Spring 2009 Operating Review

April 21, 2009

Agenda

I  Introduction  
   Chancellor Rogers

II Management report recap
   • Management report
   • R/R, M/R
   • Major cost savings
   Vice Chancellor Pitney
   Associate Vice Chancellor Schedler
   Vice Chancellor Pitney

III FY10 conditions and distributions
   • Conditions and operating assumptions
   • FY10 distributions
   • Creation and distributions of PBB funding
   Vice Chancellor Pitney

IV FY09 Performance update

V FY11 budget and 3 - 5 year planning horizon
   • Expected outcomes
   • Campus master plan and 6 year capital plan
   • Space allocation
   • 3 – 5 year planning horizon
   Provost Henrichs
   Chancellor Rogers
   Associate Vice Chancellor Schedler
   Provost Henrichs
   Chancellor Rogers

VI Summary
I - Introduction

II - Management Report Recap
Carryforward Analysis

- Unit unrestricted (F1) carryforward projections total $10.6M of which $1.3M is from CRCD. However, UAF will be actively managing our F1 carryforward to total approximately $7M. This represents 3.0% of operating revenue.

- The bulk of the FY09 carryforward will be returned back to the contributing units for strategic investments. Units with deficits will be required to submit a repayment plan that includes identifying contributing factors and steps taken to mitigate these factors in the future.

- Distributions from central carryforward will be approved via the Chancellor’s Cabinet. Investment opportunities will include; facility and space needs (incl. energy efficiencies), climate, energy engineering, and biomedical priorities.

FY09 Budget Building Process & Status

- Planning and Budget Committee reviewed & prioritized Unit and Planning Group requests.

- FY08 carryforward was used to balance the budget.

- Currently central reserves are $1.8M or 1% of unrestricted funds. Due in part by covering half of the investment loss with centrally held resources.

- Higher than anticipated tuition revenue was used to help offset the investment loss.
Management of Contingencies

- Initial budget includes $1.5M contingency reserve
- Approx. $700K in additional funds available due to higher than anticipated tuition revenue
- Risk of losing $800K for Utility Supplemental
- Funds used to help offset investment loss and funding 100% of salary & benefit increases centrally
- With the exception of managing to a $7M carryforward, we do not anticipate any significant additional contingency funding

ALASKA’S FIRST UNIVERSITY ★ AMERICA’S ARCTIC UNIVERSITY

Initiative and SB137 Status

- Projecting to fully expend Initiative Funds
- SB137 Status Reported
- Will continue to monitor

ALASKA’S FIRST UNIVERSITY ★ AMERICA’S ARCTIC UNIVERSITY
Debt Service

Total UAF Outstanding Principal on revenue bonds a/o January 31, 2009
$58,875,000

Peak Annual Debt Service
$5,575,915 in FY10

Max Annual Dept Service based on FY08 Unrestricted Revenues of
$239,605,200
$11,980,260

Anticipated Debt Service
Life Sciences Innovation and Learning - $20.6M
Energy Facility - $15.3M

FY10 – Initial Budget Analysis

- Reshaping of Budget Building and Management Processes
  - Budget Principles
  - Carryforward Principles

- Impacts and Management of Cost Shifts from Statewide
  - Functional Specific Charge Backs
  - Broad Based ICR and SCH Assessments

- New & Innovative Mechanisms for Gathering Reallocation Pool
### University of Alaska

**UAF - Accounts Receivable (Restricted Funds)**

**FY07 - FY09 (as of 12/31/08)** in 1000’s

<table>
<thead>
<tr>
<th></th>
<th>FY07</th>
<th>FY08</th>
<th>FY09 as of 12/31/08</th>
<th>Projected FY09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted G&amp;C Rev</td>
<td>$149.2</td>
<td>$145.0</td>
<td>$69.4</td>
<td>$142.9</td>
</tr>
<tr>
<td>Ave G&amp;C Receivable</td>
<td>$27.9</td>
<td>$28.7</td>
<td>$25.1</td>
<td>$27.2</td>
</tr>
<tr>
<td>Ave G&amp;C Rec as % of G&amp;C Revenue</td>
<td>18.7%</td>
<td>19.8%</td>
<td>36.2%</td>
<td>19.1%</td>
</tr>
</tbody>
</table>

**Note:** Revenue includes over and unfunded expenditures
### M/R & R/R Expenditures

<table>
<thead>
<tr>
<th></th>
<th>Fairbanks Campus</th>
<th>CRCD &amp; TVCC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY08 Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>$8,887,700</td>
<td>$3,781,500</td>
<td>$12,657,200</td>
</tr>
<tr>
<td>Operating</td>
<td>$14,216,920</td>
<td>$710,307</td>
<td>$14,927,227</td>
</tr>
<tr>
<td><strong>FY08 Calculated</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td>$13,008,709</td>
<td>$514,064</td>
<td>$13,522,773</td>
</tr>
<tr>
<td><strong>FY09 Budgeted</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>$9,655,900</td>
<td>$1,908,300</td>
<td>$11,564,200</td>
</tr>
<tr>
<td>Operating</td>
<td>$15,601,354</td>
<td>$845,085</td>
<td>$16,446,439</td>
</tr>
<tr>
<td><strong>FY09 Calculated</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td>$14,141,853</td>
<td>$564,118</td>
<td>$14,705,971</td>
</tr>
<tr>
<td><strong>FY10 Calculated</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td>$14,939,942</td>
<td>$971,019</td>
<td>$15,910,961</td>
</tr>
</tbody>
</table>

ALASKA'S FIRST UNIVERSITY  
AMERICA'S ARCTIC UNIVERSITY
Major Cost Savings

• Academic Affairs
  • $195 K – School of Management salary savings
  • $104 K – College of Liberal Arts salary savings

• Student and Enrollment Services
  • $25 K – Eliminated printing of class schedule

• Administrative Services
  • $273 K – Staff reductions and improved efficiency of turbine operation

• CRCD
  • $65 K – Salary savings and energy efficiency

• Research
  • $400 K – Geophysical Institute salary savings
  • $60 K – Consolidated central business office functions

III - FY10 Conditions and Distributions
Operating Assumptions

- FY10
  - Insufficient M/R funding
  - Potential lack of utility trigger mechanism
  - One time funding

FY10 Distributions

- Salary and benefits
- Potential additional utility expense
- PBB
IV - Performance Update

UAF Student Credit Hour Production

<table>
<thead>
<tr>
<th>Year</th>
<th>Professional</th>
<th>Graduate</th>
<th>Upper Division</th>
<th>Lower Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY06</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY07</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>FY08</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Projection*</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

* FY09 Update

ALASKA’S FIRST UNIVERSITY  *  AMERICA’S ARCTIC UNIVERSITY
Significant credit hour growth is found in the lower (+3.1%) and upper (+2.5%) divisions and in the following areas:

- **Fairbanks**: engineering, business, and natural resource management.
- **Tanana Valley**: allied health and the Fast-Track technology programs of automotive, airframe, power plant, drafting, and diesel.
- **CRCD Rural Campuses**: allied health, applied business, rural education, and construction technology.

### Number of High School Graduates, 1992-2022: Alaska

Source: WICHE
Regional Population Trends*

<table>
<thead>
<tr>
<th>Region</th>
<th>Δ 2000 to 2008 (%)</th>
<th>Net migration (headcount)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anchorage</td>
<td>1.1</td>
<td>-867</td>
</tr>
<tr>
<td>Matsu</td>
<td>4</td>
<td>17632</td>
</tr>
<tr>
<td>Gulf Coast</td>
<td>0.3</td>
<td>-2579</td>
</tr>
<tr>
<td>Interior (mainly Fairbanks)</td>
<td>0.8</td>
<td>-4200</td>
</tr>
<tr>
<td>Northern</td>
<td>0.1</td>
<td>-3685</td>
</tr>
<tr>
<td>Southeast</td>
<td>-0.7</td>
<td>-7979</td>
</tr>
<tr>
<td>Southwest</td>
<td>0</td>
<td>-5361</td>
</tr>
</tbody>
</table>


Student Credit Hours

Strategies:

• Continued efforts with Alaska high school seniors.
• Tuition waivers for Alaska Scholars.
• Continue to seek and promote financial aid opportunities for all students.
• Articulation agreements and recruiting in Washington State Community College System.
• Targeted recruiting (petroleum, mining, and other engineering) in China and India.
• Fall visit of interior Alaska high school counselors.
• Spring visit by Anchorage basin high school counselors and Washington Community College transfer advisors.
• New process in place to contact students two weeks after they have been admitted to encourage registration.
High Demand Job Area Degrees

- Certificates and Associates’ degrees will be down.
  - End of TVC Fast-Track Program (externally funded).
  - Military deployments impacting TVC enrollment.
  - Economy (and tuition/fee increases) causing part-time students to stop out.

- Baccalaureate degrees will be up about 12%.

- Graduate degrees are within normal variation; about 38 Ph.D.s are projected for the year.
Retention

<table>
<thead>
<tr>
<th>First-Time Full-Time Freshmen</th>
<th>3-Year Historical Trend</th>
<th>FY10 Update</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY07</td>
<td>FY08</td>
</tr>
<tr>
<td>All Freshmen</td>
<td>66%</td>
<td>64%</td>
</tr>
<tr>
<td>Baccalaureate Freshmen</td>
<td>77%</td>
<td>75%</td>
</tr>
</tbody>
</table>

**Retention**

- New Baccalaureate admission standard is increasing retention.
- Mandatory placement has been implemented for core (including mathematics) courses.
- The committee on improving advising has issued their report; recommendations to be implemented include more advisor training.
- Supplemental instruction continues to be effective.
- A freshman seminar will be implemented.
- Improvements to the Honors Program continue.
- Efforts are being made to encourage students to register before they leave for summer.
Persistence at Community Campuses

Data driven strategies:

• Community College Survey of Student Engagement conducted at TVC and KuC last year now driving change.
• TVC contacts students in good standing who have not registered prior to semester start.
• Rural campuses perform degree audits to identify and target students who are close to graduation but have stepped out.
• Campuses improve access to financial aid.
  • 1/2 time financial aid staff provided by SES to TVC.
  • Title III funds used to hire financial aid advisors at rural campuses.

University Generated Revenue

<table>
<thead>
<tr>
<th>3-Year Historical Trend</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY08 as of 15 April 2008*</th>
<th>FY09 as of 15 April 2009*</th>
<th>% Change FY06-09</th>
<th>FY09 Projection</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>204,293</td>
<td>212,278</td>
<td>210,949</td>
<td>160,134</td>
<td>163,662</td>
<td>2.2%</td>
<td>215,500</td>
<td>217,000 High</td>
</tr>
<tr>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>216,000 Nominal</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>210,000 Low</td>
</tr>
</tbody>
</table>

* Data does not include research projects funded with state capital funds: $2,183 and $2,354 for FY08 and FY09 respectively.

## Restricted Research Expenditures

<table>
<thead>
<tr>
<th>3-Year Historical Trend</th>
<th>FY08 as of 15 April 2008*</th>
<th>FY09 as of 15 April 2009*</th>
<th>% Change FY08-09</th>
<th>FY09 Projection</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY06</td>
<td>114,134</td>
<td>107,847</td>
<td>77,235</td>
<td>75,890</td>
<td>109,800 High</td>
</tr>
<tr>
<td>FY07</td>
<td>112,929</td>
<td></td>
<td></td>
<td></td>
<td>108,600 Nominal</td>
</tr>
<tr>
<td>FY08</td>
<td></td>
<td>77,235</td>
<td>75,890</td>
<td>106,044</td>
<td>104,800 Low</td>
</tr>
</tbody>
</table>

* Data does not include research projects funded with state Capital funds: $2,563 and $2,338 for FY08 and FY09 respectively.

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## Research Expenditures

ARRA Impacts:

*Facilities improvements should lead to future increases-*

- Alaska Region Research Vessel.
- Upgrades to Toolik Lake research facilities.
- Proposals to be submitted to upgrade and add to Arctic Health Research Building Facilities.

*Research funding opportunities are not yet clear-*

- Alaska Volcano Observatory funding increased (?).
Research Expenditures

- Facilities are a major concern.
- Failure of some campus facilities increases pressure on those that remain.
- Need for Energy Center.
- Need for Life Sciences Building, including both teaching and research laboratories.

Research Expenditures

- Status of biomedical hires
- Approach to EPSCoR IV
- Potential for becoming a DHS Center of Excellence.
V - FY11 Budget and 3–5 Year Planning Horizon

Campus Master Plan Update

Board of Regents’
Campus Master Plans Policy
Approved September 2008

Life Sciences will continue to be a prominent part of UAF’s Master Plan

Project Schedule
• April 16, 2009 - Consultant Proposals Received
  o Seven proposals received
• May 1, 2009 - Award/Authorization to Proceed
• June 15, 2009 - Development of Plan
  o Will include open forums during Fall Semester 2009 to allow for input from students, staff, faculty and the Fairbanks community
• September 30, 2009 - Draft Campus Master Plan
• November 30, 2009 - Final Campus Master Plan

The Campus Master Plan serves as the touchstone for all development of the physical environment at the University of Alaska Fairbanks, both in the immediate and more distant future.
Six-Year Capital Improvement Plan

Top Priorities

New Construction
• Life Sciences Innovation and Learning Facility
• Energy Technology Facility
• Engineering Expansion
• Student Services Residential Facilities

Renewal and Renovation
• Main Waste Line Repairs
• Critical Electrical Distribution
• Community Campuses’ R/R

The goal of the Capital Improvement Plan is to ensure that the necessary facilities, equipment and infrastructure are in place for the continued growth, refinement and improvement of the University as prescribed in the UA Strategic Plan.

Space Strategies

• Review classroom, computer laboratory, teaching laboratory and research laboratory utilization.
  • Classroom review complete.
  • Computer lab review at the end of the semester.
  • Others in progress.

• Reassign and renovate as funds permit.

• Reduce utilization of off-campus leased space in Fairbanks.
VI - Summary