

# University of Alaska Board of Regents and Administration Priorities

## Audited Financial Records Analysis White Paper

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### Summary and Conclusions

In any organization, priorities are established by funding levels. The University of Alaska’s total adjusted annual operating expenses declined **12.5%** between fiscal year 2010-2011 (FY11) and FY21 (minus depreciation and state on-behalf payments – pension). All things being equal, we would expect to see a roughly 12.5% decrease across budget categories, what we see instead is (Fig. 1):

1. **Instruction and student support** has **decreased by 23.7%** between FY11-FY21 (42.8% of adjusted total FY21 operating budget).
2. **Institutional support** (administration) has **increased by 15.2%** between FY11-FY21 (16.0% of adjusted total FY21 operating budget).
3. **Research support** has **decreased by 3.8%** between FY 11-FY21 (21.5% of adjusted total FY21 operating budget).
4. **Operations support** has **decreased by 10.5%** between FY11-FY21 (19.7% of adjusted total FY21 operating budget).

Instead of the budget cuts being evenly distributed across budget categories, what we see is that the category of institutional support which funds administration—about 100 highly paid administrators, their staffs, and other administrative functions—has actually increased during this time period by over 15%. All other categories have decreased with the largest cuts—almost 24 percent—borne by instruction and student support (Fig. 1).

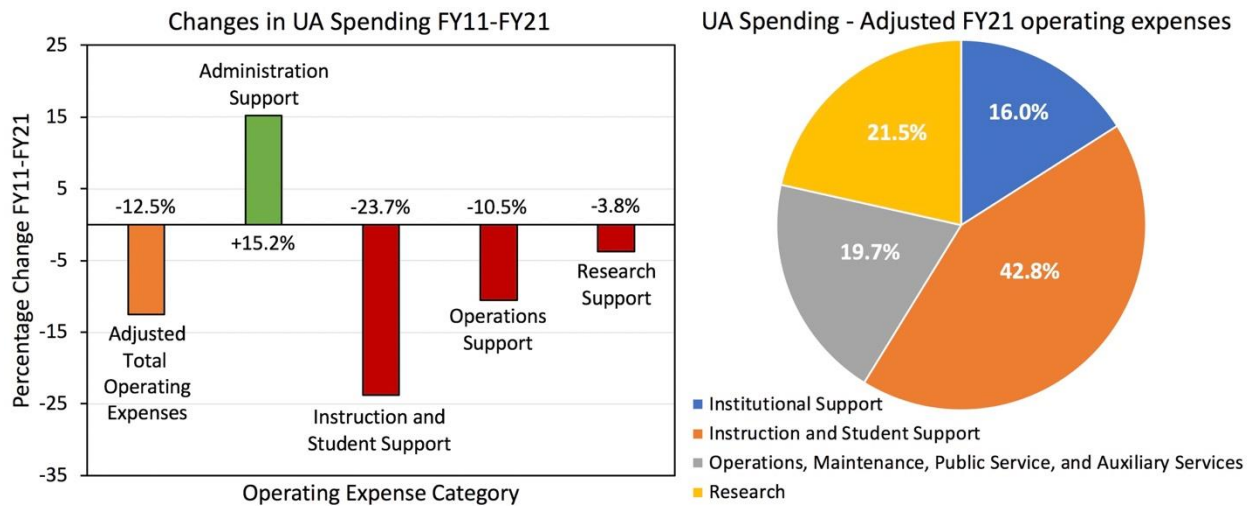


Figure 1. Percentage change from FY11 to FY21 (left) and percentage of adjusted FY21 operating expenses (right) of four operating expense categories.

## Introduction

This analysis uses publicly available [annual audited financial reports](#) to extract the priorities of the University of Alaska Board of Regents and administrations. The budget categories are institutional support and research support, operations support, and instruction and student support. Not included are the depreciation and state on-behalf payments – pension categories in order to focus on operating expenses directly related to the functioning of the University of Alaska system.

### Decline in the University of Alaska Annual Operating Expenses

The adjusted total annual operating expenses in FY11 were \$717.2 million, peaked in FY16 at \$742.8 million, and subsequently declined to \$627.3 million in FY21 (Fig. 2). This represents a decline in FY21 of **12.5%** compared to FY11 (**-15.6%** compared to the highest total adjusted annual operating expenses in FY16).

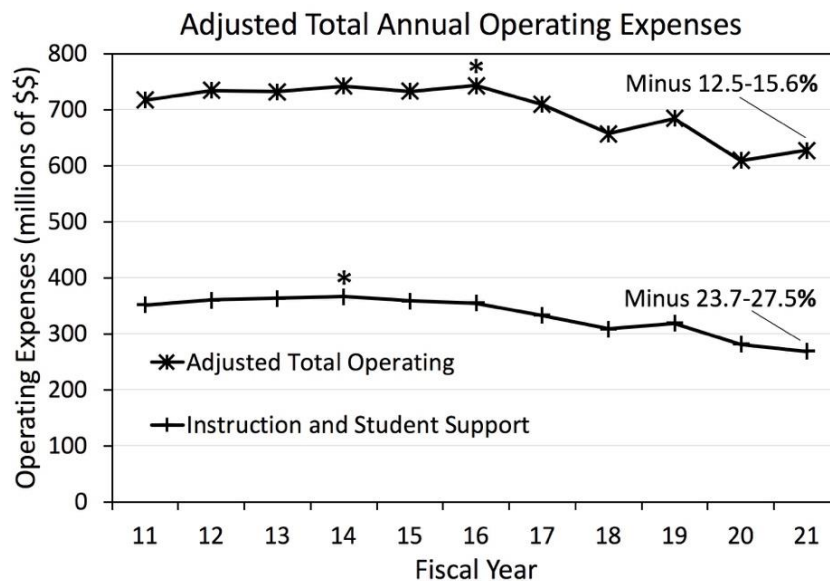


Figure 2. Adjusted total annual operating expenses compared to student and faculty related expenses (instruction, academic support, student services, and student aid). The percentage change represents the decline (minus) or increase (plus) compared to FY11 (first number) and compared to the \*fiscal year with the highest level of funding (second number).

#### ***Institutional Support***

Despite declining budgets, institutional support (administration) **increased 15.2%** FY11-FY21. Budget allocations to institutional support declined in FY18 (**-1.3%**) and FY20 (**-4.6%**) compared to FY11 but sharply increased in FY21 to the largest dollar amount in 11 years (Fig. 3).

#### ***Research support***

Research expenditures declined a modest **3.8%** FY11-FY21 (Fig. 3).

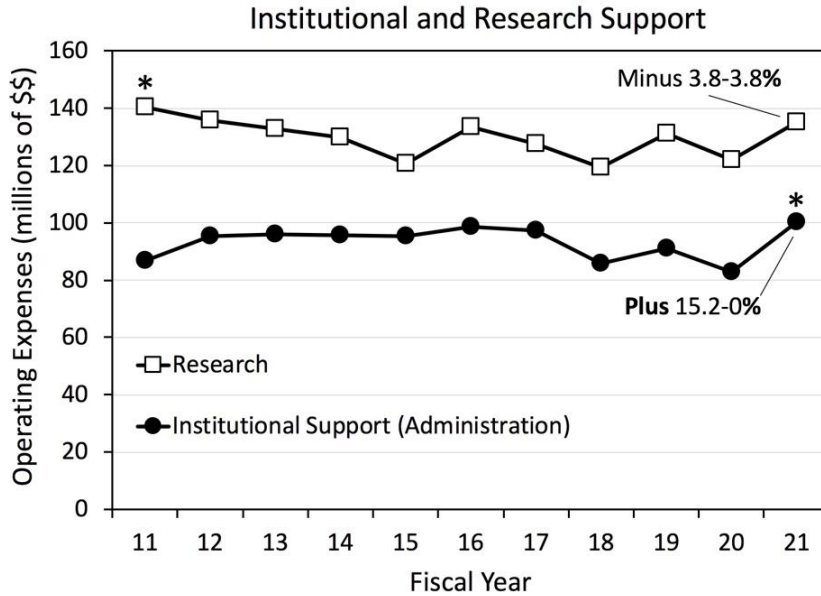


Figure 3. Institutional Support and Research Support. The percentage change represents the decline (minus) or increase (plus) compared to FY11 (first number) and compared to the \*fiscal year with the highest level of funding (second number).

**Operations support**

Operations support includes operations and maintenance expenses which declined by 6.2% to FY11-FY21 (-14.5% compared to the highest level of funding in FY14). Expenses for public service increased 17.6% FY11-FY21 (but declined 9.5% compared to the highest level of funding in FY15). Auxiliary services declined the most of all operating support categories by 45.6% FY11-FY20 (-60.6% compared to the highest level of funding in FY16) (Fig. 4).

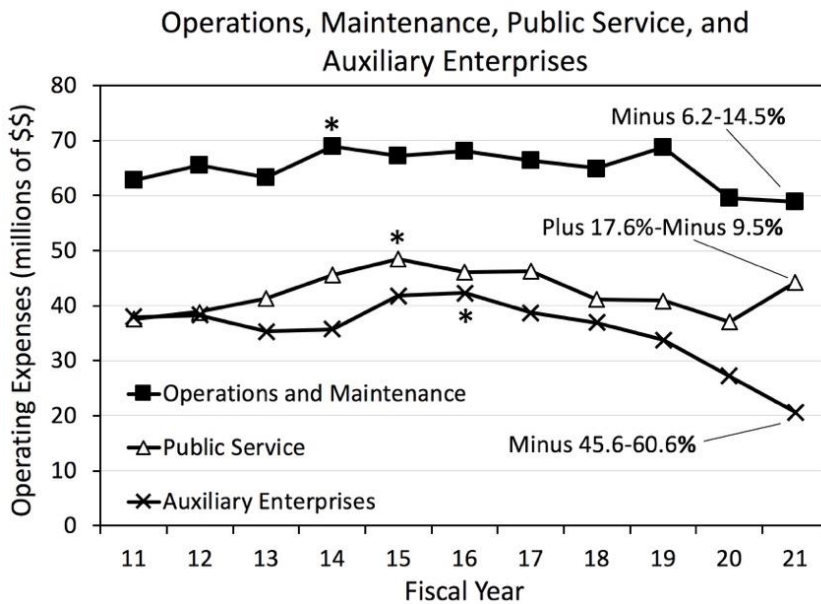


Figure 4. Facility operations, maintenance, public service and auxiliary services expenses. The percentage change represents the decline (minus) or increase (plus) compared to FY11 (first number) and compared to the \*fiscal year with the highest level of funding (second number).

### Instruction and Student Support

Expenditures for instruction and student support all together decreased **23.7%** FY11-FY21 (-27.5% compared to the highest level of funding in FY14) (Figs. 1 and 2). Expenses for instruction decreased by **26.8%** FY11-FY21 (-29.1% compared to the highest level of funding in FY14). Academic support decreased by **18.9%** FY11-FY21 (-25.7% compared to FY14). Student services decreased by **21.9%** FY11-FY21 (-26.0% compared to FY14). Student aid decreased by **13.6%** FY11-FY21 (-19.3% compared to FY13) (Fig. 5).

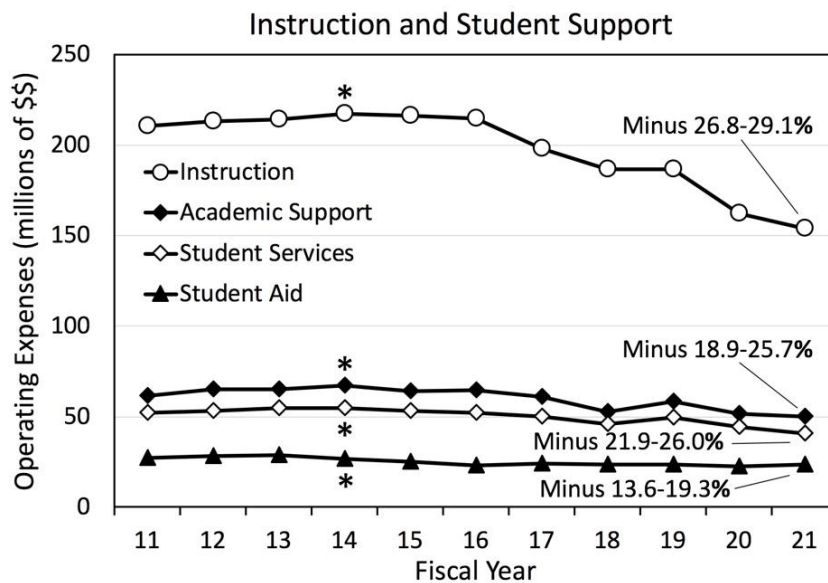


Figure 5. Instruction and student support (instruction, academic support, student services, and student aid). The percentage change represents the decline (minus) or increase (plus) compared to FY11 (first number) and compared to the \*fiscal year with the highest level of funding (second number).

### Conclusions

The operating budget from FY11 to FY21 decreased by **12.5%** (\$89.9 million). The brunt of that decline has been disproportionately borne by students (\$83.3 million) who have seen, not only their own support and aid cut deeply, but have also endured the impacts of large expenditure cuts to instruction. During this same time budget expenditures for institutional support (administration) has grown by **15.2%**.