

8 AAC 82.100: Alaska Vocational Technical Center (AVTEC): Rates for student tuition, room and board, and fees for the training programs and services.

Question:

Can you provide me with the analysis AVTEC in its determination to increase tuition by 4% over the next three years?

Answer:

Many factors were considered in the decision to raise tuition that I will share with you, but first let me provide you some background information. AVTEC is a division of the Department of Labor and Workforce Development and are subject to the same budget reductions, mandates, and processes as all other divisions in the departments of State of Alaska administration.

Since FY15, AVTEC has responded to over 30% in general fund reductions by cutting expenses, including closing our highly demanded healthcare programs in Anchorage, all without an increase in program receipt authority from FY05 to FY16. When I was hired as the Director during FY17, I was given the charge to decrease our dependence on general funds through efficiencies in operations and program delivery. In response to this charge, an analysis of our budget trends and reduction practices, enrollment trends and tuition regulations, and programmatic offerings and efficiencies was conducted. The analysis resulted in the development of a balanced and sustainable budget that includes constant efforts to find areas for expense reduction, restructure of the organizational operations for greater efficiency, and seeking opportunities to increase earned revenue (designated and undesignated program receipts).

Over the last three fiscal years (FY18 – FY20) AVTEC has eliminated support staff and instructors, merged departments for greater efficiency, retooled positions or left them vacant, and reduced or deleted training programs. With another budget reduction looming for FY21 and the cost of serving students increasing every year by at least 3% plus inflationary costs, AVTEC could not continue to balance the budget on reduced expenses alone so we turned to possibilities to increase earned revenue which includes providing additional services and contract training to earn undesignated receipts and increase tuition to earn designated program receipts.

When the Dunleavy administration came to office they mandated all agencies review and simplify regulations to make business easier in Alaska, and operations more efficient. Tuition and fees for AVTEC programs are regulated by the state and accordingly, AVTEC performed a deep analysis of tuition and fees charged and practices in place for sustainable growth. This revealed that regular and constant analysis and examination of the tuition and fees was not being done and as a result an evolution of a complex tuition schedule that did not match and support the program offerings or services occurred.

The regulatory changes that are proposed reflect a modest 4% increase in tuition and fees in each of the next three fiscal years (FY21 – 23) and reflects a balanced approach that will support student learning. In addition, we have increased our fees for services and contract training with a goal for earnings from these fees still under discussion. These increases will likely not keep up with the cost increases of labor, materials, and operations and AVTEC will still be dependent on general funds to some degree. However, we believe a balanced approach of reducing expenses and finding areas to retool the organization for efficiencies, coupled with the proposed increases will enable AVTEC to continue to deliver the mission of training Alaskans across the state into the foreseeable future.