For more information visit the UAF Office of Management and Budget at: www.uaf.edu/omb/

Revenues $434M

- State General Funds $175M (40%)
- Federal Receipts $93M (21%)
- Receipts & Partnerships $37M (9%)
- Tuition & Fees $44M (10%)
- Auxiliary Receipts & Transfers $60M (14%)
- ICR $25M (6%)

Of that, 67% ($291M) is unrestricted and 33% ($143M) is from sponsored activities.

Expenditures $434M

- Salaries & Benefits Unrestricted $177M (41%)
- Contractual Services $91M (21%)
- Federal Receipts $93M (21%)
- Salaries & Benefits Sponsored $67M (15%)
- Commodities $32M (7%)
- Student Aid $12M (3%)
- Travel $11M (3%)
- Equipment $9M (2%)

UAF commits funding to fixed labor, utilities, debt and student aid, leaving a small portion for flexible spending.

Budget Gap

UAF's cumulative budget gap totals $75M since FY14.

- Fixed Costs Increases
- State GF Cut

$129M Research

UAF's budget is spent in direct support of its mission.

$112M Academics

$33M Public Service

$23M Student Aid & Services

The University of Alaska Fairbanks is accredited by the Northwest Commission on Colleges and Universities. UAF is an affirmative action/equal opportunity employer and educational institution.
**Highlights of the Alaska State Operating Budget Process**

**Acronyms:**
- UAF = University of Alaska Fairbanks
- UA = University of Alaska
- BoR = Board of Regents
- OMB = Office of Management and Budget

**Note:** Supplemental budgets and the utilities trigger funding typically occur in addition to this process.

**UAF Planning and Budget Committee:** Feb-May
Cabinet refines: May-Aug.
UAF submits to UA: Aug.

**Agency Prepares Proposal**

**BoR Review:** Sept.
**BoR Approval:** Nov.

**Division of Budget Review**

**State OMB:**
October-November

**UAF submit to Governor:** Dec. 1.

February/March;
Includes subcommittee meetings

**Governor submits to Legislature**

**December 15**

**Senate Introduction and Referral**

**March/April;**
Includes subcommittee meetings

**House Introduction and Referral**

**House Finance Committee**

**House Floor vote**

**Concurrence**

**Recedence**

**Conference Committee Action**

**Early April**

**April**

**House Floor vote**

**House decides action to override vetoes or does nothing**

**April 19: End of Session**

**Senate Floor Vote**

**Senate decides action to override vetoes or does nothing**

**Mid-May**

**Budget is enacted into law**

**Effective July 1**

**April**
Budget Forum

March 21, 2017
Interim Chancellor Dana L. Thomas, Ph.D.

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

<table>
<thead>
<tr>
<th>Flat GF budget: $162M GF</th>
</tr>
</thead>
<tbody>
<tr>
<td>• UAF Fixed Costs: $2.7M</td>
</tr>
<tr>
<td>• UAF Strategic Reallocation: $1.0M</td>
</tr>
<tr>
<td>• UA Strategic Pathways Implementation: $2.8M</td>
</tr>
<tr>
<td>• UA President’s Priorities: $3.0M</td>
</tr>
<tr>
<td><strong>Total Gap = $9.5M</strong></td>
</tr>
<tr>
<td><strong>5.8% GF or 3.6% Fund 1 (F1)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>-5% GF budget: $155M GF</th>
</tr>
</thead>
<tbody>
<tr>
<td>• UAF Fixed Costs: $2.5M</td>
</tr>
<tr>
<td>• UAF Strategic Reallocation: $0.5M</td>
</tr>
<tr>
<td>• UA Strategic Pathways Implementation: $2.7M</td>
</tr>
<tr>
<td>• UA President’s Priorities: $1.5M</td>
</tr>
<tr>
<td><strong>Total Gap = $15.3M</strong></td>
</tr>
<tr>
<td><strong>9.4% GF or 5.8% Fund 1 (F1)</strong></td>
</tr>
</tbody>
</table>

### UAF operating expenditures by category: $439M (FY16)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Benefits - Unrestricted</td>
<td>41%</td>
</tr>
<tr>
<td>Salaries &amp; Benefits - Restricted</td>
<td>15%</td>
</tr>
<tr>
<td>Contractual Services - Restricted</td>
<td>10%</td>
</tr>
<tr>
<td>Contractual Services - Unrestricted</td>
<td>11%</td>
</tr>
<tr>
<td>Commodities</td>
<td>8%</td>
</tr>
<tr>
<td>Debt &amp; Transfers</td>
<td>5%</td>
</tr>
<tr>
<td>Commissions</td>
<td>3%</td>
</tr>
<tr>
<td>Travel</td>
<td>2%</td>
</tr>
<tr>
<td>Equipment</td>
<td>2%</td>
</tr>
<tr>
<td>Land &amp; Buildings</td>
<td>3%</td>
</tr>
<tr>
<td>Student Aid</td>
<td>3%</td>
</tr>
</tbody>
</table>

[Handout 280-1]
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**
- 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
Managing the gaps: GF reductions

<table>
<thead>
<tr>
<th>Vice Chancellor</th>
<th>Central Reductions, Variable by %</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY14</td>
<td>FY15</td>
</tr>
<tr>
<td>Chancellor</td>
<td>1.5-2.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>VC Admin/Central Accts</td>
<td>1.5-2.5%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Off. Info. Technology</td>
<td>1.0-1.5%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Provost</td>
<td>0.5-0.75%</td>
<td>3.0-5.0%</td>
</tr>
<tr>
<td>VC Research</td>
<td>0.75-1.5%</td>
<td>4.0-5.0%</td>
</tr>
<tr>
<td>VC Univ. &amp; Student Adv.</td>
<td>1.0-2.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>VC Rural/Native Ed.</td>
<td>0.5-1.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Staff benefit savings helped alleviate fixed cost increases
- Units covered another $8M in cost increases & reductions

No ATB approach to central GF or Fund 1 pullbacks
Preserving revenue generating units, cutting service units

FY15 reduction outcomes

- Largest savings from personnel changes
- Ended additional off-campus leases
- Outsourced Printing Services
- Co-located Biosciences & Mather libraries
- Increased external revenues in Athletics & KUAC
- State required $520k cut in travel (FY15)
  - UAF reduced $1.5M in unrestricted travel FY15
  - $1.0M more than specified in legislative intent
- Service reductions:
  - Shuttle, grounds keeping, public event support
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)

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
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

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
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

6. Continuing review:
   – 12 programs

Special program reviews

Selected via committee processes:

• eLearning & Summer Sessions/Lifelong Learning
  – Structure & tuition model

• Farms & large animal care
  – Duplication of effort

• Public information/Marketing & Communications
  – Structure & cost of service

• K-12 bridging/outreach
  – Return on investment

• Revenue opportunities
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

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
- Reviewing ICR distribution with UA System
### FY16 position impact

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

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 - will 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
Administrative reductions

**Information Technology: 13% reduction - $0.5M**
- Service consolidation & service partnerships with units
- Significant reorganization & employee layoffs

**Univ. & Student Advancement: 14% reduction - $2.8M**
- Restructured Dean of Students position, Title IX focus
- Cut pre-season play tournament, reduced athletics scholarships & curtailing recruitment efforts
- Layoffs/reduced contracts in most service areas
- KUAC AP & APRN memberships discontinued

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Academic reductions

**Provost: 11% reduction - $7.1M**
- Fewer faculty & TAs to provide instruction & support
- Retention programs: 1st-Year Experience, supplemental instruction, Math Bridge
- AK Summer Research Academy (ASRA), Geography Outreach (K-12)
- Research & creative activity support
- UA Press GF eliminated (non-designated)
- Facility closures, consolidation/repurposing: LARS, Palmer Experiment Farm, Fairbanks Experiment Farm
- Academic program suspensions, will lead to elimination
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

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