

**State of Alaska
FY2021 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>.)

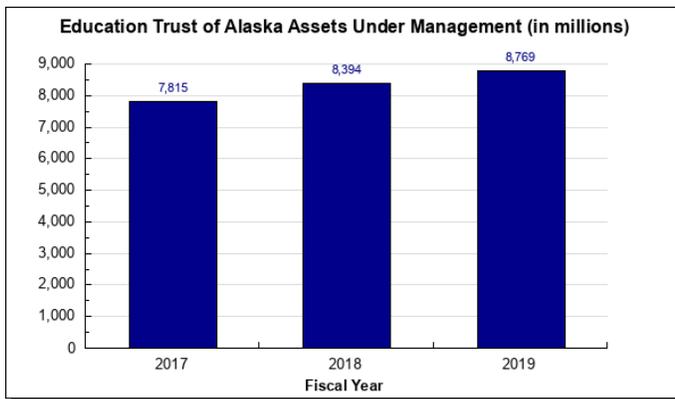
Core Services

- 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.

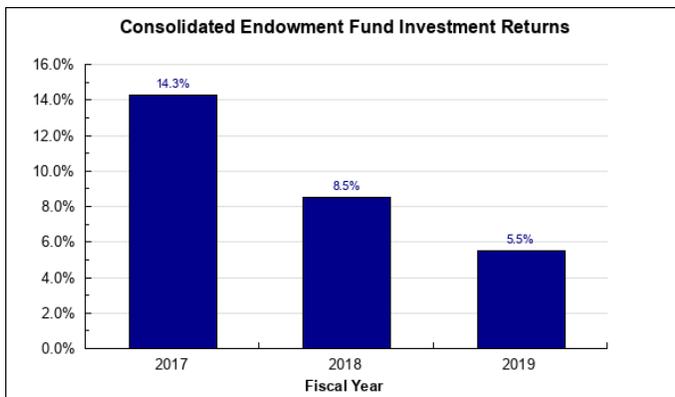
Measures by Core Service

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

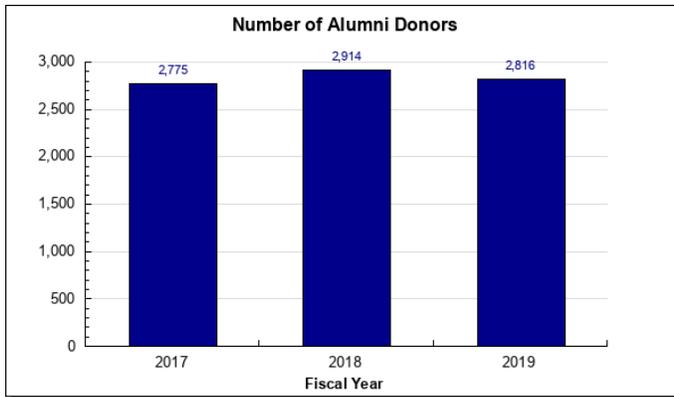
1. Provide resources for families to fund education, qualifying for better jobs and more opportunities.



2. Manage and invest donations for the exclusive benefit of the University of Alaska.



3. Secure and steward philanthropic support.



Major RDU Accomplishments in 2019

The UA Foundation distributed \$17.5 million for the benefit of UA, including \$3.4 million in distributions for student aid and \$14.1 million support for academic programs, research, and general operations, as directed by donors. The ability to provide support to the UA System in 2019 was augmented by an increase of \$11 million in total net assets over 2018, and a 5.5% return on the UA Foundation pooled endowment fund, outperforming approximately 60% of peers.

As of June 30, 2019, the Education Trust of Alaska held \$8.8 billion in assets for approximately 305,000 beneficiaries across the country, including approximately 29,000 Alaskans. Seventeen Alaska employers offered Alaska 529 (formerly UA College Savings Plan) as a benefit to their employees through payroll deduction.

The Education Planning Center portal was launched to assist families in establishing goals for education, searching for schools, applying for scholarships and financial aid and monitoring the college application process. The portal includes links to increase awareness of and encourage attendance at the University of Alaska.

As a major national sponsor of the new PBSKids program, the Education Trust of Alaska held the Children's Premiere event on the UAF campus introducing hundreds of children and their families to Molly of Denali, the first national children's program with an Alaska Native lead character and an emphasis on Alaskan culture and learning through informational text.

Key RDU Challenges

The biggest challenge affecting private giving at UA is the state budget crisis, which is creating uncertainty within the University. Many donors, particularly those considering larger gifts as well as corporate partners, have indicated that they intend to delay giving until there is more certainty about the future of UA.

Changes to the Permanent Fund Dividend would also impact giving, because it is the single largest source of contributions to Alaska 529.

Uncertainty for programs cuts at the University of Alaska could dissuade students from using their 529 plans to attend UA.

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

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

Significant Changes in Results to be Delivered in FY2021

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 for the future of education in Alaska. In order to achieve these results, the campaign effort must continue to be adequately resourced.

The fundraising (development) function is being reviewed along with other administrative units at UA.

Increased outreach and promotion of the University of Alaska to program participants nationally through direct communications as well as the Education Planning Center portal.

Increased number of Alaska businesses offering the Alaska 529 Plan payroll deduction to their employees.

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

Contact Information
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**Enterprise Entities
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2019 Actuals				FY2020 Management Plan				FY2021 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	3,791.5	0.0	0.0	3,791.5	4,263.9	0.0	0.0	4,263.9	4,263.9	0.0	0.0	4,263.9
Education Trust of Alaska	2,225.5	0.0	0.0	2,225.5	2,749.2	0.0	0.0	2,749.2	2,749.2	0.0	0.0	2,749.2
Totals	6,017.0	0.0	0.0	6,017.0	7,013.1	0.0	0.0	7,013.1	7,013.1	0.0	0.0	7,013.1

Enterprise Entities
Summary of RDU Budget Changes by Component
From FY2020 Management Plan to FY2021 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>
FY2020 Management Plan	0.0	7,013.1	0.0	0.0	7,013.1
FY2021 Governor	0.0	7,013.1	0.0	0.0	7,013.1