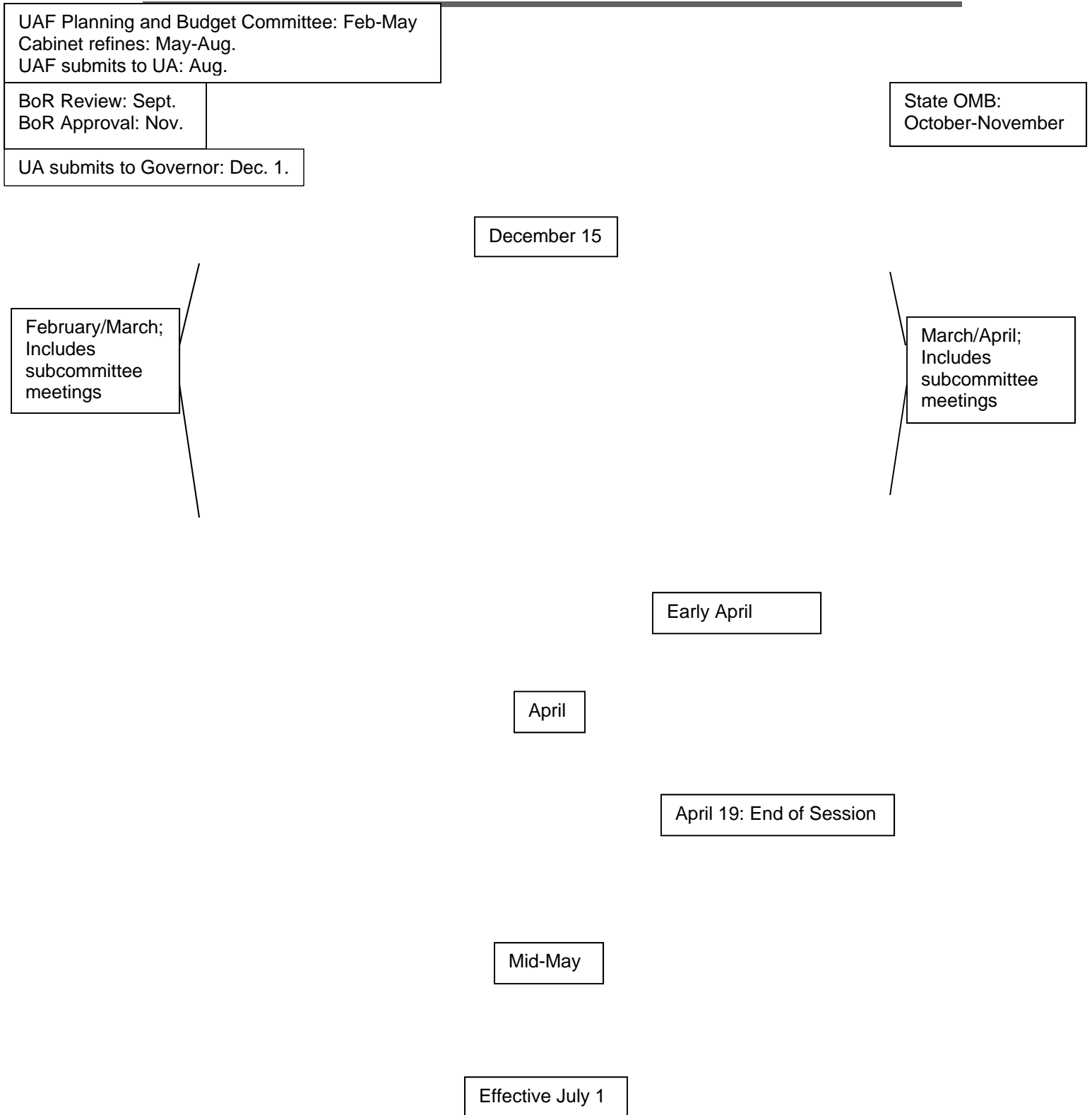




Highlights of the Alaska State Operating Budget Process



Note: Supplemental budgets and the utilities trigger funding typically occur in addition to this process.
 Acronyms: UAF = University of Alaska Fairbanks; UA = University of Alaska; BoR = Board of Regents;
 OMB = Office of Management and Budget

Current FY18 General Fund (GF) budget scenarios

- UA Board of Regents: \$341 million
- Governor: \$325 million (same as FY17)
- House: \$325 million (same as FY17)
- Senate: \$309 million (5% reduction from FY17)

- UAF proportion of GF budget is roughly 50% of UA

UAF scenarios

Flat GF budget: \$162M GF

- UAF Fixed Costs: \$2.7M
- UAF Strategic Reallocation: \$1.0M
- UA Strategic Pathways
Implementation: \$2.8M
- UA President's Priorities: \$3.0M

Total Gap = \$9.5M

UAF revenue budget make-up

- \$439M UAF operating budget (non-capital projects)
 - \$48M or 11% is committed to non-discretionary fixed costs
 - \$193M or 44% is restricted, federal, contracts & auxiliary
 - \$27M or 6% includes other commitments, e.g. student scholarships, waivers & Statewide chargebacks

- \$171M or 39% of unrestricted revenue remains to:
 - Deliver academic programs & pay faculty/staff
 - Provide GF support to research
 - Maintain critical support services/administration
 - Provide campus maintenance & safety

Ideas to meet budgetary targets

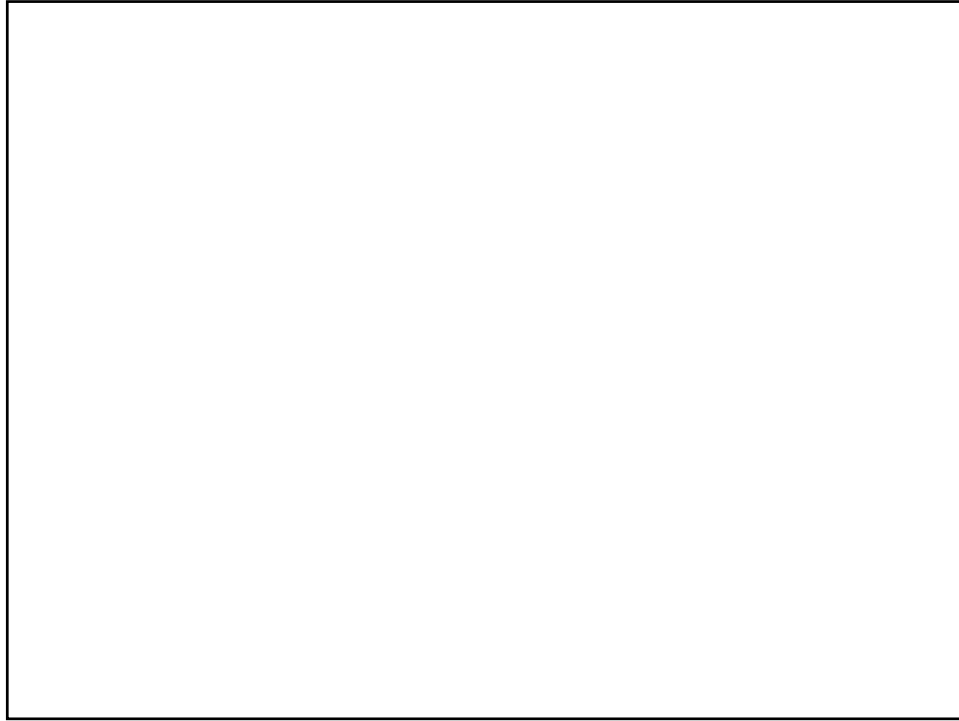
- Reductions
 - Program reductions & teach out
 - Service reductions
- Consolidations
 - Smaller academic or research units
 - Combined units/joint or shared service hubs
- Revenues
 - Tuition & fees: enrollment strategy
 - Research
 - Other?

Budgetary considerations

- Should some units be protected from further cuts?
 - Campus safety (Title IX)
- At what level should UAF reserve funding for internal reallocation?
 - One-time strategic investments
- What vertical reductions or consolidations should be considered?

Next steps

- Timeline:
 - Planning & Budget Committee (PBC) convenes: March – May 2017
 - Provides recommendations to Chancellor's leadership : May 2017
 - Finalize FY18 reductions & FY19 plans: May – June 2017
 - FY18 begins: July 2017
 - Send cost savings or revenue generating ideas to PBC members
- Employee notification begins, for impacted individuals: March – June 2017
 - Varies based on changing budget conditions & as a result of legislative process
- Office of Management & Budget (OMB) feedback form
<http://www.uaf.edu/finserv/omb/budget-planning/suggestions/>
- Additional forums & info sessions will be scheduled



FY14-FY16 budget gaps

- State reductions + low tuition rate increases
+ rising fixed costs = budget gap
- FY14: \$8.5M FY15: \$14M ⇨ FY16: \$20M
 - 3 year gap \$42M+
 - Variable cuts & unit level strategic reductions

Position management

- Continuing 90-day vacancy holds
- Eliminated 103 employee FTE via attrition & layoffs spring 2014-2015
- Utilizing staff benefit savings (FY14-FY16)
- Contract reductions (FY16)
- Senior leadership furloughs (FY16)

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FY16 budget planning methodology

- Academic program reviews
- Special non-academic program reviews
- FY16 state cuts & reduction outcomes
- Consideration of revenue options
- Business process efficiency implementation

- Extensive committee process
- Fairbanks & community feedback

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Academic program reviews

- 45 academic degree programs were reviewed
 - Lowest enrollment for their type
 - Enrollment decreases of more than 30 percent in past 5 years
 - Low numbers of graduates relative to enrollment
- Extensive review by faculty & administrator committees
- Assigned programs into 1 of 6 categories

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Academic review outcomes

1. To be discontinued:
 - 6 programs including Philosophy BA, Science & Engineering Management MS
2. Suspend admission & merge/consolidate:
 - 3 programs
3. Suspend admission:
 - 4 programs including Dental Hygiene AAS, Music MM, Power Generation Certificate, Mineral Preparation Engineering MS

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Academic review outcomes

4. Merge/substantially redesign to attract new students, reduce costs:

– 3 programs including Theatre BA, Journalism BA, Geography BA

5. Recruit/retain more students/garner more external financial support:

– 12 programs

Special review outcomes

- Piloting shared services for unit-based PIOs
- Changed tuition distribution model for Summer Sessions & eLearning to align with existing UAF tuition models
 - 60% cost-bearing unit & 40% central
- Consolidating animals at LARS
- Evaluating K-12 programs
- Exploring revenue ideas to implement FY16

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Revenue opportunities

- Annual tuition increases
- Differential tuition for high-earning fields
- Improving student retention, tracking, advising & relationships
- Increase UAF fundraising events
- Auxiliary business corporation options
-

FY16 position impact

VC Level	Unfilled Vacancies	Eliminated Positions & Layoffs	Sr. Admin. & Executive Furloughs	Total by VC Level Unit
Chancellor	0	3	2	5
VC Admin	10.5	28	3	41.5
Off. Info Tech	2	2	1	5
Provost	48.5	37	24	109.5
VC Research	5	5	8	18
VC Univ. Student Adv.	4	8	7	19
VC Rural & Native Ed.	14	0	9	23
Total	84	83	54	221

UAF's largest impact area is in personal services
*Numbers listed exclude contract reductions

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Administrative reductions

Chancellor: 17% reduction - \$0.4M

- Legislative advocacy support – greater reliance on SW
- Consolidated Exec. Officer & VC Admin Services

Administrative Services: 13% reduction - \$5.1M

- Staff reductions in all units – w ill impact all other campus units for transactional processing & response time
- Post office services, community events support, shuttle, printing, facilities maintenance, ergonomics & slip/fall prevention incentives
- Holding plans for Fire Training Center
- Reduced 1 police vehicle & 1 officer position unfilled, team members taking additional patrol shifts
- Process improvement: HR, Travel, & Procurement ongoing

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Research reductions

Research institutes: 13% reduction - \$2.1M

- Losing capacity to generate new research
- Reduced research & associated ICR = less NGF leverage
- Fewer experiential learning opportunities
- Discontinued prominent study
- Less graduate student support
- Outreach & scientific library acquisitions
- Efficiencies via technology & shared services

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Rural/community reductions

Rural Comm/Native Ed: 13% reduction - \$2.4M

- Closed Galena Learning Center, July 2015
- KUC eliminated Yup'ik Language & Developmental Studies faculty & IAC eliminated Human Services faculty
 - Limits student support in critical areas
- Optimize use of all non-state funds (TVEP, HUD, Title III) where possible
- Operational & travel reductions, limits rural collaboration/partnerships

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