

University of Alaska

Shaping
Alaska's
Future

FY16 Budget Overview

House Finance Subcommittee
February 2, 2015



UNIVERSITY
of ALASKA

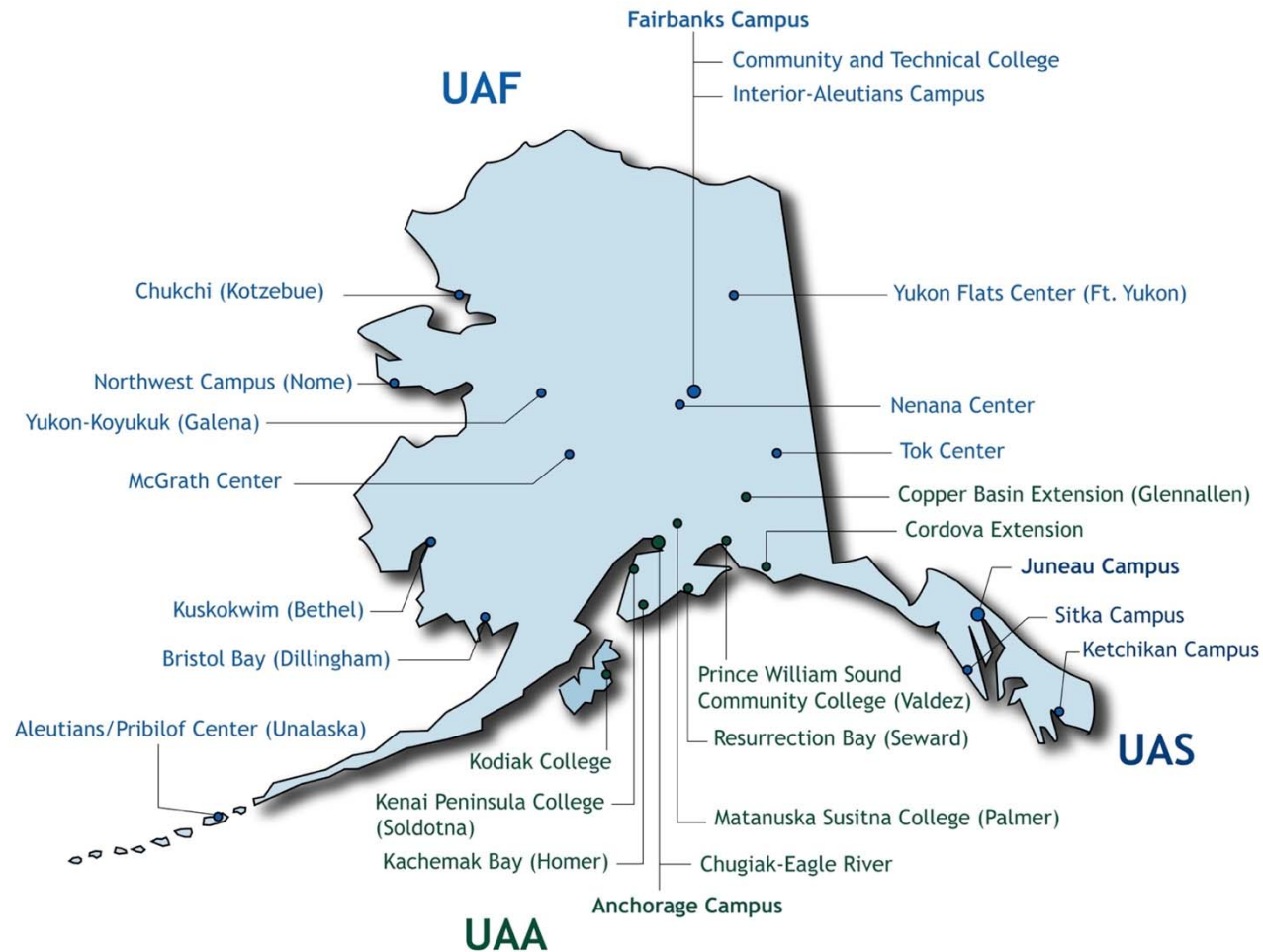
Many Traditions One Alaska

The UA Mission

“The University of Alaska inspires learning, and advances and disseminates knowledge through teaching, research, and public service, emphasizing the North and its diverse peoples.”



Serving All Alaskans



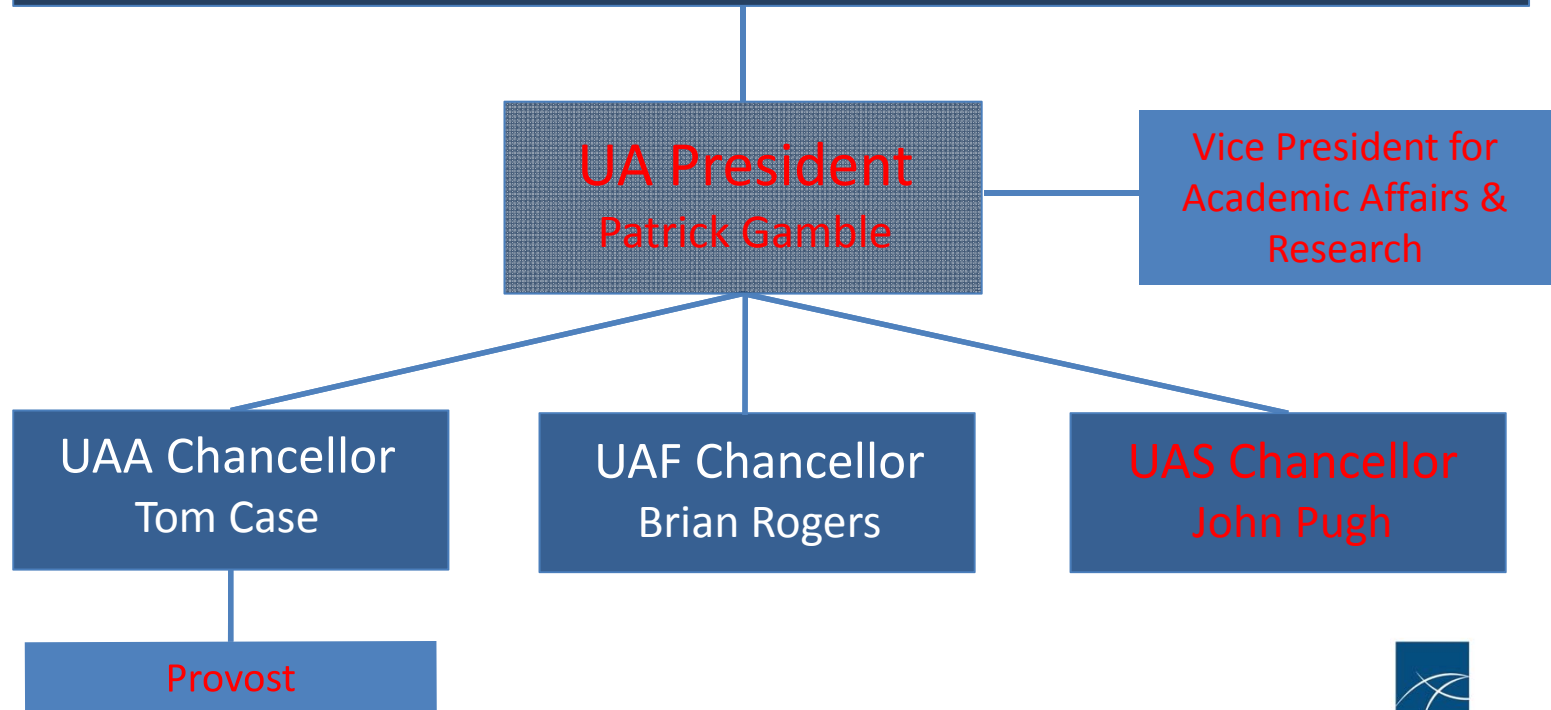
3 universities; 12 community campuses;
numerous outreach centers



Top Level Organizational Chart

Board of Regents

Jyotsna Heckman, Chair; Mike Powers, Vice Chair; Kenneth Fisher, Secretary; Gloria O'Neill, Treasurer; Dale Anderson; Sheri Buretta; John Davies; Courtney Enright; Mary Hughes; Lisa Parker; Andy Teuber



Shaping Alaska's Future

It's our map for navigating the challenging terrain ahead. It will guide decisions about people, programs and resources at UA for years to come.



Shaping Alaska's Future

A strong university system is essential to a healthy and growing economy and way of life.

That strength is measured by:

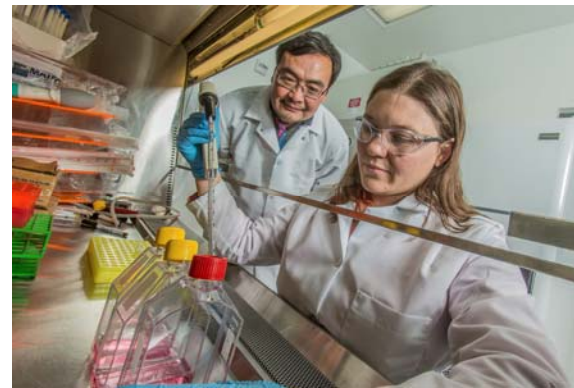
- The number and quality of our graduates at every level*
- Our results in meeting the workforce and research needs of Alaska*
- Our partnership with others in tackling the state's challenges and opportunities*



FY16 Budget

Focused on a core, continuing to deliver best ever results, building a reputation for excellence.

- Student experience, retention, and success
- Data-driven decision making, program and training prioritization, meeting Alaska's business requirements
- Research and partnerships to enhance Alaska's communities and economic growth



Core Services and the FY16 Budget

Our core programs, those where the university is strongest, must continue on to meet state and student needs until the pressure eases.

- Workforce Development
- Research and Development
- Cultural Scholarship and Preservation
- Community and Industry Partnerships



Maintaining Results

- Graduation rate nearly 12 percent higher than FY10
- Degrees and certificates awarded in FY14 at an all-time high – up 31 percent from FY10
 - Engineering degrees up 25 percent from FY10
 - Degrees in high-demand job areas up 22 percent
 - Teacher education degrees up 27 percent since FY10
- Received more than \$650 million in competitive research grants since FY10 - \$118 M in FY14 alone



Achieving New Results

- UA percentage of total degrees that are STEM, 6th in the U.S for public institutions.
- UAA 2015 list of the best online programs for master's degrees in education.
- UAA ranked by US News and World Report in the top 5% out of 1421 institutions in the Western Region.
- UAA Experimental Economics ranked 10th in the nation.
- UAS 2015 list Best Online Teaching Degrees.
- UAF Homeland Security and Emergency Management (HSEM) program, ranked as 2nd in the US for affordability of program and 5th in the US for quality of program.
- UAF research publications and citations on Arctic research top not only the nation, but are also #1 in the world!



How to Strengthen the Core?

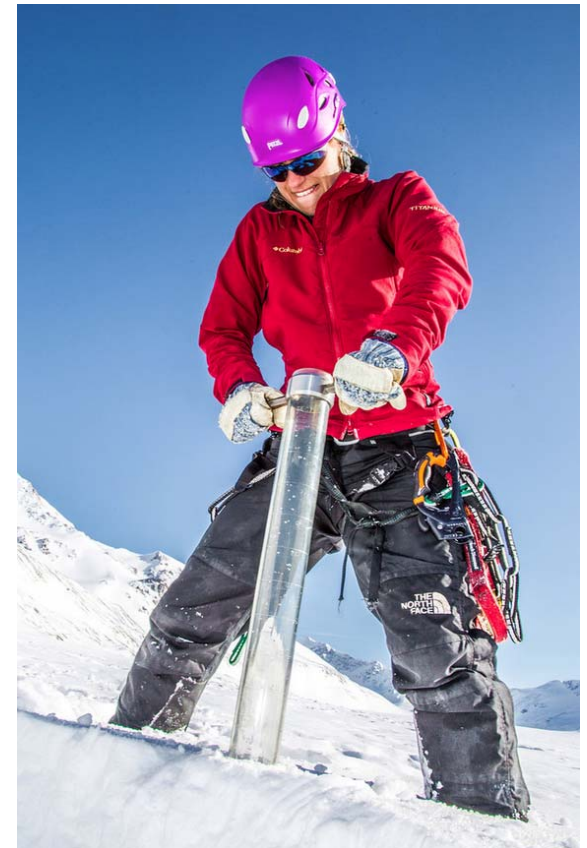
Address the higher education paradigm shift:

- keep building value and accountability
- a balance of tuition and fees
- compete, stay relevant, embrace institutional excellence, service

Establish partnerships:

- the State of Alaska, federal government, commercial businesses
- K-12 schools; other universities
- private industry

Build a reputation for excellence that will continue to attract students, excellent faculty, research dollars, and that give us a place at the table.



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“Niches” – The Focal Points

- Research for Alaska’s needs
- FSMI – Alaska’s largest workforce
- Arctic Policy
- Aerospace
- Health Sciences
- Geo Sciences
- Land Grant Exploitation



The Model:

Eliminate Cost + Generate Revenue

- Prioritize and reallocate resources
- Space utilization: reduce leased space, consolidate
- Long-term facility management plan... Sightlines, university building fund, Land Grant Equivalency initiative
- Control energy expense
- System-level collaborations
- Commercialization
- Investment opportunities...unmanned aerial systems, alternative energy, arctic research, climate research, fisheries, oceans, space physics
- Enroll and retain more students



Challenges

- Readiness for college and/or workforce
- The “core”
- Communicating a positive message of quality and excellence while rightsizing staff and faculty, programs and departments, to meet a state budget reduction plan
- Addressing aging infrastructure
- Meeting the needs of public and private partners
- Preserving the ability to invest for future returns in the “cut ... cut ... cut ...” environment



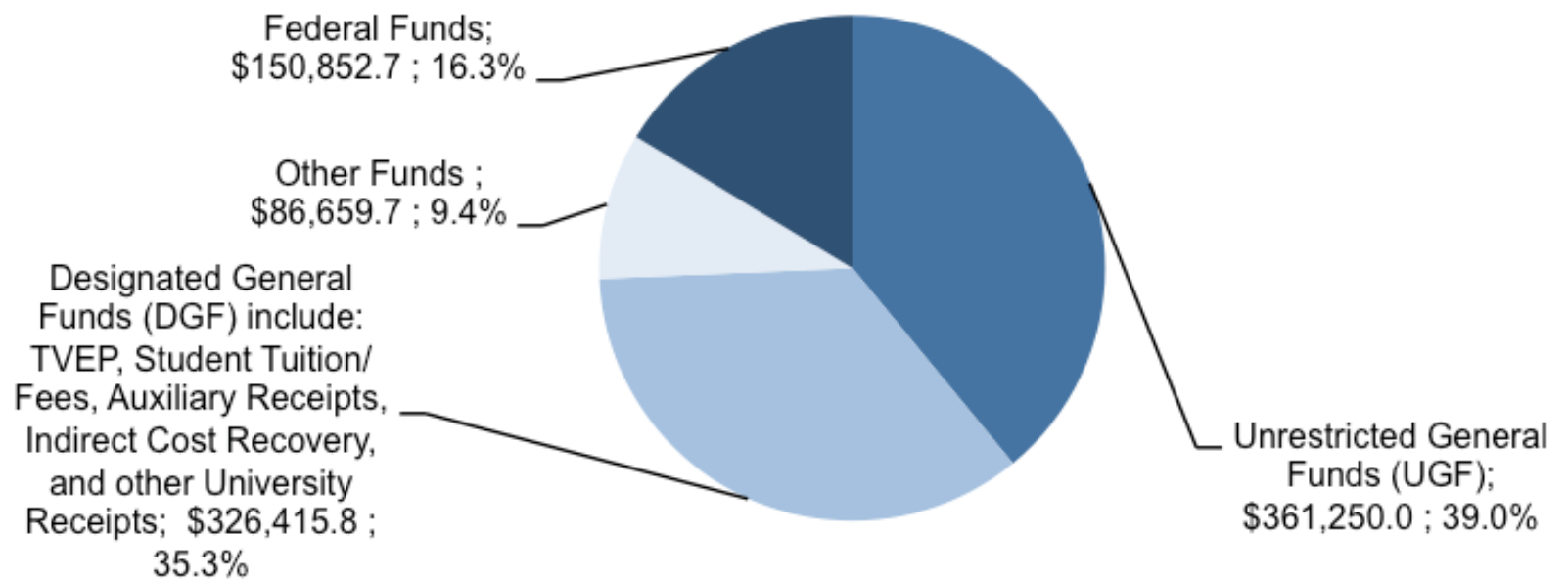
FY16 Operating Budget Challenges

Compounding effect of increased costs and funding reductions

-25% Baseline Impact Illustration Over 3 Years (in millions of \$)

	Parnell	Parnell (WIP)	Estimate 3yr Impact		
	FY15	FY16	FY16	FY17	FY18
GF Baseline Begin	371.3	370.6	373.3	361.2	324.8
GF Reduction %	-4.6%	-1.6%	-3.2%	-10.1%	-11.2%
GF Reduction \$	-17.0	-6.1	-12.1	-36.4	-36.3
GF Increment \$*	16.3	8.8	0.0	0.0	0.0
GF Baseline End	370.6	373.3	361.2	324.8	288.5
Fixed Cost	-11.4		-24.7	-11.0	-10.0
Effective GF Baseline	359.2		336.5	313.8	278.5
GF Reduction \$	-17.0		-18.2	-36.4	-36.3
Fixed Cost "must pays"	-11.4		-24.7	-11.0	-10.0
UA System Bogey	-28.4		-42.9	-47.4	-46.3
Baseline Reduced (3 years)	-\$90.9 million				
Grand Total	-\$136.6 million				
* Excludes \$0.3 million technical adjustment					

University of Alaska FY2016 Governor's Operating Budget by Fund Source



University of Alaska
FY2016 Governor's Operating Budget
(in thousands of \$)

	Unrestricted General Funds (UGF)	Designated General Funds (DGF)	Federal Funds (Fed)	Other Funds	Total
FY15 Operating Budget	370,599.7	316,693.5	150,852.7	86,717.8	924,863.7
Rev. FY15 One-time funded items	(1,981.5)	(1,082.1)	-	(1,865.0)	(4,928.6)
Base - FY15 Operating Budget	368,618.2	315,611.4	150,852.7	84,852.8	919,935.1
Governor's Budget Reduction	(18,168.5)				(18,168.5)
Adjusted Base Requirements					
Compensation Increases	9,318.8	9,318.8			18,637.6
UA Federation of Teachers (UAFT) ⁽¹⁾					-
Local 6070	241.2	241.2			482.4
United Academics Faculty (UNAC)	2,814.9	2,814.9			5,629.8
UA Adjuncts (UNAD)	169.6	169.6			339.2
Fairbanks Firefighters Union (FFU)	38.3	38.3			76.6
UA Staff	5,611.8	5,611.8			11,223.6
Student Employees	286.9	286.9			573.8
Temporary Employees	156.1	156.1			312.2
Utility Cost Increases ⁽²⁾					-
Facility Maintenance and Repair ⁽³⁾	1,081.5	1,081.5			2,163.0
Unfunded Federal Mandates	65.8	-			65.8
Disability Support Coordinators ⁽³⁾	65.8				65.8
Subtotal-Adj'd Base Requirements	10,466.1	10,400.3	-	-	20,866.4
	2.8%	3.3%			2.3%
High Demand Program Requests					
Student Advising and Completion ⁽¹⁾	334.2				334.2
Subtotal-High Demand Programs	334.2	-	-	-	334.2
Budget Adjustments					
Technical Vocational Education Program		403.1			403.1
Mental Health Trust Authority				1,806.9	1,806.9
Subtotal-Budget Adjustments	-	403.1	-	1,806.9	2,210.0
FY16 Operating Change	(7,368.2)	10,803.4	-	1,806.9	5,242.1
FY16 Operating Budget	361,250.0	326,414.8	150,852.7	86,659.7	925,177.2
% Chg. FY15-FY16 Operating Budget	-2.0%	3.4%		2.1%	0.6%

(1) Contract has been ratified by members.

(2) Assumes a portion of the utility cost increases will be covered by the fuel trigger mechanism and supplemental funding. Funding contingent on oil prices being greater than \$70 per barrel.

(3) Partial one-time funding in FY15.

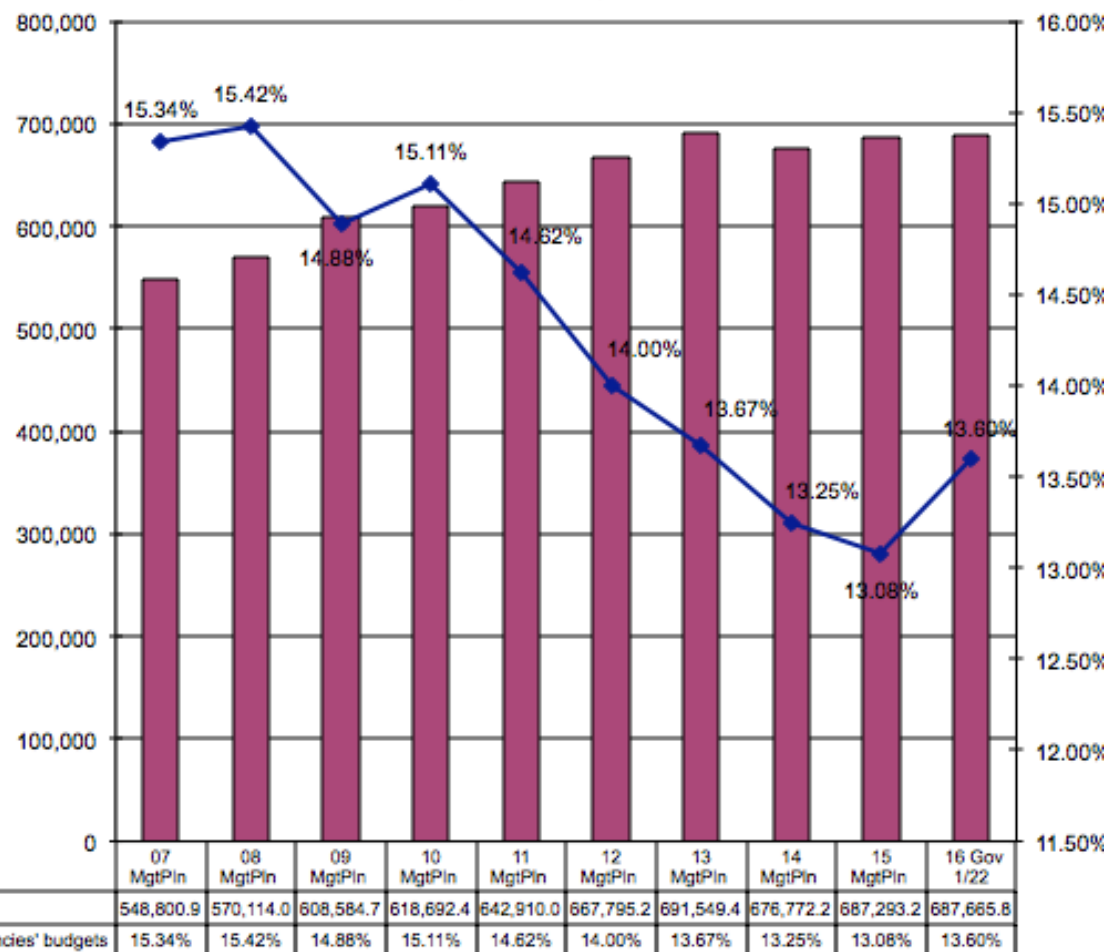
Graphs from the Legislative Finance Division



University of Alaska Share of Total Agency Operations (GF Only) (\$ Thousands)

The University's GF budget grew by \$138,864.9 million between FY07 Mgt Plan and FY16 Governor's Request - an average annual growth rate of 13.60%.

The University's total FY16 Governor's Request GF budget equals \$2,063 per resident worker.*

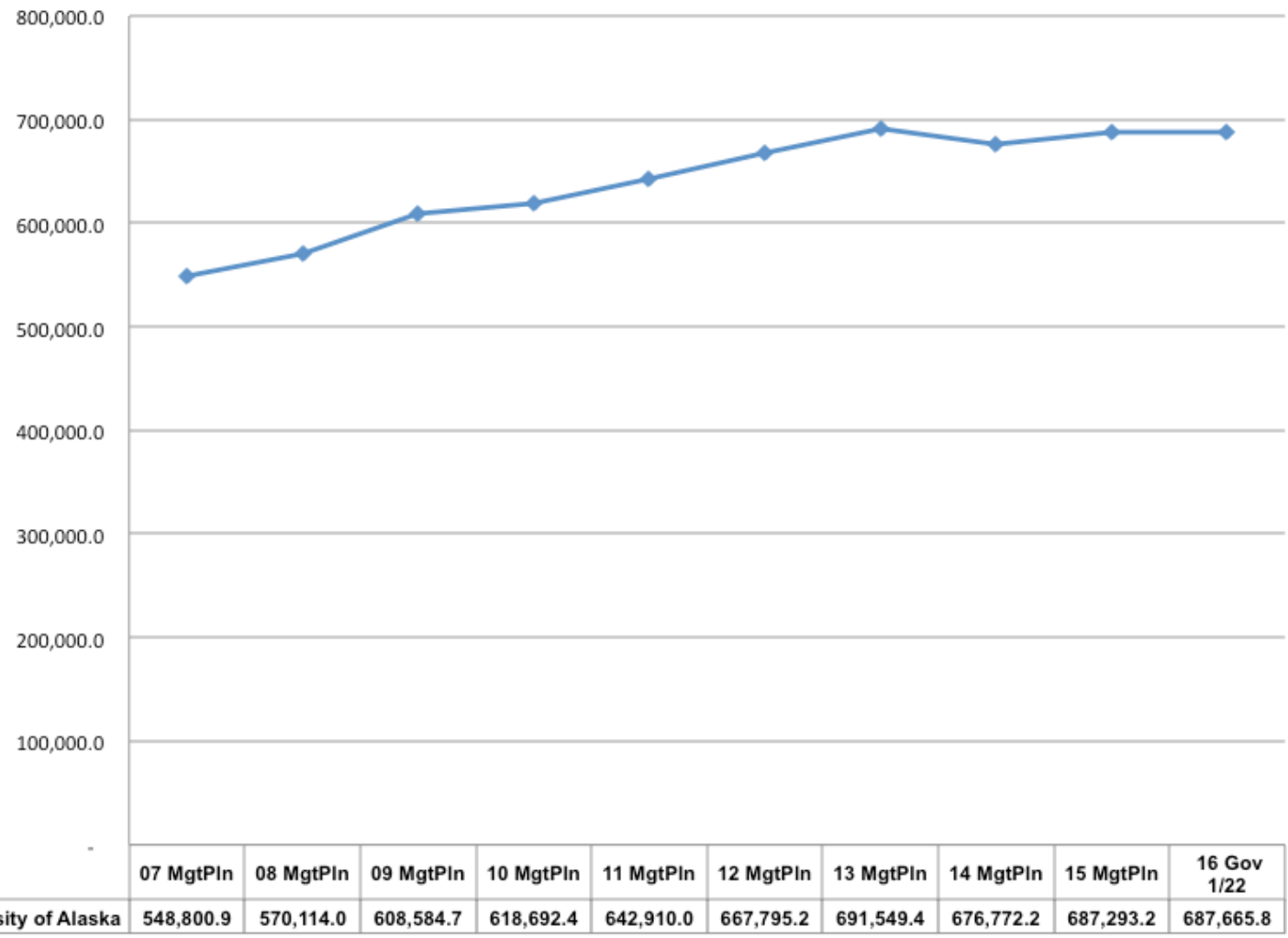


* According to the Department of Labor and Workforce Development, there were 333,283 resident workers in Alaska in 2012.

Appropriations within the University of Alaska
(All Funds)
(\$ Thousands)



**Appropriations within the University of Alaska
(GF Only)
(\$ Thousands)**



Year	Number of people in the labor force
1990	280,000
1991	290,000
1992	310,000
1993	325,000
1994	335,000
1995	345,000
1996	355,000
1997	365,000
1998	375,000
1999	375,000
2000	360,000

	07 MgtPln	08 MgtPln	09 MgtPln	10 MgtPln	11 MgtPln	12 MgtPln	13 MgtPln	14 MgtPln	15 MgtPln	16 Gov 1/22
University of Alaska	280,976.0	290,758.3	312,675.5	325,155.0	337,388.4	348,660.5	358,264.7	371,323.9	370,599.7	361,250.0



FY16 Capital Request

- Deferred maintenance funding
- Complete UAF Engineering building

