

University of Alaska Board of Regents

FY2020 Budgets

September 12-13, 2019
Anchorage, Alaska

Overview

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Purpose

Accept FY20 operating and capital budget appropriations

Approve FY20 operating and capital budget distribution plans

Our Objectives

1. Students in all parts of the state will be able to access the full array of academic programs offered by System institutions:
 - Some will be online rather than face-to-face
 - The exceptions will be those programs that require considerable hands-on experience with specialized equipment
2. These students will be provided the student support services (concierge services) they need to successfully take advantage of this array of academic services.
3. Programs that require hands-on instruction will be provided in communities throughout the state where:
 - Local employers can demonstrate a demand for program completers
 - There is sufficient student demand to make the program economically viable. In cases where student demand is not sufficient to ensure economic viability, the program may still be offered if local community or employers provide the necessary “bridge” funding
4. The university will be a much more user-friendly institution. While further discussion with stakeholders will be required, these are the minimum characteristics:
 - A single admission form/process for admission to System institutions
 - A single point of contact to arrange for Student Financial Aid
 - No requirement for separate admission to each institution in which a student chooses to enroll
 - Seamless transfer of courses
 - “Guided Pathways” - once a student selects a program of study, they will be presented with a clear sequence of required courses
 - A common General Education core

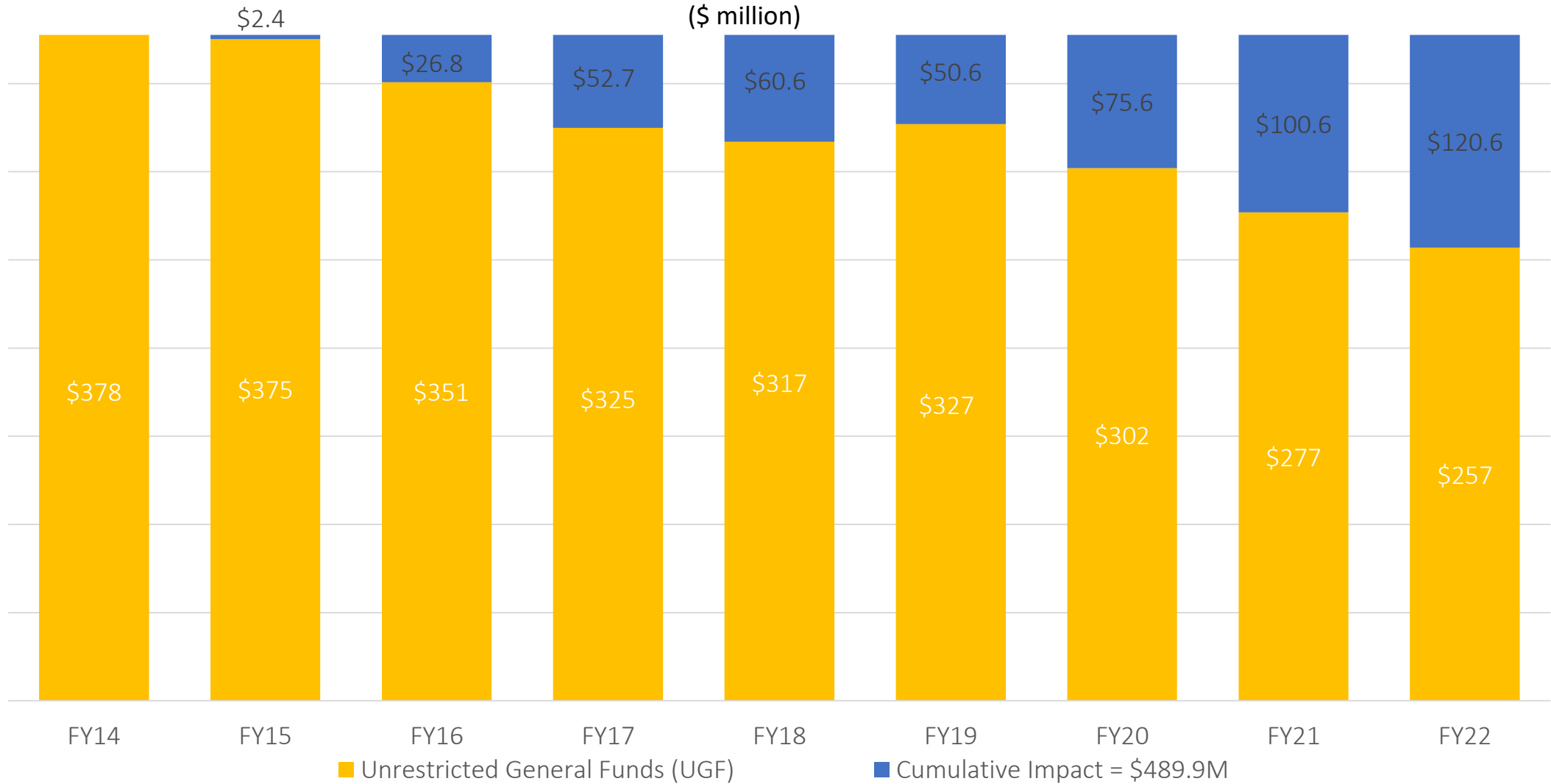
Our Objectives (2)

5. Common course numbering and standard course blocks.
6. Courses in the General Education core will be reengineered as hybrid courses and designed to:
 - Be delivered across the System
 - In ways proven (e.g., by NCAT) to deliver superior learning outcomes at substantially reduced costs
7. Any stakeholder of the University – students, employers, citizens – will have a single point of contact:
 - Front line staff in administration and student services will be generalists.
 - Specialists will serve as trainers of, and consultants to, the generalists.
8. The university will educate individuals who can meet the workforce needs of the state:
 - For job entry positions
 - Public sector – e.g., teachers
 - Private sector – e.g., health care professional, skilled trades, etc.
 - Retraining of incumbent workers
9. The University will continue to do world-class research and develop additional capacity in niche areas important to the future of Alaska.
10. We will serve as an engine of social mobility for historically underserved population. Gaps in participation and completion for these populations will be closed.
11. We will seek excellence in all functions of the University, both academic and administrative.

FY20 Operating Budget

Budget

University of Alaska
State Funding History and Projection (per Compact)



Budget Plan for FY2020 - FY2022

	FY20	FY21 1 st Review	FY22 Estimate	Total	Comments
Expense Factors					
• State UGF Reduction	25.0	25.0	20.0	70.0	Base Reallocation
• Investment	9.1	8.2	8.2	25.5	
• Strategic Initiatives	5.0	5.0	5.0	15.0	Base Reallocation
• Compensation (Equity and Market)	3.4	3.2	3.2	9.8	Reallocation within MAU
• Compensation (General Market)		3.8		3.8	Reallocation within MAU
• Title IX / Safety	<u>0.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.7</u>	Reallocation within MAU
Total	34.1	37.0	28.2	99.3	
Expense Reduction *					
• Administration	16.2	19.5	13.2	48.9	
• Integration and reduction	8.2	12.5	7.2	27.9	Includes general market compensation increase
• Facility Maintenance	8.0	7.0	6.0	21.0	Monetize assets & reduce facilities footprint
• Academic Programs & Student Services	14.4	14.1	12.1	40.6	
• Research	2.0	2.1	1.8	5.9	
• Public Service	<u>1.5</u>	<u>1.3</u>	<u>1.1</u>	<u>3.9</u>	
Total	34.1	37.0	28.2	99.3	

* Includes non-ugf funding sources

Budget Plan for FY2020

	FY20	UAA	UAF	UAS	SW
Expense Factors ⁽¹⁾					
• State UGF Reduction	25.0	9.2	12.5	0.0	3.3
• Investment	9.1				
• Strategic Initiatives	5.0	1.8	2.5	0.0	0.7
• Compensation (Equity and Market)	3.4	1.3	1.7	0.2	0.2
• Title IX / Safety	<u>0.7</u>	0.1	0.3	0.1	0.2
Total	34.1	12.4	17.0	0.3	4.4
Expense Reduction ⁽²⁾					
• Administration	16.2	4.9	7.9	1.3	2.1
• Integration and reduction	8.2	2.4	2.9	0.8	2.1
• Facility Maintenance	8.0	2.5	5.0	0.5	0.0
• Academic Programs & Student Services	14.4	6.8	6.3	1.3	0.0
• Research	2.0	0.3	1.7	0.0	0.0
• Public Service	<u>1.5</u>	0.4	1.1	0.0	0.0
Total	34.1	12.4	17.0	2.6	2.1

1. Excludes cost allocation through the Reimbursable Services Agreement (RSA) process.

2. Includes non-state funding sources.

UAA

FY20 Reduction Target: \$12.4 million

Administration: \$3.8 million

Central UGF Savings (\$3.4 million) - Includes FY19 staff benefits savings (decreased by faculty promotions); SB rate increase costs, 1% salary increase 800k base budget loaded, FY20 base awards);and the previous cut distribution already covered from central funding.

SW Video Conferencing Expense to Tuition Funding (\$252.2 thousand) - Move videoconferencing expense paid from UGF to 20% tuition funding. Will decrease central contingency funding

HR Redesign Savings (\$111.5 thousand) – Savings to UAA from HR redesign.

Academic Program & Student Services: \$5.9 million

Academic Reductions (\$4.4 million) - Term & faculty, reductions, operations

Confucius Institute non-renewal (\$110.1 thousand) - Director

Student Affairs Reductions (\$442.0 thousand) - Eliminate 5 positions & operations

Athletics Operations (\$160.0 thousand) - Learfield contract changes, will decrease existing base deficit for Athletics

Sullivan Arena Non-renew (\$200.0 thousand) - Move into Wells Fargo in FY20 for two years, then need to expand seating with renovation, will decrease existing base deficit for Athletics

Community Campuses Services (\$670.0 thousand) - One-third of \$1.2M = \$390,000; UA SW Risk Insurance \$280,000 (\$1.452.0 in SW planning outline)

Reduced Facilities Maintenance: \$2.4 million

Decrease UAA Facilities Deferred Maintenance general fund (\$1.3 million)

CERC lease non-renew (\$511.0 thousand)

University Center Lease Revenue (\$400.0 thousand)

Facilities – custodial (\$150.0 thousand)

One-time fund balance \$0.3 million

May increase or decrease due to timing differences in listed reductions.

UAF

FY20 Reduction Target: \$17 million 10% of Reduction: \$9.5 million

During the continuation budgeting for FY20, UAF distributed a reduction to academics, research, student services and athletics equivalent to \$9.5 million. Units reduced their budgets through a multitude of reductions that came from procurement, services, travel and reduced staffing.

Administration: \$2.5 million

It is our understanding that through consolidations the system office will find \$5M in savings with portions attributed to the universities. We are assuming that we will be able to count \$2.5M of the total toward UAF's reduction.

Academic Program & Student Services: \$1.3 million

Expedited program review of academic programs will begin this fall 2019 at the system level. UAF estimates to save some funding through reduction of faculty contracts within eliminated programs but due to teach-out requirements savings will be delayed and the use of one-time bridge funding will be required. Bridge funding includes operation and maintenance savings, unreserved fund balances (UFB) and the sale of UAF facilities.

Research: \$700 thousand

We are anticipating applying an unallocated reduction of \$700k to units supporting organized research. The unallocated reduction provides directors the greatest authority to make important decision in their units. Some units will receive additional funds through strategic initiatives.

Public Service: \$500 thousand

KUAC personnel will be moved from state support to private support. The University will still support the physical space, infrastructure, and other physical assets of public broadcasting through general funds.

Reduced Facilities Maintenance: \$2.5 million

In order to reduce costs \$2.5 million in facilities maintenance will be reduced.

UAS

FY20 Reduction Target: \$2.6 million

Administration: \$863.6 thousand

Consolidation (\$390.0 thousand) – This reflects the UAS pro rata projected \$5M savings.

Shift tuition funding for waivers (\$316.9 thousand) – UAS student waivers are currently funded using a combination of UFB and tuition. This strategy would fund fully from UFB and shift the tuition component to replace reduced GF.

Deallocate benefit savings (\$156.7 thousand)

Academic Program & Student Services: \$1.2 million

Workload adjustments, reduced adjuncts, and GF reduced with tuition (\$835.0 thousand)

Faculty and Staff Reductions (\$412.5 thousand)

Reduced Facilities Maintenance: \$479.8 thousand

Reduce utilities to actual (\$100 thousand)

Replace GF with Facilities fee (\$133.0 thousand)

Reduce Facilities R&R (\$246.8 thousand)

Statewide

Target: \$2,100,000

\$1,800,000 Reduction in staffing (primarily vacant positions) from integration and redesign of administrative functions, including but not limited to, financial services, information technology, human resources, and institutional support.

\$300,000 Reduction in discretionary travel, non-essential contractual services, and software contracts. In addition, more efficient processes, such as electronic payments, new travel system and new video conferencing platform.

FY20 Operating Budget Distribution

- Negotiated contracts include: Local 6070 (contract expired Dec. 2018, under negotiation); Fairbanks Firefighters; United Academic Adjuncts (UNAD); and United Academics (UNAC contract extended until Dec. 2020)
- Dual –appropriation structure:
 - UA community and Juneau campuses are in a separate appropriation for FY20.
 - UA main campuses and statewide
 - \$25.0 million general fund reduction
- Strategic Investments:
 - \$3.4 million Compensation: pay equity, and first phase of market adjustments for faculty, staff and executives.
 - \$0.7 million Title IX: address areas of acute concern and better positions the university to grow the culture of respect, service, safety, and compliance
 - Strategic Initiatives
 - \$5.0 million will be reallocated to strategic initiatives that support an more integrated institution.
 - \$825.0 thousand was added by the legislature as a general fund reallocation for the UAF Educators Rising program

FY20 Legislative Intent

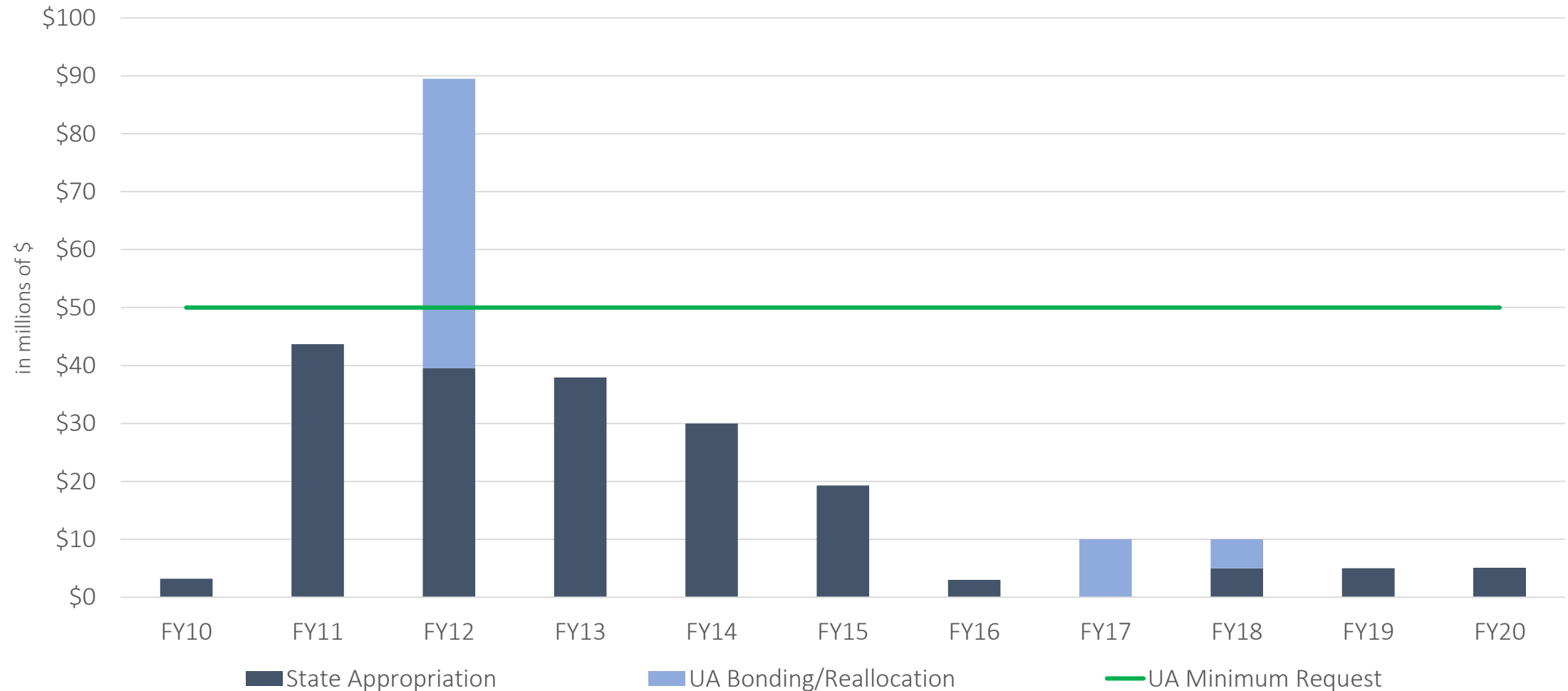
The legislature included the following intent language for the University of Alaska:

“It is the Intent of the Legislature that the Board of Regents consider a plan to transition the University of Alaska from three separately accredited academic institutions into a single accredited institution with multiple community campuses, and that the Board of Regents provide an update to the legislature on the development of such a plan by December 1, 2019.”

FY20 Capital Budget

Capital Budget DM/R&R Funding History

Unrestricted General Funds (in millions of \$)



FY20 Capital Budget

Unrestricted General Funds (in millions of \$)

	Regents	Final Legislation
Facilities Deferred Maintenance/ Renewal & Repurposing	\$50.0	\$5.0

The Board of Regents' capital budget request totaled \$50.0 million in state funding for facilities deferred maintenance (DM)/renewal & repurposing (R&R). Of the \$50.0 million requested, the legislature appropriated \$5.0 million.

In addition, the office of the Governor has been charged with distributing \$31.7 million for high priority deferred maintenance projects statewide. UA will be submitting the highest priority deferred maintenance projects from across the system to OMB for consideration.

Appendix

Authorized Unrestricted General Fund Budget by Campus FY16-FY20 (in thousands of \$)

	FY16	FY17	FY18	FY19	FY20	% Change 4yrs	% Change Annual
Anchorage	108,916	101,151	99,483	104,044	91,705	-15.8	-11.9
Kenai	7,250	6,636	6,455	6,289	6,289	-13.2	
Kodiak	2,717	2,435	2,359	2,303	2,303	-15.2	
Mat-Su	5,204	4,869	4,708	4,569	4,569	-12.2	
PWSC	3,298	2,787	2,760	2,667	2,667	-19.1	
Fairbanks	153,110	144,011	142,293	148,034	131,194	-14.3	-11.1
UAF CTC	5,714	5,307	4,836	4,636	4,636	-18.9	
CRCD							
Bristol Bay	1,412	1,211	1,100	1,100	1,100	-22.1	
Chukchi	971	807	758	608	608	-37.4	
Interior Alaska	1,656	1,434	1,295	1,295	1,295	-21.8	
Kuskokwim	3,001	2,605	2,425	2,325	2,325	-22.5	
Northwest	1,521	1,320	1,212	1,162	1,162	-23.6	
Rural College	5,407	4,680	4,286	4,786	4,786	-11.5	
Juneau	21,297	19,487	19,331	20,797	20,797	-2.3	
Ketchikan	2,564	2,291	2,167	2,111	2,111	-17.7	
Sitka	3,291	2,890	2,606	2,527	2,527	-23.2	
Statewide Services	12,684	10,543	10,262	10,362	9,541	-24.8	-12.2
Statewide Networks	9,621	7,824	7,620	7,420	7,420	-22.9	
Systemwide Ed/Outreach	1,154	848				-100.0	
University of Alaska Foundation							
Education Trust of Alaska							
UA Anchorage *	127,385	117,877	115,765	119,872	107,533	-15.6	-10.3
UA Fairbanks *	172,791	161,374	158,204	163,945	147,105	-14.9	-10.0
UA Southeast	27,153	24,668	24,104	25,435	25,435	-6.3	
UA Statewide *	23,458	19,215	17,882	17,782	16,961	-27.7	-7.2
UA Enterprise Entities							
Systemwide Component		1,750	1,078		5,000		
UA System	350,787	324,884	317,034	327,034	302,034	-13.9	-7.6

* Includes HR re-design reallocation

Authorized Designated, Federal and Other Funds Budget by Campus FY16-FY20 (in thousands of \$)

	FY16	FY17	FY18	FY19	FY20	% Change 4yrs	% Change Annual
Anchorage	167,885	170,463	171,319	165,632	166,056	-1.1	0.3
Kenai	9,648	10,017	9,985	10,013	9,919	2.8	-0.9
Kodiak	3,416	3,486	3,480	3,297	3,261	-4.6	-1.1
Mat-Su	6,321	7,422	8,631	8,747	8,813	39.4	0.8
PWSC	4,304	4,378	4,449	3,610	3,586	-16.7	-0.7
Fairbanks	273,330	279,308	266,244	262,966	263,040	-3.8	
UAF CTC	8,616	8,697	8,683	8,570	8,669	0.6	1.2
CRCO							
Bristol Bay	2,673	2,775	2,961	2,952	2,952	10.4	
Chukchi	1,462	1,495	1,578	1,578	1,578	7.9	
Interior Alaska	4,034	3,955	4,031	3,965	4,044	0.3	2.0
Kuskokwim	3,566	3,766	3,738	3,718	3,645	2.2	-2.0
Northwest	2,939	2,989	3,669	3,769	3,769	28.2	
Rural College	5,145	5,246	4,425	4,425	4,425	-14.0	
Juneau	22,466	22,938	23,200	23,186	23,182	3.2	
Ketchikan	2,967	3,145	3,306	3,290	3,281	10.6	-0.3
Sitka	4,937	5,066	5,049	5,037	5,033	2.0	-0.1
Statewide Services	21,804	24,951	27,691	23,941	24,141	10.7	0.8
Statewide Networks	9,495	9,645	9,645	9,645	9,645	1.6	
Systemwide Ed/Outreach	9,798	5,170					
University of Alaska Foundation				3,988	3,988		
Education Trust of Alaska				1,625	1,625		
UA Anchorage	191,574	195,765	197,865	191,299	191,633	0.0	0.2
UA Fairbanks	301,765	308,231	295,328	291,942	292,121	-3.2	0.1
UA Southeast	30,370	31,150	31,555	31,513	31,496	3.7	-0.1
UA Statewide	41,097	39,766	37,336	33,585	33,785	-17.8	0.6
UA Enterprise Entities				5,613	5,613		
Systemwide Component		1	1	7,563	1		
UA System	564,806	574,913	562,085	561,515	554,650	-1.8	-1.2

Total Authorized Budget by Campus FY16-FY20 (in thousands of \$)

	FY16	FY17	FY18	FY19	FY20	% Change 4yrs	% Change Annual
Anchorage	276,800	271,613	270,801	269,677	257,760	-6.9	-4.4
Kenai	16,898	16,653	16,440	16,302	16,208	-4.1	-0.6
Kodiak	6,134	5,921	5,839	5,600	5,564	-9.3	-0.6
Mat-Su	11,525	12,291	13,340	13,315	13,381	16.1	0.5
PWSC	7,602	7,164	7,209	6,277	6,252	-17.8	-0.4
Fairbanks	426,440	423,320	408,537	410,500	394,234	-7.6	-4.0
UAF CTC	14,329	14,003	13,519	13,205	13,305	-7.1	0.8
CRCD							
Bristol Bay	4,085	3,986	4,061	4,053	4,053	-0.8	
Chukchi	2,433	2,302	2,335	2,185	2,185	-10.2	
Interior Alaska	5,690	5,389	5,325	5,259	5,339	-6.2	1.5
Kuskokwim	6,566	6,371	6,163	6,043	5,969	-9.1	-1.2
Northwest	4,461	4,309	4,881	4,931	4,931	10.5	
Rural College	10,552	9,925	8,711	9,211	9,211	-12.7	
Juneau	43,764	42,425	42,531	43,983	43,979	0.5	
Ketchikan	5,531	5,436	5,473	5,401	5,392	-2.5	-0.2
Sitka	8,228	7,956	7,655	7,564	7,560	-8.1	
Statewide Services	34,488	35,494	37,953	34,802	33,681	-2.3	-3.2
Statewide Networks	19,116	17,469	17,265	17,065	17,065	-10.7	
Systemwide Ed/Outreach	10,951	6,019					
University of Alaska Foundation				3,988	3,988		
Education Trust of Alaska				1,625	1,625		
UA Anchorage *	318,959	313,642	313,629	311,171	299,166	-6.2	-3.9
UA Fairbanks *	474,556	469,605	453,532	455,387	439,227	-7.4	-3.5
UA Southeast	57,523	55,817	55,659	56,947	56,930	-1.0	
UA Statewide *	64,556	58,981	55,218	51,867	50,746	-21.4	-2.2
UA Enterprise Entities				5,613	5,613		
Systemwide Component		1,751	1,079	7,563	5,001		-33.9
UA System	915,593	899,796	879,118	888,548	856,683	-6.4	-3.6

* Includes HR re-design reallocation

Strategic Investment Funding Pool

Funding Sources		Description
FY19 Staff Benefit Rate Adjustment	\$6.0	One-time budget savings from lower than expected experience, primarily health care costs.
UA Scholars Reserve Adjustment	\$4.6	Scholars reserve has gradually accumulated over time. Adjust reserve to 3/4 of Scholars' annual cost and put remaining money to work.
Natural Resources Fund	\$0.3	Available from FY18 Natural Resources Fund allocation.
Statewide Unreserved Fund Balance	\$0.5	Available from additional interest earnings, due to rise in interest rates.
Total Sources	\$11.4	

Fiscal Year Allocations		
FY19	\$4.0	Distributed toward strategic initiatives
FY20	\$4.0	To be distributed toward strategic initiatives
FY21	\$3.4	Held in contingency for transition costs
Total Allocations	\$11.4	

Objective: create a funding pool to finance strategic investments over a three year period.

FY20 Facilities Maintenance

	Facility Inventory (fall 2017)					Facilities Maintenance Budget (millions \$)			
	# of Bldgs	Average Age (years)	Gross Area (sq. feet)	Adjusted Value (millions \$)	DM/R&R Backlog (millions \$)	Budget Goal	FY2020 Base Budget	Capital One-time Funds	FY2020 Budget Minimum
UAA	97	25.8	3,637,904	1,484.2	303.0	19.4	12.1	1.6	13.7
UAF	279	36.7	3,782,065	2,123.4	745.6	36.7	18.1	3.1	21.2
UAS	37	24.2	565,785	275.7	8.6	3.5	2.1	.3	2.4
SW	11	37.6	245,863	98.3	4.0	.4	.3		.3
Total	424	33.1	8,231,617	3,981.5	1,061.2	60.0	32.6	5.0	37.6