

**State of Alaska
FY2020 Governor's Operating Budget**

**University of Alaska
Enterprise Entities
Results Delivery Unit Budget Summary**

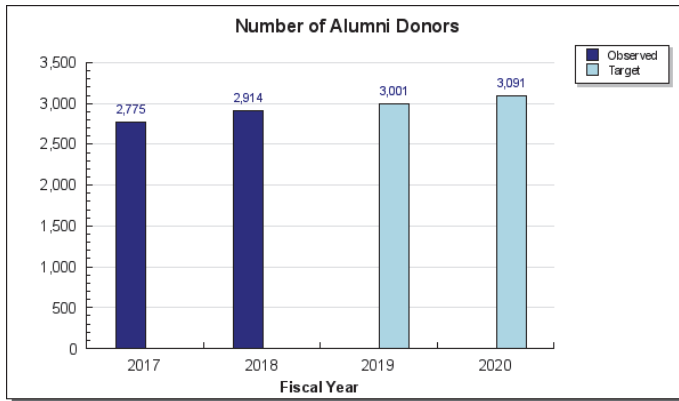
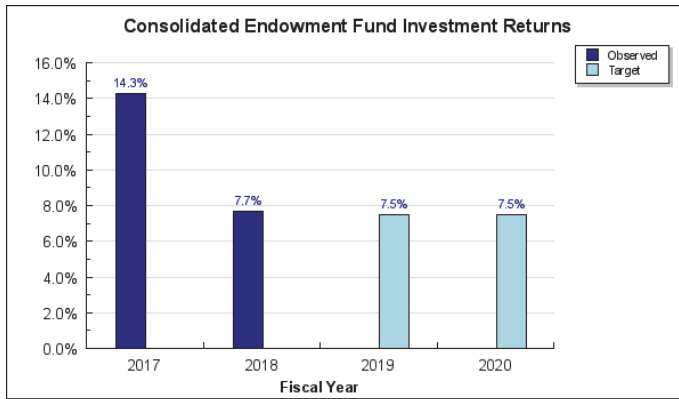
Enterprise Entities Results Delivery Unit

Contribution to Department's Mission

The Enterprise Entities Unit includes the University of Alaska (UA) Foundation and the Education Trust of Alaska. The UA Foundation supports the university and its students through soliciting, managing, and investing donations for student aid and program support. The Education Trust of Alaska operates a college savings plan in accordance with Internal Revenue Code 529 to promote attendance at the University of Alaska and help individuals save and invest for their college education.

Results

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)



Core Services

- Provide resources for families to fund education, qualifying for better jobs and more opportunities.
- Manage and invest donations for the exclusive benefit of the University of Alaska.
- Secure and steward philanthropic support.

Measures by Core Service

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

1. Provide resources for families to fund education, qualifying for better jobs and more opportunities.
2. Manage and invest donations for the exclusive benefit of the University of Alaska.
3. Secure and steward philanthropic support.

Major RDU Accomplishments in 2018

The UA Foundation distributed \$16.8 million for the benefit of UA, including \$3.7 million in distributions for student aid and support for academic programs, research, and general operations, as directed by donors. The ability to provide support to the UA System in 2018 was augmented by an increase of \$13 million in total net assets over 2017, and a 7.7% net return on the UA Foundation pooled endowment fund.

As of June 30, 2018, the Education Trust of Alaska held \$8.4 billion in assets for approximately 300,000 beneficiaries across the country, including approximately 25,000 Alaskans. Sixteen Alaska employers offered the UA College Savings Plan as a benefit to their employees through payroll deduction.

The Education Trust of Alaska introduced the GoTuition Gifting Portal for family and friends to easily contribute to the college savings accounts of loved ones. The Education Navigator Portal was launched to assist families in establishing educational goals, searching for schools, applying for scholarships and financial aid and monitoring the college application process. The portal includes several links to increase awareness of and encourage attendance at the University of Alaska.

Key RDU Challenges

The economic climate in Alaska continued to affect private giving, resulting in a drop in fundraising revenue, particularly in major gifts (above \$25,000).

The effects of the Tax Cuts and Jobs Act passed by Congress in late 2017 on charitable giving are still unknown. Some experts predict significant drops in charitable giving by taxpayers who will no longer itemize deductions.

Legislative changes could impact the Permanent Fund Dividend, which is the single largest source of contributions to the UA College Savings Plan.

Current Tax reform may affect the tax-advantaged status of Section 529 plans or significantly change their purpose beyond paying for post-secondary education and now K-12 tuition.

The potential for adverse investment market or economic conditions might affect our participants' inclination or ability to save for future education needs.

Significant Changes in Results to be Delivered in FY2020

The Campaign Plan for UA's first ever system-wide fundraising effort is set for approval in September 2018. The quiet phase is expected to continue through FY2020.

Investments in the campaign effort, including increased staffing and support for fundraising, are expected to return between \$6 and \$12 for every dollar invested over the coming 3-5 years. As a revenue generating function, fundraising is one of the smartest investments we can make for the future of education in Alaska.

Increased outreach and promotion of the University of Alaska to program participants nationally through direct communications as well as the Education Navigator Portal.

Increased number of Alaska businesses offering the UA College Savings Plan payroll deduction to their employees.

Increased attendance at the University of Alaska by participants in the Trust's 529 plans.

Contact Information

Contact: Michelle Rizk, Vice President, University Relations
Phone: (907) 450-8187
E-mail: marizk@alaska.edu

**Enterprise Entities
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2018 Actuals				FY2019 Management Plan				FY2020 Governor			
	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds
Formula Expenditures None.												
Non-Formula Expenditures												
UA Foundation	0.0	0.0	0.0	0.0	3,987.7	0.0	0.0	3,987.7	3,987.7	0.0	0.0	3,987.7
Education Trust of Alaska	0.0	0.0	0.0	0.0	1,625.4	0.0	0.0	1,625.4	1,625.4	0.0	0.0	1,625.4
Totals	0.0	0.0	0.0	0.0	5,613.1	0.0	0.0	5,613.1	5,613.1	0.0	0.0	5,613.1

Enterprise Entities
Summary of RDU Budget Changes by Component
From FY2019 Management Plan to FY2020 Governor

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2019 Management Plan	0.0	5,613.1	0.0	0.0	5,613.1
FY2020 Governor	0.0	5,613.1	0.0	0.0	5,613.1