid	\$74,397	\$323	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$1,772,026	\$7,689	\$92,454
Research and Public Service	\$398	N/A	\$21
Operations and Maintenance			
Instruction	\$451,414	\$1,959	\$23,552
Research and Public Service	\$101	N/A	\$5
Institutional Support			
Instruction	\$181,820	\$789	\$9,486
Research and Public Service	\$41	N/A	\$2
Total	\$5,005,530	\$21,716	\$235,325
<u>UAF - Interior-Aleutians Campus (FTE Students: 166.4; FTE Faculty: 11.5)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$2,426,539	\$14,583	\$210,563
Research	\$0	N/A	\$0
Public Service	\$69	N/A	\$6
<i>Student Support Costs:</i>			
Student Services	\$46,412	\$279	N/A
Student Aid	\$106,053	\$637	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$333,000	\$2,001	\$28,896
Research and Public Service	\$9	N/A	\$1
Operations and Maintenance			
Instruction	\$197,391	\$1,186	\$17,129
Research and Public Service	\$6	N/A	\$0
Institutional Support			
Instruction	\$215,578	\$1,296	\$18,707
Research and Public Service	\$6	N/A	\$1
Total	\$3,325,063	\$19,982	\$275,303

APPENDIX E
FY 04 Unit Cost by Function

Small Campus	Total	\$/FTE Student	\$/FTE Faculty
<u>UAF - Northwest Campus (FTE Students: 63.3; FTE Faculty: 9.2)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$1,569,038	\$24,807	\$169,756
Research	\$0	N/A	\$0
Public Service	\$26	N/A	\$3
<i>Student Support Costs:</i>			
Student Services	\$163,402	\$2,583	N/A
Student Aid	\$21,722	\$343	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$724,786	\$11,459	\$78,415
Research and Public Service	\$12	N/A	\$1
Operations and Maintenance			
Instruction	\$158,664	\$2,509	\$17,166
Research and Public Service	\$3	N/A	\$0
Institutional Support			
Instruction	\$139,781	\$2,210	\$15,123
Research and Public Service	\$2	N/A	\$0
Total	\$2,777,436	\$43,911	\$280,464
<u>UAF - Rural College (FTE Students: 617.2; FTE Faculty: 29.1)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$6,172,906	\$10,001	\$212,001
Research	\$5,669	N/A	\$195
Public Service	\$581	N/A	\$20
<i>Student Support Costs:</i>			
Student Services	\$284,594	\$461	N/A
Student Aid	\$106,959	\$173	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$232,313	\$376	\$7,979
Research and Public Service	\$235	N/A	\$8
Operations and Maintenance			
Instruction	\$524,920	\$850	\$18,028
Research and Public Service	\$531	N/A	\$18
Institutional Support			
Instruction	\$100,006	\$162	\$3,435
Research and Public Service	\$101	N/A	\$3
Total	\$7,428,815	\$12,023	\$241,687

APPENDIX E
FY 04 Unit Cost by Function

Small Campus	Total	\$/FTE Student	\$/FTE Faculty
<u>UAF - Tanana Valley Campus (FTE Students: 1,181.8; FTE Faculty: 86.9)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$5,709,375	\$4,831	\$65,685
Research	\$0	N/A	\$0
Public Service	\$1,124	N/A	\$13
<i>Student Support Costs:</i>			
Student Services	\$3,094,192	\$2,618	N/A
Student Aid	\$29,944	\$25	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$1,194,937	\$1,011	\$13,748
Research and Public Service	\$235	N/A	\$3
Operations and Maintenance			
Instruction	\$627,270	\$531	\$7,217
Research and Public Service	\$123	N/A	\$1
Institutional Support			
Instruction	\$495,298	\$419	\$5,698
Research and Public Service	\$97	N/A	\$1
Total	\$11,152,595	\$9,435	\$92,366
<u>UAS - Ketchikan Campus (FTE Students: 237.9; FTE Faculty: 22.9)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$1,844,719	\$7,755	\$80,383
Research	\$0	N/A	\$0
Public Service	\$0	N/A	\$0
<i>Student Support Costs:</i>			
Student Services	\$463,177	\$1,947	N/A
Student Aid	\$47,451	\$199	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$569,027	\$2,392	\$24,795
Research and Public Service	\$0	N/A	\$0
Operations and Maintenance			
Instruction	\$381,161	\$1,602	\$16,609
Research and Public Service	\$0	N/A	\$0
Institutional Support			
Instruction	\$652,445	\$2,743	\$28,430
Research and Public Service	\$0	N/A	\$0
Total	\$3,957,980	\$16,638	\$150,217

APPENDIX E
FY 04 Unit Cost by Function

Small Campus	Total	\$/FTE Student	\$/FTE Faculty
<u>UAS - Sitka Campus (FTE Students: 363.5; FTE Faculty: 31.5)</u>			
<i>Primary Mission Costs:</i>			
Instruction	\$2,530,163	\$6,961	\$80,227
Research	\$290,678	N/A	\$9,217
Public Service	\$793,214	N/A	\$25,151
<i>Student Support Costs:</i>			
Student Services	\$442,943	\$1,219	N/A
Student Aid	\$56,570	\$156	N/A
<i>Overhead Costs (allocated based on relative mission costs):</i>			
Academic Support			
Instruction	\$905,064	\$2,490	\$28,698
Research and Public Service	\$387,719	N/A	\$12,294
Operations and Maintenance			
Instruction	\$189,870	\$522	\$6,020
Research and Public Service	\$81,338	N/A	\$2,579
Institutional Support			
Instruction	\$850,820	\$2,341	\$26,978
Research and Public Service	\$364,481	N/A	\$11,557
Total	\$6,892,860	\$13,689	\$202,721

APPENDIX E
FY 04 Unit Cost by Function

Institute or Organization	Total
<u>UAA - American Russian Center</u>	
<i>Primary Mission Costs:</i>	
Instruction	\$0
Research	\$0
Public Service	\$1,656,191
 <i>Student Support Costs:</i>	
Student Services	\$0
Student Aid	\$0
 <i>Overhead Costs (allocated based on relative mission costs):</i>	
Academic Support	
Instruction	\$0
Research and Public Service	\$103,401
Operations and Maintenance	
Instruction	\$0
Research and Public Service	\$66,071
Institutional Support	
Instruction	\$0
Research and Public Service	\$196,609
Total	\$2,022,272
 <u>UAA - Environmental and Natural Resources Institute</u>	
<i>Primary Mission Costs:</i>	
Instruction	\$0
Research	\$1,901,131
Public Service	\$17,272
 <i>Student Support Costs:</i>	
Student Services	\$0
Student Aid	\$0
 <i>Overhead Costs (allocated based on relative mission costs):</i>	
Academic Support	
Instruction	\$0
Research and Public Service	\$156,449
Operations and Maintenance	
Instruction	\$0
Research and Public Service	\$72,678
Institutional Support	
Instruction	\$0
Research and Public Service	\$335,522
Total	\$2,483,052

APPENDIX E
FY 04 Unit Cost by Function

Institute or Organization	Total
<u>UAA - Institute of Social and Economic Research</u>	
<i>Primary Mission Costs:</i>	
Instruction	\$151,826
Research	\$4,116,607
Public Service	\$0
<i>Student Support Costs:</i>	
Student Services	\$0
Student Aid	\$0
<i>Overhead Costs (allocated based on relative mission costs):</i>	
Academic Support	
Instruction	\$12,408
Research and Public Service	\$336,432
Operations and Maintenance	
Instruction	\$2,989
Research and Public Service	\$81,030
Institutional Support	
Instruction	\$26,523
Research and Public Service	\$719,152
Total	\$5,446,967
<u>UAF - Arctic Region Supercomputing Center</u>	
<i>Primary Mission Costs:</i>	
Instruction	\$0
Research	\$9,811,895
Public Service	\$0
<i>Student Support Costs:</i>	
Student Services	\$0
Student Aid	\$0
<i>Overhead Costs (allocated based on relative mission costs):</i>	
Academic Support	
Instruction	\$0
Research and Public Service	\$669,467
Operations and Maintenance	
Instruction	\$0
Research and Public Service	\$217,779
Institutional Support	
Instruction	\$0
Research and Public Service	\$742,696
Total	\$11,441,837

APPENDIX E
FY 04 Unit Cost by Function

Institute or Organization	Total
<u>UAF - Institute of Northern Engineering</u>	
<i>Primary Mission Costs:</i>	
Instruction	\$1,000
Research	\$6,119,636
Public Service	\$461
 <i>Student Support Costs:</i>	
Student Services	\$0
Student Aid	\$0
 <i>Overhead Costs (allocated based on relative mission costs):</i>	
Academic Support	
Instruction	\$68
Research and Public Service	\$417,573
Operations and Maintenance	
Instruction	\$24
Research and Public Service	\$148,644
Institutional Support	
Instruction	\$76
Research and Public Service	\$463,244
Total	\$7,150,726
 <u>UAF - Clean Coal Diesel Project</u>	
<i>Primary Mission Costs:</i>	
Instruction	\$0
Research	\$0
Public Service	\$0
 <i>Student Support Costs:</i>	
Student Services	\$0
Student Aid	\$0
 <i>Overhead Costs (allocated based on relative mission costs):</i>	
Academic Support	
Instruction	\$0
Research and Public Service	\$0
Operations and Maintenance	
Instruction	\$0
Research and Public Service	\$395,125
Institutional Support	
Instruction	\$0
Research and Public Service	\$6,737
Total	\$401,862

APPENDIX E
FY 04 Unit Cost by Function

Institute or Organization	Total
<u>UAF - Cooperative Extension Service</u>	
<i>Primary Mission Costs:</i>	
Instruction	\$0
Research	\$0
Public Service	\$6,588,172
 <i>Student Support Costs:</i>	
Student Services	\$0
Student Aid	\$0
 <i>Overhead Costs (allocated based on relative mission costs):</i>	
Academic Support	
Instruction	\$0
Research and Public Service	\$410,435
Operations and Maintenance	
Instruction	\$0
Research and Public Service	\$292,495
Institutional Support	
Instruction	\$0
Research and Public Service	\$533,179
Total	\$7,824,281
 <u>UAF - Developmental Programs and Projects</u>	
<i>Primary Mission Costs:</i>	
Instruction	\$99,261
Research	\$1,340,172
Public Service	\$250,211
 <i>Student Support Costs:</i>	
Student Services	\$0
Student Aid	\$48,297
 <i>Overhead Costs (allocated based on relative mission costs):</i>	
Academic Support	
Instruction	\$6,687
Research and Public Service	\$107,146
Operations and Maintenance	
Instruction	\$0
Research and Public Service	\$0
Institutional Support	
Instruction	\$7,357
Research and Public Service	\$117,882
Total	\$1,977,013

APPENDIX E
FY 04 Unit Cost by Function

Institute or Organization	Total
<u>UAF - Geophysical Institute</u>	
<i>Primary Mission Costs:</i>	
Instruction	\$339,543
Research	\$29,656,823
Public Service	\$361,742
 <i>Student Support Costs:</i>	
Student Services	\$0
Student Aid	\$15,206
 <i>Overhead Costs (allocated based on relative mission costs):</i>	
Academic Support	
Instruction	\$23,145
Research and Public Service	\$2,046,219
Operations and Maintenance	
Instruction	\$14,974
Research and Public Service	\$1,323,819
Institutional Support	
Instruction	\$25,653
Research and Public Service	\$2,267,924
Total	\$36,075,048
 <u>UAF - Institute of Arctic Biology</u>	
<i>Primary Mission Costs:</i>	
Instruction	\$13,013
Research	\$15,480,466
Public Service	\$9,881
 <i>Student Support Costs:</i>	
Student Services	\$0
Student Aid	\$27,547
 <i>Overhead Costs (allocated based on relative mission costs):</i>	
Academic Support	
Instruction	\$888
Research and Public Service	\$1,056,858
Operations and Maintenance	
Instruction	\$891
Research and Public Service	\$1,061,099
Institutional Support	
Instruction	\$985
Research and Public Service	\$1,172,389
Total	\$18,824,017

APPENDIX E
FY 04 Unit Cost by Function

Institute or Organization	Total
<u>UAF - International Arctic Research Center</u>	
<i>Primary Mission Costs:</i>	
Instruction	\$0
Research	\$8,837,958
Public Service	\$1,734
 <i>Student Support Costs:</i>	
Student Services	\$0
Student Aid	\$0
 <i>Overhead Costs (allocated based on relative mission costs):</i>	
Academic Support	
Instruction	\$0
Research and Public Service	\$603,123
Operations and Maintenance	
Instruction	\$0
Research and Public Service	\$62,122
Institutional Support	
Instruction	\$0
Research and Public Service	\$669,090
Total	\$10,174,027
 <u>UAF - Museum</u>	
<i>Primary Mission Costs:</i>	
Instruction	\$0
Research	\$748,281
Public Service	\$0
 <i>Student Support Costs:</i>	
Student Services	\$0
Student Aid	\$0
 <i>Overhead Costs (allocated based on relative mission costs):</i>	
Academic Support	
Instruction	\$0
Research and Public Service	\$2,961,739
Operations and Maintenance	
Instruction	\$0
Research and Public Service	\$468,009
Institutional Support	
Instruction	\$0
Research and Public Service	\$56,640
Total	\$4,234,669

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September 26, 2005

Pat Davidson
Legislative Auditor
Legislative Budget and Audit Committee
P.O. Box 113300
Juneau, Alaska 99811-3300

Dear Ms. Davidson:

This letter is in response to your September 1, 2005 request for comments on the preliminary audit report *University of Alaska, Unit Cost and Other Selected Issues, Part 1, August 12, 2005*. We appreciate the effort and professionalism of the work done by you and your staff. In addition to the required response to the comments and recommendations, we have included comments to help clarify the report conclusions.

Report Conclusions

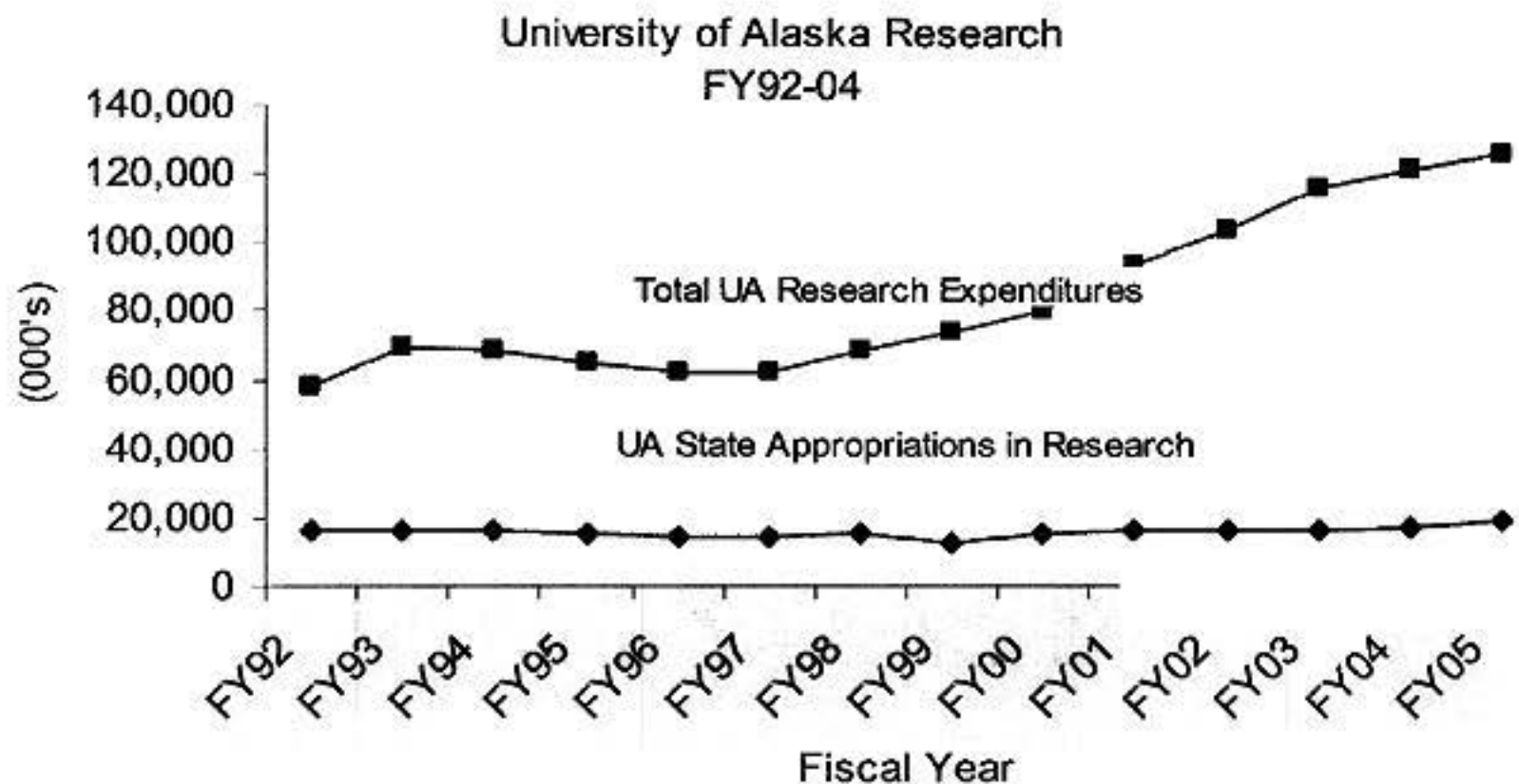
UAF has the largest percentage of total University expenditures, while UAA has the largest percentage of instructional costs.

UAF does have the largest percentage of UA expenditures. This is due primarily to UAF's research mission which is fueled significantly by external funding (see "UA Research Emphasis" below). Because of UAF external funding, state funding comprises 34% of total funding, while at UAA, in light of its instructional emphasis, the proportion of state funding is higher at 40%. Additional reasons expenditures at UAF are high include age of the campus facilities, considerable proportion of instructional disciplines that are high cost (i.e., engineering and natural sciences), and its responsibility statewide for cooperative extension and public service.

UA Research Emphasis:

UA's Research is very important, not only to the University's mission, but to the state. Between FY92 and FY04, the proportion of UA expenditures in research increased from 20% of total to 24% (nationally comparable figures are 11.5% and 22% respectively). Although state funding for research was constrained, UA faculty became more and more competitive for grant funding. Across the system, UA faculty average \$100,000 in external research funding, the UAF faculty specifically average \$200,000 compared to a national average near \$50,000. While the state funding for research did not increase between FY92 and FY04, total UA research fueled by external funding more than doubled from \$57.6 million in FY92 to \$121.5 million in FY04 (figures do not

include the ICR returned to fund F&A costs). This doubling of external funded research now supports what can be considered the third largest employer in the state. UA has a high proportion of research and will strive to continue that proportion through both state investments and continued research competitiveness.



The State's General Fund is the largest single source of funds. Also, UA received almost \$134 million (27%) in federal funding in FY04, primarily related to research conducted at UAF. Tuition and fees account for \$67 million (14%) of total FY04 revenue.

We agree with this observation. It is important to note that over the last several years UA has consistently reduced its reliance on state funding. In FY90, state funding accounted for 60% of UA's budget and now that proportion is just over 40%. UA has made significant progress in raising tuition revenue through tuition rate increases and enrollment increases. In FY00, UA tuition revenue covered approximately 43% of direct instructional costs; today tuition revenue covers over 50% of instruction.

UAA has the highest number of student credit hours and lowest cost per credit hour.

We agree with this observation. Listed below are some important considerations when viewing the student credit hour and cost per credit hour figures provided in this report:

- The unit cost figures include both direct costs and an allocation of all overhead costs such as facilities operating costs and administration. However, national studies commonly address only direct costs, therefore, any comparisons with national studies should be made with caution.
- Class size, instructional discipline (math, science, engineering, English, history, etc.), and program level (2 year, baccalaureate, master's and PhD) all impact the direct instructional cost of education and explain a majority of cost differences.

This analysis includes all funding sources – state appropriations, grant funding, tuition and fees, etc. If a campus receives a grant, for example, to recruit and/or serve a particular student population, that grant will directly add to the cost per student in this analysis even though neither the student nor the state supports the cost of the service.

UA expenditures for research and administration exceed national average. UA exceeds national average in research, student services, operation and maintenance, and administration while spending less than national average on all instruction, public service, and student aid.

This conclusion is based on the distribution of expenditures relative to different university functions. The first sentence should read, “The proportion of UA expenditures for research and administration exceed national average.” Although the proportion is high, the analysis shows a relatively higher emphasis in mission, not a comparison of cost for the function. UA has a higher proportion of total expenditures in research compared to other public universities because UA faculty on average attract a much greater level of external funding (see “UA Research Emphasis: above). UA will continue to maintain this emphasis on research and external funding productivity. Research is more administrative and facility dependent than instruction; therefore, with UA’s emphasis on research, administration and operation and maintenance expenditures are and will remain proportionally higher. However, in cost comparisons, using UA’s student body and level of external research funding, UA’s administration is at or below peer institutions.

In FY04 UA housing revenues exceeded operating expenditures. In FY04, University housing, in total, collected nearly \$2 million more in revenue than operating expenditures. When considering debt service, UA’s almost \$2 million operating surplus is reduced to just over a \$290,000 deficit.

We agree with the report conclusion. Our goal in operating auxiliary activities is to provide these needed services to the university community, and to be able to pay for these services with the revenues they produce. The life-cycle of a housing unit should outlive the debt service period. While in the short term some individual housing units may not produce enough revenue to pay for themselves (especially in a year that the facility is undergoing significant renovations), we expect each unit to pay for itself over time.

UAA seeks to maximize summer guest revenues. The three main campuses have different eligibility requirements for individuals allowed to stay in campus housing in the summertime.

We agree with the report conclusion. We will comment further on this conclusion in our response to Recommendation 3 below.

The University has either resolved or made significant progress on the prior five audit recommendations.

We agree with the report conclusion.

Findings and Recommendations

1. University chancellors should improve enforcement of policies and procedures over faculty evaluations, sabbaticals, and faculty overloads and additional assignments.

A. The tracking, monitoring, and compliance of faculty evaluations and supporting documentation require improvement.

We agree with this finding. While some of the exceptions identified in the audit occurred as a result of staff turnover and associated issues, we agree that a more reliable tracking and reporting system needs to be institutionalized to ensure these errors do not occur. To this end, UA has invested in construction of an electronic faculty workload and activity reporting system. An agreed-upon technological solution ties to the existing Banner Enterprise system, funding has been identified, a project staff position is presently under recruitment, and faculty governance has approved of the new concept. It is anticipated that a pilot will be rolled out in the fall of 2006 with full implementation in the fall of 2007. With direct ties to the Banner system, it is anticipated that this reporting system will not only reduce administrative costs in paperwork, copying and redundant searches for information, but also prevent human errors in collecting timely information.

B. Procedures should be adopted to address late sabbaticals [late submittal of sabbatical reports].

We will include sabbatical reporting in the workflow design of the electronic faculty workload system described in the response to part "A" above.

C. Payment for faculty overloads and additional assignments should not be allowed without a signed agreement.

The electronic faculty workload and activity reporting system, described in response to part "A" above, will automatically incorporate overloads and require prior approval by the appropriate academic supervisor. In addition, criteria for approving overloads and additional assignments will be developed and implemented. These criteria will ensure faculty productivity and full accountability.

2. The vice chancellors of administrative services should continue to improve accounting for auxiliary services.

We agree with the comment about recording the cost of resident advisors. The impact on the bottom line in the auxiliary is zero, as the foregone "rent" recorded in the auxiliary will be offset by a charge to a student services activity. Those campuses that have not been recording this activity will begin to do so in FY06.

We agree that financial analysis by building is desirable and will continue to try to allocate costs by building or complex, where practicable. For some of the smaller operations, a building-by-building analysis may produce little useful information for management decision making. In those instances, the cost of obtaining the information may outweigh the benefits received.

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We agree that fire and security costs should be allocated consistently in like circumstances, and we will continue to evaluate the appropriateness and benefit of allocating fire and internal security costs to housing. Each MAU will document that consideration and the conclusions reached.

3. UAF vice chancellors for administrative services should pursue opportunities to increase revenues in order to accommodate debt service requirements and/or future construction needs.

We agree that the entire system should continue to look for ways to maximize the revenues we receive from housing. While we need to be competitive with other institutions and local markets, we still need to cover the costs of providing housing to students. We will continue to balance these competing goals as best we can.

The report focuses on maximizing revenues from summer housing. All three MAUs will continue to try to maximize revenue, but housing has to be taken in context with other university activities and the university environment. In most cases, we do not believe it is appropriate to market our housing to "off the street" traffic. We have safety concerns and competition with the private sector concerns (with safety concerns being more significant). But we will continue to look into marketing our housing to groups or functions that have some association or affinity with a university environment.

We agree that with its older buildings, UAF faces a significant challenge in the years ahead to modernize its available housing. In fact, all the major administrative units face financial challenges with meeting the housing needs and desires of current and future students. Available housing is a prime consideration in attracting additional students, and if the university is going to continue to grow, additional bed spaces will be needed. Because of those and other considerations, housing may be sought in locations that will not be able to provide sufficient revenues to pay for the full cost of providing the housing. In those cases, it is likely that a combination of traditional and alternative financing mechanisms will be necessary.

Again, thank you for the opportunity to provide comment. Please contact Dave Read at 450-8094 if you have any questions or need to clarify anything in this response.

Sincerely,



Mark R. Hamilton
President

MRH/DR/pe