

UNIVERSITY OF ALASKA

FY16 OPERATING BUDGET DEVELOPMENT GUIDELINES

INTRODUCTION

The University is in the midst of a major institutional directional change called Shaping Alaska's Future*, which is our map for navigating the challenging terrain ahead, and will guide decisions about people, programs and resources at UA for years to come. Shaping Alaska's Future rests on a foundation of feedback received through listening sessions held across the state and national best practices. There are five major themes: 1) Student Achievement and Attainment; 2) Productive Partnerships with Alaska's Schools; 3) Productive Partnerships with Public Entities and Private Industries; 4) Research & Development (R&D) and Scholarship to Enhance Alaska's Communities and Economic Growth; and 5) Accountability to the People of Alaska.

Based on both the Alaska listening sessions and a robust state and national dialogue, specific issue statements were developed within each theme that express a compelling need for action. Effect statements associated with each issue statement collectively express what UA intends to accomplish (outcomes) specific to that issue. The budget request and dialog with the governor and legislature will focus on progress toward attaining the 23 intended effects (* see page 6 of Shaping Alaska's Future) within and across all three universities.

As part of the FY16 budget planning process the University will continue to look at ways of capping growth. With the state's emphasis on containing costs and "right sizing" and as we move forward with Shaping Alaska's Future, the request for growth or for new programs will be much more reliant on internal offsets than on general fund increase requests.

During FY16, the University's focus will continue to be on:

- Strengthening a UA culture shift to relying on better data to insure excellence, continuous improvement and to spark innovation.
- Streamlined efforts to move students through efficiently, successfully, and affordably.
- Improving student access and throughput using an ever-expanding e-Learning course menu.
- Specific initiatives to improve the college going rate and student preparedness for post-secondary work at UA (including student advising services with an emphasis on continuation of one-time funding received in FY15).
- Sustainment of high-demand program areas without sacrificing program quality
 - Engineering
 - Fisheries
 - Mining
 - Teacher education
 - Health
 - Workforce Development
 - Research – applied and basic research that has a strong focus on Alaska issues, such as energy, unmanned aerial systems, biomedical.
- Program review and program prioritization.
- Becoming better known for quality student consideration.

* <http://www.alaska.edu/files/shapingalaskasfuture/SAF-FINAL.pdf>

PROGRAM PRIORITIES

Educational output priorities for the University will not change significantly. The budget aligns with, and supports, the highest priorities of Alaska, our students, and employers. In addition, we believe it aligns well with legislative intent. It focuses on:

- Initiatives to help more students graduate (sooner) and contribute to Alaska's economy (faster).
- Continued partnerships with K-12 resulting in students ready to enter the UA or the workforce.
- 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.
- Ensure college and workforce readiness and create attractive institutional conditions for excellent student success.
- Continue emphasis on efficient and effective 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. Screen grant requests to recover the negotiated Facilities & Administrative (F&A) costs required to support the associated research.
- Further develop a culture of caring for improved student success.

As usual we will continue our efforts to align with the public interests, conduct outreach, increase development, and pursue engagement efforts. International opportunities will be encouraged at all three universities.

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 other System-wide Leadership groups. As part of the fixed cost review process, each university will evaluate the opportunity to increase space utilization, identifying substandard space for elimination and following the approval plan for new or upgraded facilities space. Program deletions and additions will continue to be vetted through the Statewide Academic Council (SAC) and approved by the Board of Regents.

PERFORMANCE MANAGEMENT FUNDING POOL

In the University of Alaska there is a performance funding pool, with UAA, UAF, UAS and Statewide each controlling the source and distribution of its FY16 performance funding pool, used in support of performance management. Funds are internally reallocated each year and applied in support of strategic priorities and maintaining performance. The size of the pool is determined by annual circumstances and typically represents at least one percent of general funds. Reallocations are made in support of Shaping Alaska's Future and other priorities.

BUDGET ASSUMPTIONS

The budget will be developed using the following assumptions:

- The enrollment demographics outlook is challenging. However, various strategies are being considered to minimize any enrollment downturn, such as increasing the number of Alaska Performance Scholarship (APS) students attending UA, new efforts to increase retention and,

thereby, increase the number of students getting to attainment and degree completion and expanding noncredit offerings.

- Expanding cross university cooperation and collaboration (e.g., common procurement, common calendar) continues.
- Externally funded research activity and indirect cost recovery (ICR) will be flat to slightly down increasing the importance of exploring additional partnership opportunities and revenue enhancements.
- Tuition rate increases will be very modest. Expect a facility fee.
- Compensation increases for staff and faculty will be modest...again.
- Retirement system employer contribution rates will remain at the FY15 levels.
- We will continue to look for ways to mitigate healthcare cost increases.
- Hiring will gain close scrutiny, as will vacancies and net growth.

FY16 BUDGET TIMELINE

Below are key dates in the FY16 budget development process associated with BOR Action. In addition, the FY16 budget meeting with the three Universities and Statewide is scheduled for August 7th and Board members are welcome to attend.

June

- BOR - FY15 Operating and Capital Budget Acceptance
- BOR - FY15 Operating and Capital Budget Distribution Plans Approval
- BOR - FY15 Natural Resources Fund Budget Allocation Approval
- BOR - FY15 Student Government Budget Approval
- BOR - FY16 Operating and Capital Budget Development Guidelines Approval

September

- BOR - First Review of FY16 Operating and Capital Budgets, and Capital Improvement Plan
- President's formal budget meeting with Governor's Office of Management and Budget (OMB)

November

- BOR - FY16 Operating and Capital Budget Request Approval
- BOR - FY16 Capital Improvement Plan Approval
- Submit Board of Regents' FY16 Budget to the Governor's Office of Management and Budget (OMB)