

**1) What are the core functions of your unit that are funded in Fund 1 (i.e. Fund 104110)?
(Bullet point list is preferred. No more than one-page, please.)**

The University of Alaska Anchorage (UAA) Business Enterprise Institute (BEI) mission is to develop and diversify the economy of Alaska. Our vision is to position UA as the “go to” business and industry partner, able to address business needs across all spectrums of business size and scope.

Established through the Board of Regents in 2003, BEI links economic development programs across the UA system. BEI reports through the UAA campus, but nearly each center has a federal mandate to advance businesses and entrepreneurial capacities, as well as engage the UA system for the benefit of Alaska. BEI provides a platform for high-level consultancy between industries, the business community and the University of Alaska. Many of the programs of the BEI have existed for more than 30 years, and housing them under one roof has stretched their reach, impact, and direct service capacity.

BEI consists of the following centers:

- Alaska Small Business Development Center (SBDC)
- University of Alaska Center for Economic Development (CED)
- Alaska Procurement Technical Assistance Center (PTAC)
- Technology Research and Development Center of Alaska (TREND)
- Alaska Manufacturing Extension Partnership (MEP)
- Alaska Cooperative Development Center (ACDC)
- Center for Corporate and Professional Development (CCPD)
- Applied Environmental Research Center (AERC)
- Center for Strategic Partnerships and Research (CSPR)

These centers deliver the following core services or functions:

- applied learning opportunities for our students seeking industry engagement and a co-op or educational internship position that provides paid work experience;
- contracts and grants for faculty seeking to perform applied versus primary research;
- technical assistance to business and industry – providing UAA public engagement and service;
- professional development classes to individuals, corporations and economic developers; and
- advancements to our shared entrepreneurial ecosystem.

UAA BEI is approximately 87% self-funded, i.e., funded from sources other than the State of Alaska or the University’s general funds. Less than 13% of revenues come from state appropriations.

UAA BEI’s revenues total approximately \$10.5M in a normalized fiscal year. The \$10.5M includes a combination of grants, contracts, earned income and state appropriations. Only \$1.4M, or 13% of the total, comes from state appropriations.

Of the \$1.4M in state appropriations, ~\$1.1M is obligated as match to the Alaska Small Business Development Center (SBDC) and the Alaska Procurement Technical Assistance Center (PTAC) via a legislative appropriation. These funds are NOT fungible and, as such, could not be repurposed in another way. The ~\$1.1M represents a State of Alaska match to federal funding and is non-traditional UA Fund 1.

The residual \$300-400K – Unrestricted General Funds (UGF) from state appropriations -- represents less than 3-4% of BEI's total funding. Of this 3-4%, most is leveraged (\$250K-\$300K) as match to federal programs such as the Center for Economic Development, the Alaska Cooperative Development Center, and the Alaska Manufacturing Extension Partnership.

After match obligations related to this 3-4% of funding from UGF, the residual is insufficient to cover the loaded labor costs of a single fiscal or administrative, full-time equivalent (FTE). Therefore, the BEI executive director, as well as the fiscal and administrative team of the BEI (5-FTEs), are reliant on indirect recovery for salary and fringe benefit coverage. Additionally, BEI contributes ~\$1.6M annually to the University's F&A -- an amount four times the state appropriation of UGF.

Beyond the direct funding as described, BEI assists other units in bringing in more than \$5M in external funding annually. This team also serves across campus as a variety of business development needs arise.

- 2) If one or more of these functions was reduced or discontinued, what would be the impact on: (Not all elements may be relevant. Only address relevant items.)**
- a. More students persisting and completing educational goals?**
 - b. Supporting overall student, faculty and staff success in meeting UAA's mission?**
 - c. Impacts to UAA's reputation, and ability to attract and retain students and/or external support?**

Today's students are more diverse, generally older, and more likely to need employment while attending college. They are also focused on professional advancement and less inclined to pursue a degree simply for a degree's sake. They want to learn how to address 21st-century problems, use their knowledge in directly applied ways and -- frankly -- learn in an interdisciplinary environment that meets their diverse and changing career needs. Creating student centered learning opportunities is the key to student success, and the key to advance our state's overall educational attainment goals. If we engage our faculty, staff and students more directly with industry, we can achieve UAA's mission of disseminating knowledge through teaching, research, engagement and creative expression. Programs such BEI better position UAA in a highly competitive institute of higher learning.

Increasingly, requests come to UAA to support local economic development, as well as to facilitate design-thinking processes to address social issues. BEI serves as the point of contact for those municipalities that have an MOA with UAA. The UAA BEI team also directly connects UAA and UA to businesses across Alaska working with all industry sector in more than 100 communities annually.

BEI promotes UAA entrepreneurship initiatives, collaboration between schools and colleges, and the application of University research and resources to address the issues of economic development. BEI is ground zero for the UAA engagement in Alaska's economic development. BEI embraces and encourages a stronger level of civic infrastructure making the University a bridge between industry and community, a respected leader, invited to the table to act as a catalyst for innovation and entrepreneurship throughout Alaska. Not only is this good for the state as a whole, but it also creates learning opportunities for UAA students. For example, the CED currently employs nine student interns on projects aimed at applying technology to challenges in rural Alaska. These students (3 through an Idaho National Lab

initiative and 6 through an Office of Naval Research initiative) are serving in project intern capacities. BEI also supports eight students through UAA's first student accelerator, Upstart Alpha. These programs get students into the community, and help them build skills, networks, and confidence as young professionals looking to contribute to Alaska.

BEI's distinguishing role is bringing the resources of higher education to bear on Alaska's economic development challenges. BEI provides faculty/staff/students with applied teaching and learning opportunities; supports research priorities by disseminating research results widely; and identifies research needs through broad interaction with the economic development community and all industry sectors. Through BEI's various centers, we are not simply leveraging external resources to support our own unit, but we reach across the entire UA system to bring interested faculty, staff and students into our various projects and initiatives that further their engagement and our community's development.

BEI makes a significant contribution to a healthy, thriving, dynamic university – one that has the capacity for engagement not only with students but also with industry, public sector, and private industry partners. BEI's engagement expands opportunities for learning, addresses the economic development needs of Alaska's most disadvantaged communities and addresses the needs of Alaskans at the local level. This ensures that high quality research is disseminated and applied, and students are provided with opportunities to apply their classroom learning beyond the UA campuses. BEI provides valuable community service that directly advances UAA's reputation through offering small rural businesses and communities high-level consulting and local capacity building that otherwise would not be obtainable.

3) Identify measures and targets used to monitor the impact of functions on each of the above (not all elements may be relevant for your unit, only address relevant items).

BEI tracks its effectiveness according to the following metrics (outputs reported to our core funding agencies), below provides a snapshot of solely FY19 outcomes:

- Unique private sector firms supported – 1,700
- Trainings delivered – 220+
- Attendees of Trainings – 2,800
- Capital or Financing resulting from support – \$16.3M
- Contracts (federal / state) resulting from support - \$1.3 Billion
- Jobs created – 624 jobs
- Jobs retained – 2,128
- Export transactions - 15
- Lemonade Day Alaska- over 1,500 youth registered from 69 Alaska communities. This program teaches youth about business operations, entrepreneurship, and financial literacy. Participants earned more than \$480,000 and contributed more than \$125K to a local charity as reported back to us from the entrepreneurs. Many opened and deposited funds into a personal savings / college account.

4) What improvements have been achieved over the last five years?

BEI employs numerous techniques to promote continuous improvement. Annually, BEI programs undertake an internal audit, establish multi-year goals and revisit core mission/vision, as well as marketing and partnership efforts.

BEI has operated since inception almost entirely from “soft” or restricted funds. One way the BEI measures cost effectiveness is through indirect cost recovery contributed to UAA. The BEI has steadily increased indirect cost revenues to UAA at a rate of 20% yearly (FY12 to FY19). BEI treats indirect cost recovery and general funds not as entitlements but rather investments for use to leverage additional revenue. As evidenced, between FY12 and FY19 revenues increased 120%. During this same period, expenses only increased 43%.

Benchmarking against peer organizations within the University of Alaska System, BEI’s cost effectiveness is high. Our peers have significantly larger general fund bases and yet their indirect cost recovery contribution is declining. Our peers rarely use sales/earned income to offset declines in general funds or increases in costs and instead request additional base funding. To guarantee steady growth BEI management reviews all contracts to ensure full indirect charge whenever possible. BEI directors are fully aware of the financial position of their center. BEI prioritizes Indirect Cost Recovery (ICR), controls costs and seeks ways to improve efficiencies. Further, financial effectiveness and sustainability begins with having a diversified revenue base. As a rule of thumb, BEI strives to achieve a mix of 33% federal awards, 33% State of Alaska investment (via contracts and match commitments) and 33% private sector contracts. BEI operates at a break-even and relies on base funds solely as a means to leverage other external funds.

5) What efforts have your unit made to improve efficiencies and reduce costs? What was the result?

BEI operates entrepreneurially and embraces the challenge of being largely self-supporting in line with most business models. Every non-fiscal/administrative position targets reliance on no more than 30% base funding. Each staff member is encouraged to identify an external source of funding that is non-state/non-federal to offset at least 35% percent of their position costs and an additional 35% of funding through federal/state contractual resources. Most of our non-fiscal/administrative staff operate with no base funding. Administrative/fiscal positions are the exception, as these positions cannot achieve these objectives as structured/governed by UAA. However, administrative/fiscal positions seek a contracting methodology and work on a shared services model to offset their costs to BEI directly.

In 2013, the UAA Business Enterprise Institute brought together six units serving business and economic development needs across the UA system. Under one umbrella a shared fiscal and administrative team has emerged. Today we have smaller fiscal and administrative team size while simultaneously achieving a higher level of competency and efficiency. Evidenced by the growth in UAA Business Enterprise Institute revenues each year since 2013, while successfully bringing additional centers into the fold, and providing ongoing fiscal and administrative services outside of the BEI, (e.g. Arctic Domain Awareness Center). BEI fiscal and administrative team members have an incentive to ensure the broader teams success as their salaries are not derived from UGF as typically found across UA, and instead they are funded through indirect recovery. The fiscal and administrative team understands that operating at scale results in greater efficiency and effectiveness. As this team has continued to mature, they have stepped in whenever a college has had a turnover in key staff and/or when various centers have found themselves in need of fiscal, and/or grants/contracts support. Considering this team manages between \$15 and \$20M annually, at

less than four (FTE's) it's clearly the smallest fiscal and administrative team on campus managing both expenditures / revenues for perhaps one of the most diverse and complicated units.

6) List and briefly describe any current or proposed Board of Regents Policy, State or Federal mandates, or laws that require the continuation of your core function(s).

While there are no specific policies, mandates or laws that require the continuation of the BEI, it is also important to consider a possible discontinuation of BEI through the lens of OMB regulations. OMB regulations govern how external funds are accepted. BEI has relied on UAA accepting federal, state, industry, etc. awards, governed by clear regulations on how receipt of funds are spent, and on the mandatory fiscal infrastructure required for tracking expenditures. Any reductions in the BEI base of UGF will most likely result in elimination of programming and UA would not only lose ICR, but also perhaps have incurrence of costs associated with lack of performance.

It is also important to consider that programs such as the Small Business Development Center, Procurement Technical Assistance Center and even the Manufacturing Extension Partnership. While not mandated, elimination of these centers would cause Alaska to be the only state in the nation without these programs designed specifically to advance business and entrepreneurial capacities of a state.

7) Potential cuts: Please describe any function reductions or eliminations that are significantly feasible without affecting UAA's mission fulfillment or its compliance mandates? Are any functions within your unit are duplicated elsewhere at UAA? Is there an opportunity for efficiency to be created by partnering or combining functions? Please describe the opportunities you identify within your unit and include the approximate dollar values and savings that would result.

The Association of Public and Land Grant Universities defines university based economic development as the expansion of capacities that contribute to the advancement of society through the realization of individuals, firms and communities' potential. BEI is the only entity in the University of Alaska system with a sole focus on economic development. BEI also actively engages to support the advancement of commercialization and intellectual property (IP). While serving this role, BEI's programs and services strengthen the university's academic programs, broaden opportunities for experiential learning, expand community outreach and engagement, enhance student enrollment as students seek out applied learning opportunities and encourage collaboration across disciplines and campuses.

Programs like Lemonade Day Alaska target preK-12 students and teach them finance and leadership skills, all while supporting student recruitment. Entrepreneurial programs like this not only address long-term economic needs of Alaska, but also support UA's strategic priority of increasing college and career readiness. This early relationship with UAA / UA plants an early "institute of choice" seed.

Alaska's prosperity will depend more and more on private sector business expansion. The challenges and opportunities facing Alaska are both daunting and exciting. Declining federal and state resources, global competition, increasingly complicated and unstable business environments, confront Alaska. Without the BEI, there is no coordinated statewide entity to link community and private industry with the university's research and teaching competencies. BEI serves this role and takes seriously its responsibility to bridge the UA system with industry opportunities that align with our teaching, research and public service mission.

UAA Administrative Review Questionnaire – Spring 2020

No functional reductions can be absorbed without a more substantial loss via indirect recovery and/or an entire loss of programs that are core to Alaska's future.