

# FY16 AT A GLANCE

State GF was reduced \$8M in FY15, \$13M in FY16 and \$20M in FY17. The cumulative impact is estimated at over \$70M due to cuts and rising fixed costs.

Receipts & Partnerships \$37M 9%

ICR \$25M 6%

State General Funds \$175M 40%

Student tuition and fees increased 5% from FY15-FY16. This source is critical for managing GF cuts.

Tuition & Fees \$44M 10%

Auxiliary Receipts & Transfers \$60M 14%

## REVENUES

### \$434M

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

Non-ARRA federal funding increased 8% in FY16. UAF is actively exploring areas to diversify its research portfolio.

Federal Receipts \$93M 21%

Salaries & Benefits Unrestricted \$177M 41%

FY14-FY16 labor costs decreased by \$18M; of this, \$14M (or 76%) was on unrestricted sources.

Contractual Services \$91M 21%

## EXPENDITURES

### \$434M

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

Commodities \$32M 7%

Debt will increase due to financing for the power plant and the Engineering building.

Debt & Transfers \$20M 5%

Land & Buildings \$15M 3%

Student Aid \$12M 3%

Equipment \$9M 2%

Travel \$11M 3%

Salaries & Benefits Sponsored \$67M 15%

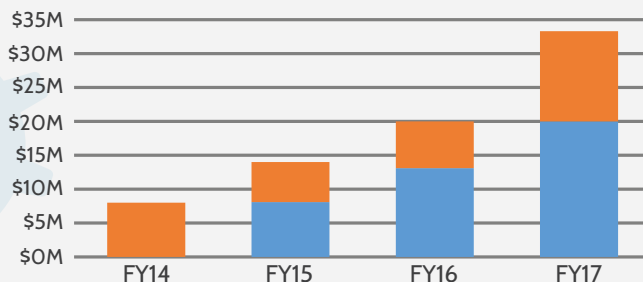
Externally sponsored travel is 65% (\$7M) of total travel. Administrative travel (\$4M) was reduced by 12% from FY15.

## BUDGET GAP

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

Fixed Costs Increases

State GF Cut



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

\$129M  
RESEARCH



\$112M  
ACADEMICS

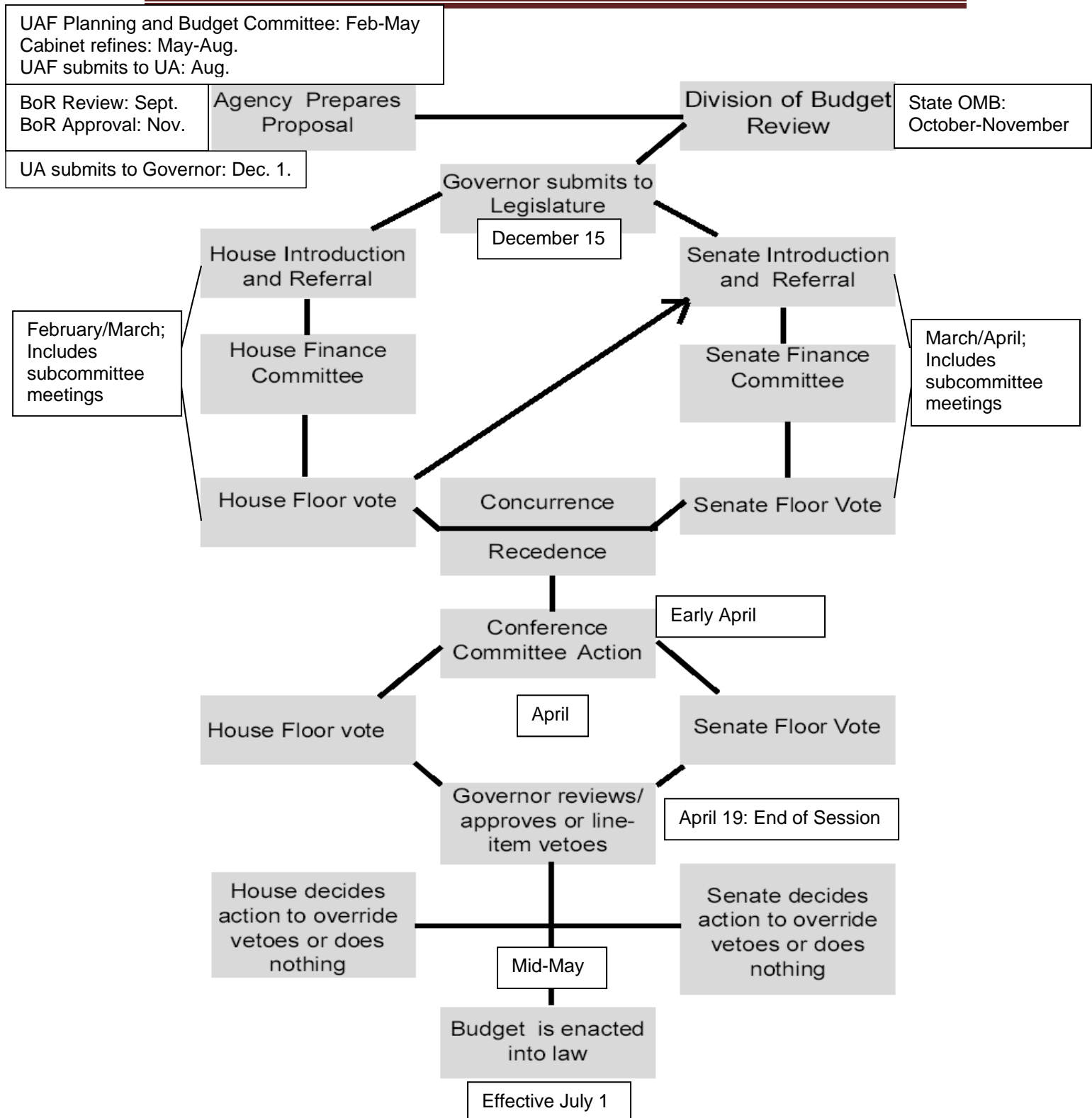


\$33M  
PUBLIC SERVICE



\$23M  
STUDENT AID & SERVICES

## Highlights of the Alaska State Operating Budget Process



**Note:** Supplemental budgets and the utilities trigger funding typically occur in addition to this process.  
**Acronyms:** UAF = University of Alaska Fairbanks; UA = University of Alaska; BoR = Board of Regents; OMB = Office of Management and Budget



# Budget Forum

March 21, 2017

Interim Chancellor Dana L. Thomas, Ph.D.

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## 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

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## UAF scenarios

Flat GF budget: \$162M GF

- UAF Fixed Costs: \$2.7M
- UAF Strategic Reallocation: \$1.0M
- UA Strategic Pathways Implementation: \$2.8M
- UA President's Priorities: \$3.0M

Total Gap = \$9.5M  
5.8% GF or 3.6% Fund 1 (F1)

-5% GF budget: \$155M GF

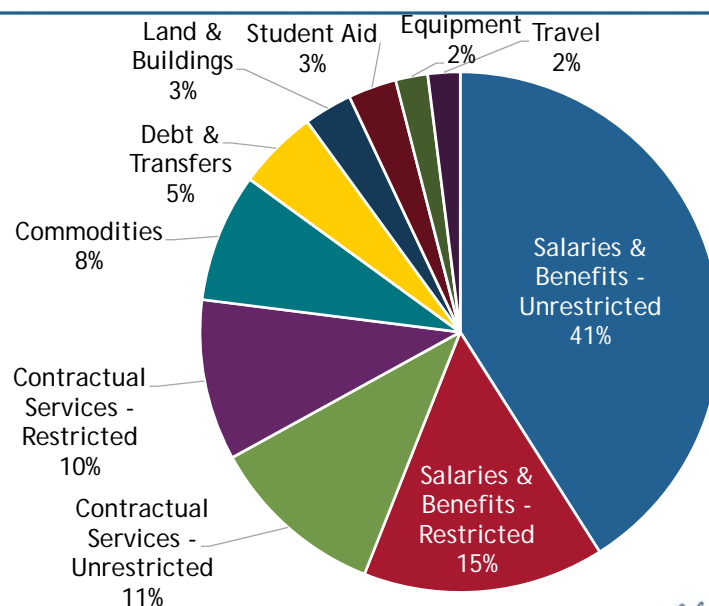
- UAF Fixed Costs: \$2.5M
- UAF Strategic Reallocation: \$0.5M
- UA Strategic Pathways Implementation: \$2.7M
- UA President's Priorities: \$1.5M

Total Gap = \$15.3M  
9.4% GF or 5.8% Fund 1 (F1)

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



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## 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

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## 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?

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## 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?

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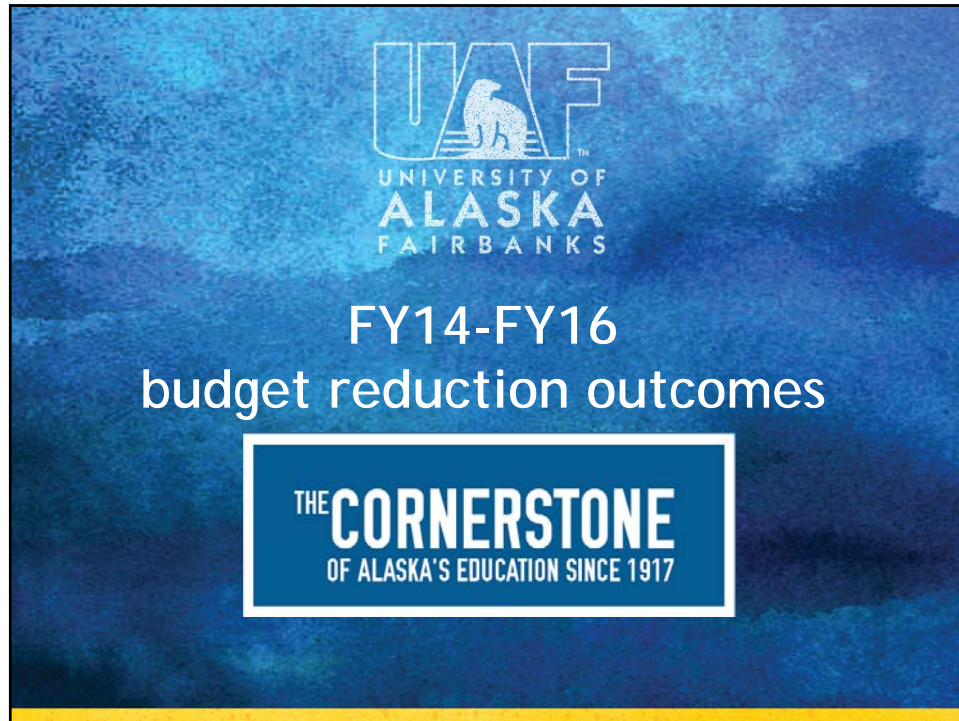


## Next steps

- 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  
<http://www.uaf.edu/finserv/omb/budget-planning/suggestions/>
- Additional forums & info sessions will be scheduled

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## 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

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## Managing the gaps: GF reductions

	Central Reductions, Variable by %			Impact
	FY14	FY15	FY16	FY14-16 Total
<b>Vice Chancellor</b>				
Chancellor	1.5-2.0%	6.0%	17.3%	\$ 1,083,000
VC Admin/Central Accts	1.5-2.5%	6.0%	13.5%	\$ 7,100,000
Off. Info. Technology	1.0-1.5%	6.0%	13.2%	\$ 764,000
Provost	0.5-0.75%	3.0-5.0%	11.4%	\$ 10,775,000
VC Research	0.75-1.5%	4.0-5.0%	13.3%	\$ 3,166,000
VC Univ. & Student Adv.	1.0-2.0%	5.0%	13.8%	\$ 2,816,000
VC Rural/Native Ed.	0.5-1.0%	5.0%	11.7%	\$ 3,650,000
<b>TOTAL</b>				<b>\$ 29,354,000</b>

- 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 <sup>32</sup>



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## 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

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## 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)

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## 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

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## 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

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## 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

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## 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

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## 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

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## 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

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## 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

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## FY16 position impact

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

UAF's largest impact area is in personal services  
 \*Numbers listed exclude contract reductions

## 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: 1<sup>st</sup>-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

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## 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

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## 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

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