

## UNIVERSITY OF ALASKA

## PROPOSED - FY14 OPERATING BUDGET DEVELOPMENT GUIDELINES

INTRODUCTION

UA began its strategic direction efforts, “Shaping Alaska’s Future 2017,” in the summer of 2011. Over the last 6 months, over 80 listening sessions have been conducted with students, faculty, staff, business leaders and employers, elected officials, alumni, donors, K-12 partners and community members to discuss how the UA System can become more productive and aligned with the priorities of students, employers and the people of the state. With the listening sessions complete, UA will begin the content assessment phase through identifying the inputs and ideas that came from the listening sessions. Once complete, Shaping Alaska’s Future 2017 will provide the budget framework for the next five years to 2017 (UA’s 100th anniversary).

For FY14, it is expected that the Governor will continue his strategy to “hold-the-line” on budget requests for all state agencies, including the university. The Legislature has also signaled intentions to slow the growth of all state operating expenditures. With the state’s emphasis on reducing growth, UA’s Strategic Direction Initiative (SDI) which is currently underway, and the program funding received in FY13, the request level for new programs is expected to be limited in FY14.

During FY14, the University’s focus will continue to be on:

- Streamlined efforts in transferring of credits
- Improving student access to e-learning
- Initiatives to improve program completion rates (including student advising services)
- Selective growth and cost containment for high-demand program areas:
  - Engineering
  - Fisheries
  - Mining
  - Teacher education
  - Health/biomedical
  - Workforce Development
  - Research – applied and basic research should have a strong focus on Alaska issues
- Limit new programs without corresponding offsets
- Generate savings opportunities through administrative and programmatic restructuring and realignment

PROGRAM PRIORITIES

The budget aligns with and supports the highest priorities of our students, employers, and we believe aligns well with legislative intent. It focuses on:

- Initiatives to help more students graduate (sooner) and contribute to Alaska’s economy (faster)
- Support for training and education in Alaska’s high-demand jobs.

- Research that tackles pressing Alaskan and National issues that UA is uniquely positioned to address, and that have the potential to attract high interest and create a source of alternative revenue

Educational output priorities for the University will not change significantly.

- Enhance college readiness and student success. Continue emphasis on efficient student enrollment, advising, retention, and timely completion at all levels.
- Prepare Alaskans for the State's high-demand jobs
- Win more competitive research grants and create commercial value from UA intellectual property spin offs

As usual we will continue our efforts to align with public service, conduct outreach, increase development, and pursue engagement efforts. International opportunities will be discontinued at Statewide and encouraged at all three MAUs.

### FIXED COSTS

Fixed Costs/Administrative Requests will be developed using system wide standards. Information Technology (IT) and business process improvement initiatives will be vetted through the Information Technology Executive Council (ITEC) and System-wide Administrative Leadership Team (SALT). As part of the fixed cost review process, each MAU will follow the new approval plan for any new facilities.

### PERFORMANCE FUNDING POOL

Each MAU will control the distribution of its FY14 performance funding pool, to be used in support of performance-related strategies. One percent of general funds are the expected funding pool size, although annual circumstances will dictate the exact amount chosen by the MAU for internal reallocation. In the FY14 budget and planning process, MAU performance evaluation and reporting requirements are based on the State of Alaska's requirements. As the Strategic Direction Initiative continues, additional metrics will be developed to support the SDI areas of focus.

### BUDGET ASSUMPTIONS

The budget will be developed using the following assumptions:

- Enrollment will increase slightly
- Externally funded research activity will be flat to slightly down
- Indirect Costs Recovery (ICR) will be flat to slightly down
- Tuition rates will be modest, at best
- Regionally comparative compensation increases for staff and faculty
- FY14 PERS and TRS retirement system employer contribution rates will remain at the FY13 levels (12.56% TRS, and 22.00% PERS), FY14 ORP-Tier 1 rate remaining the same as FY13 (14%)
- Healthcare costs will continue to increase until alternatives can be agreed to by employees

## FY14 BUDGET TIMELINE

Below are key dates in the FY14 budget development process. BOR identifies dates for which the Board of Regents will be involved.

### June

- BOR - FY13 Operating and Capital Budget Acceptance
- BOR - FY13 Operating and Capital Budget Distribution Plans Approval
- BOR - FY13 Natural Resources Fund Budget Allocation Approval
- BOR - FY13 Student Government Budget Approval

### July

- Initial discussions with the Governor's Office of Management and Budget (OMB) and Legislative Finance Division on FY14 program themes, fixed costs and capital budget needs
- FY14 MAU Operating Budget Requests submitted to Statewide Budget Office including: extraordinary fixed cost increases, new facility operating costs, priority program descriptions, expected non-state funding source(s), revenue estimates by source, and savings claims
- FY14 MAU Performance Assessments submitted to Statewide Institutional Research and Analysis via State of Alaska website
- FY14 MAU Capital Budget Requests submitted to Statewide Budget Office

### August

- FY14 MAU deferred maintenance lists submitted to Statewide Budget Office
- List of expected leased properties and any projects needing potential debt financing
- FY14 budget meeting of the University of Alaska leadership to present and review MAU budget request priorities (to include a presentation by each Chancellor on the expected outcomes in FY13 and a general discussion of their 3-5 year planning horizon)

### September

- BOR - First Review of FY14 Operating and Capital Budgets, and Capital Improvement Plan
- Formal budget meeting with Governor's Office of Management and Budget (OMB)

### November

- BOR - FY14 Operating and Capital Budget Request Approval
- BOR - FY14 Capital Improvement Plan Approval
- Submit Board of Regents' FY14 Operating and Capital Budgets to the Governor's Office of Management and Budget (OMB)