

FY17 Budget Overview

House Finance Committee

February 8, 2016



UNIVERSITY
of ALASKA

Our Mission

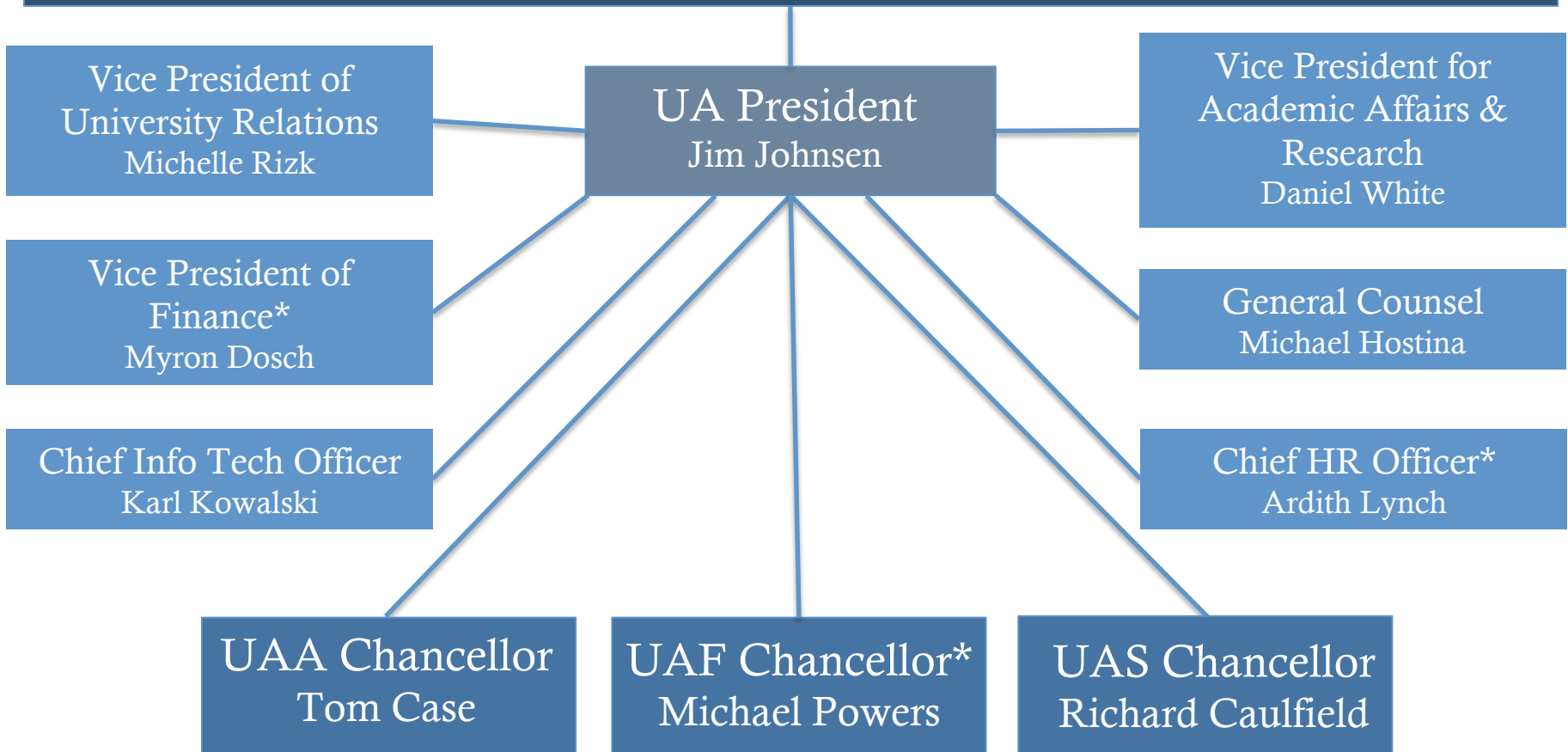
"The University of Alaska inspires learning, and advances and disseminates knowledge through teaching, research, and public service, emphasizing the North and its diverse peoples."

Regents' Policy 01.01.01

UA Organization Chart

Board of Regents

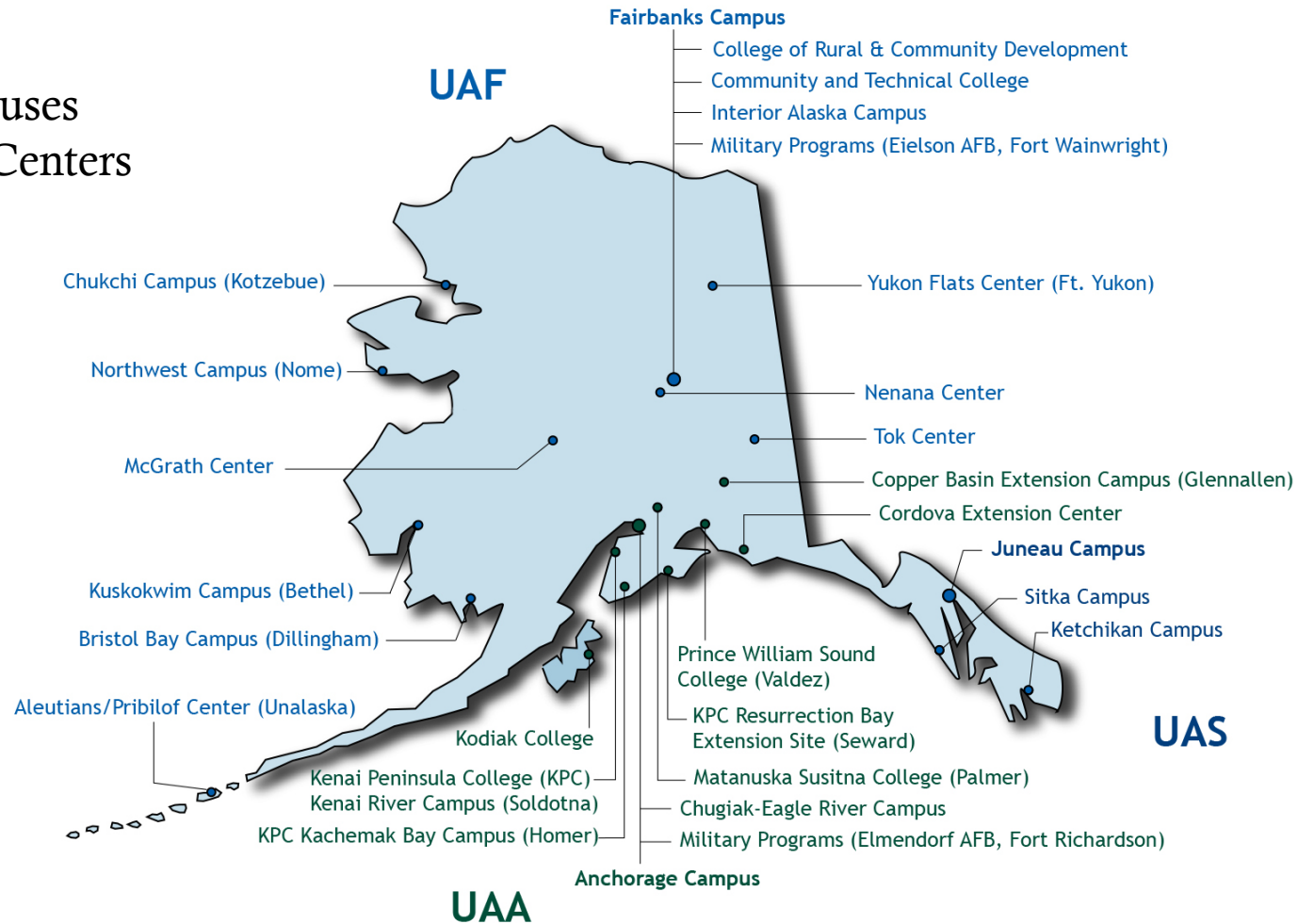
Jyotsna Heckman, Chair; Gloria O'Neill, Vice Chair; Kenneth Fisher, Secretary; John Davies, Treasurer; Dale Anderson; Sheri Buretta; Mary Hughes; Stacey Lucason; Deena Paramo; Lisa Parker; Andy Teuber



Serving All Alaskans

3 Universities
12 Community Campuses
Numerous Outreach Centers

Expanded e-Learning
extends education
opportunity to any
location with Internet



One University or Three?

"Yes"



Building on the Best of Both

- ✧ Benefitting from the individuality of each university and campus, meeting unique needs and maintaining strong ties to local communities
- ✧ Improving access and ease for students while reducing costs through enhanced coordination, consistency and collaboration
- ✧ Promoting unique areas of excellence to build a university that is greater than the sum of its parts

Strategic Pathways: Guide to restructuring the UA system

- ✧ The university needs to become more adept at meeting state needs.
- ✧ Regents fully support a hybrid system where the three universities remain distinct, but are better coordinated, have less duplication and play on the unique strengths of the individual universities.
- ✧ Areas where there is obvious regional or local responsibility will not be affected, nor will general education courses, support disciplines, developmental or workforce programs.
- ✧ The impact on students will be minimized. Streamlining systems and operations will ultimately benefit them and allow more flexibility and opportunities across the system.

UA Met FY16 Budget Reductions

✧ Reduced Administrative Costs

Furloughs, reduced contracts, unfilled vacancies, reduced services, consolidation of facilities, reduced maintenance, travel restrictions, process improvements

✧ Elimination of Some Academic Programs

Discontinuation of certificate and degree programs (with teach-out), suspension of low enrollment programs, reduced course offerings

✧ Cuts in Research Support

Reduced research support, reduced program funding, consolidation of animal care facilities

✧ Personnel Reductions

Layoff/non-retention or reduced assignments, fewer student and adjunct positions, increased teaching assignments, hiring freeze

Revenue Enhancement Efforts

- ✧ Tuition increase
- ✧ Tuition surcharge
- ✧ Increased fees
- ✧ Fundraising
- ✧ Commercialization of intellectual property
- ✧ Public-Private Partnerships

Challenges

- ✧ Reduced federal funding for research; continued high energy costs; state population loss; and rise of on-line, high quality alternatives to UA.
- ✧ To continue with reductions in and beyond FY2017 will challenge UA to recast the entire portfolio of education and workforce development programs without compromising the high standard of education and workforce training that is currently afforded UA students.
- ✧ Must explore longer-term strategic cuts and revenue opportunities that will help UA preserve and strengthen its capacity.

Investments for our Future

- ✧ Discovery: Alaska/Arctic research
- ✧ Access and equity: low-income, first generation, rural
- ✧ Workforce: voc-tech, teachers, health care, arts and science
- ✧ Economic development: commercialization of research
- ✧ Culture of education: connect with K-12

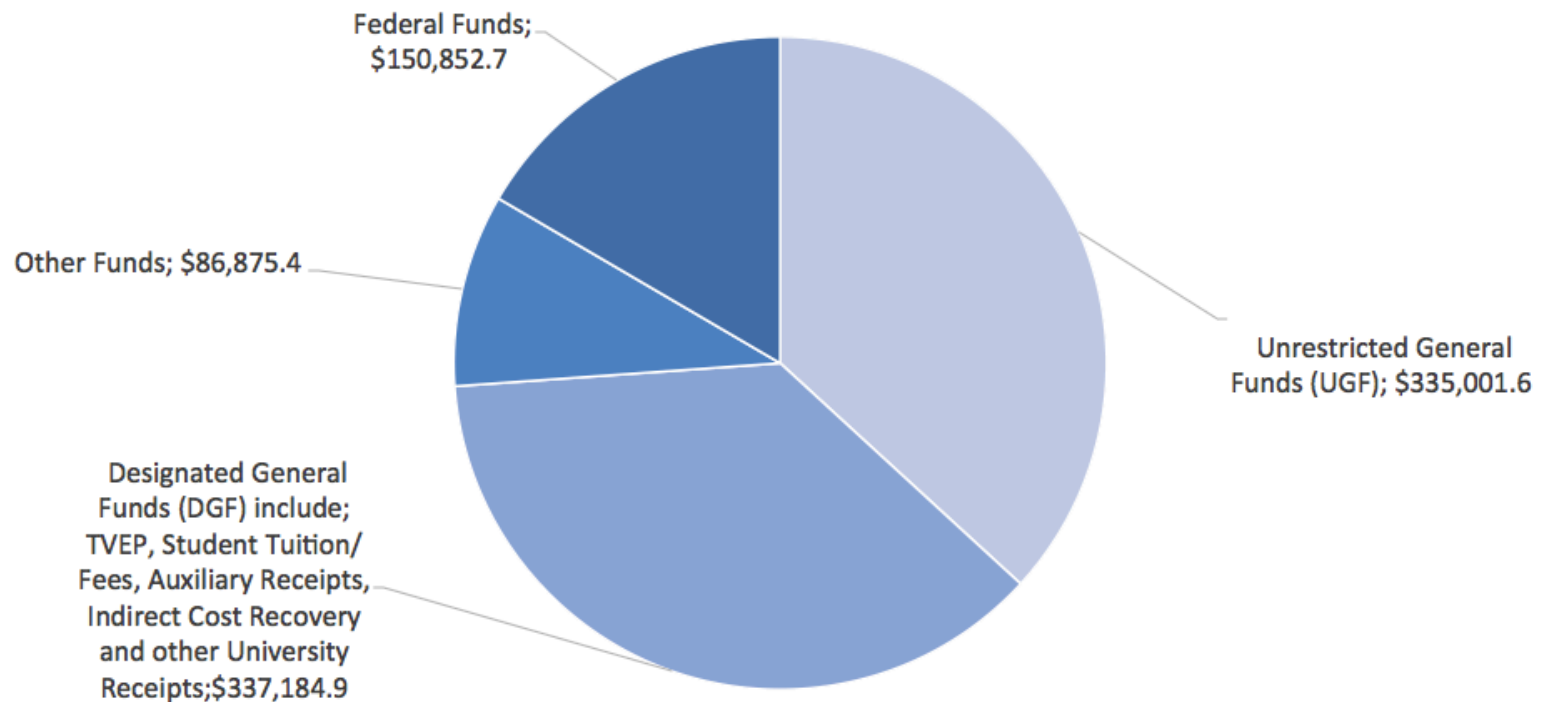
FY17 Adjusted Base Operating

	Funding Sources					Positions		
	UGF	DGF	Other	Federal	Total	PFT	PPT	Total
FY2016 Management Plan	350,787.0	327,169.4	86,784.7	150,852.7	915,593.8	4,518	221	4,739
FY2017 Adjusted Base (Legislative Finance)								
Reverse One-time Items	(10,073.0)	(154.1)			(10,227.1)			
FY17 Compensation Increases	9,818.5	9,818.5			19,637.0			
Alumni Licenses Plate Revenue Estimate		1.0			1.0			
FY17 Adjusted Base (Legislative Finance)	350,532.5	336,834.8	86,784.7	150,852.7	925,004.7	4,518	221	4,739
FY17 Governor Budget Increments/Decrements								
Unallocated Reduction	(15,530.9)				(15,530.9)			
TVEP Increment		350.1			350.1			
Mental Health Trust Increment (net)			90.7		90.7			
FY2017 Governor's Proposed Budget	335,001.6	337,184.9	86,875.4	150,852.7	909,914.6	4,518	221	4,739

Comparisons:

\$ Change FY2017 Adj. Base to Governor	(15,530.9)	350.1	90.7	-	(15,090.1)
% Change FY2017 Adj. Base to Governor	-4.4%	0.1%	0.1%	0.0%	-1.6%
\$ Change FY2016 Mgmt. Plan to Governor	(15,785.4)	10,015.5	90.7	-	(5,679.2)
% Change FY2016 Mgmt. Plan to Governor	-4.5%	3.1%	0.1%	0.0%	-0.6%

FY17 Operating Budget by Fund Source



Base Reductions FY15-FY17

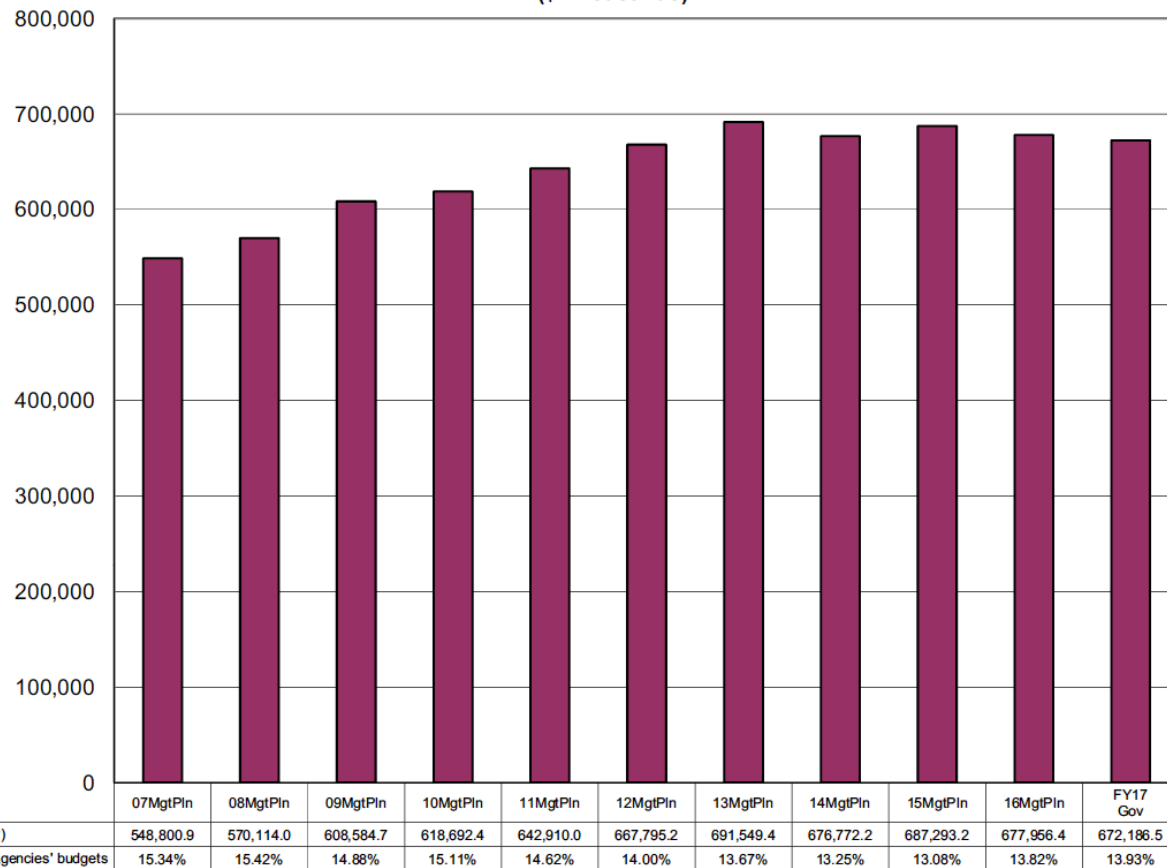
		FY2015	FY2016	Gov. FY2017
GF Baseline Begin		371.3	370.6	350.8
GF Reduction %		-0.2%	-5.3%	-4.5%
GF Reduction \$ (gross)		-17.0	-31.4	-25.6
GF Increment \$		16.3	11.6	9.8
	GF Net \$	-0.7	-19.8	-15.8
GF Baseline End		370.6	350.8	335.0
UA Planning Purposes				
GF Reduction \$		-17.0	-31.4	-25.6
UA Estimated Fixed Cost Increases		-11.4	-21.0	-31.6
UA System Budget Gap		-28.4	-52.4	-57.2
Effective reduction %		-7.6%	-14.1%	-16.3%

In millions of \$

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

The University's GF budget grew by about \$123.4 million (22.5%) between FY07 and the FY17 Governor's Request - an average annual growth rate for that period of 2.0%.

The University's total FY17 GF budget equals \$2,018 per resident worker.*



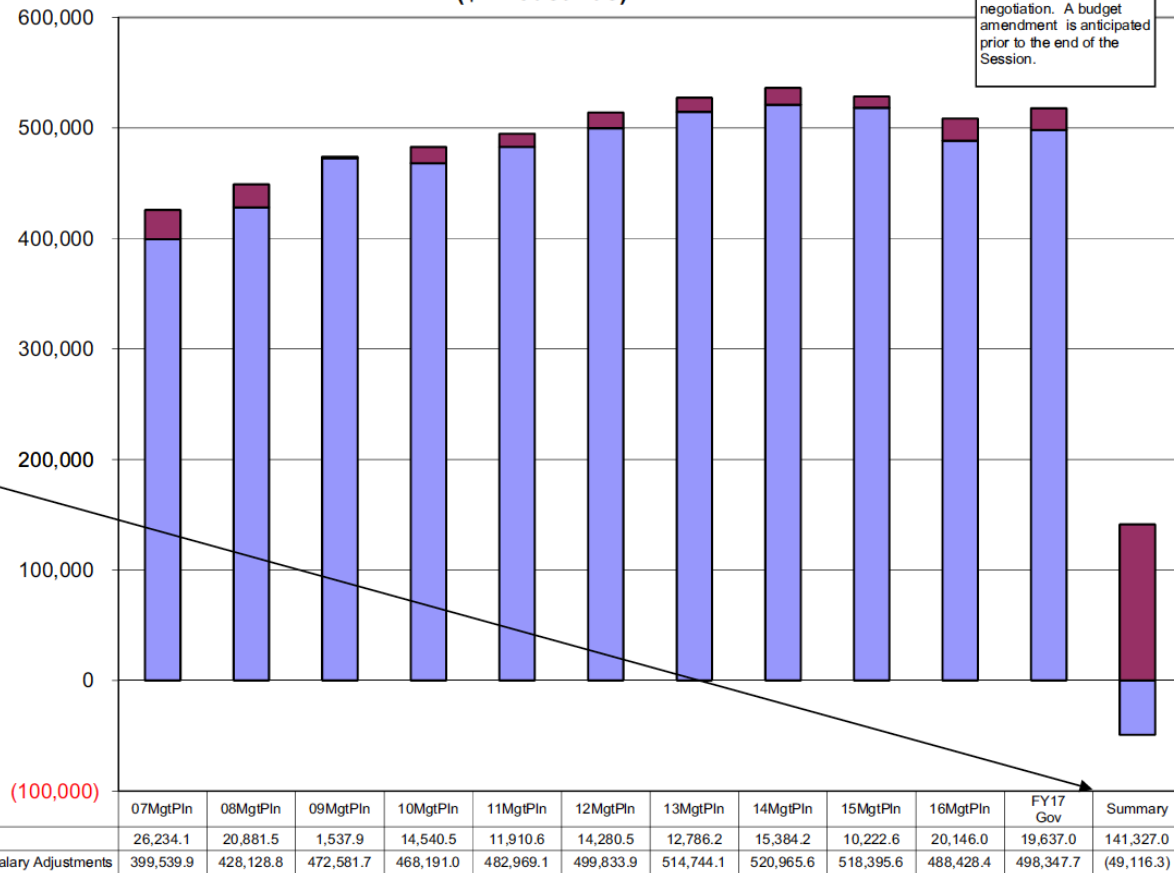
* According to the Department of Labor and Workforce Development, there were 333,174 resident workers in Alaska in 2013.

University of Alaska Salary Adjustment Increases and Personal Services Costs (All Funds) (\$ Thousands)

NOTE: The FY17 Governor's Request does not include Salary Adjustments for the Fairbanks Fire Fighters Assoc. Local 1324, currently under negotiation. A budget amendment is anticipated prior to the end of the Session.

Personal Services increased by \$92.2 million between FY07 and FY17 Gov--an increase of 22%.

Summary
The Personal Services change consists of the following:
--\$141 million of contractual salary adjustments; and
--(\$49 million) of non-contractual personal services costs.



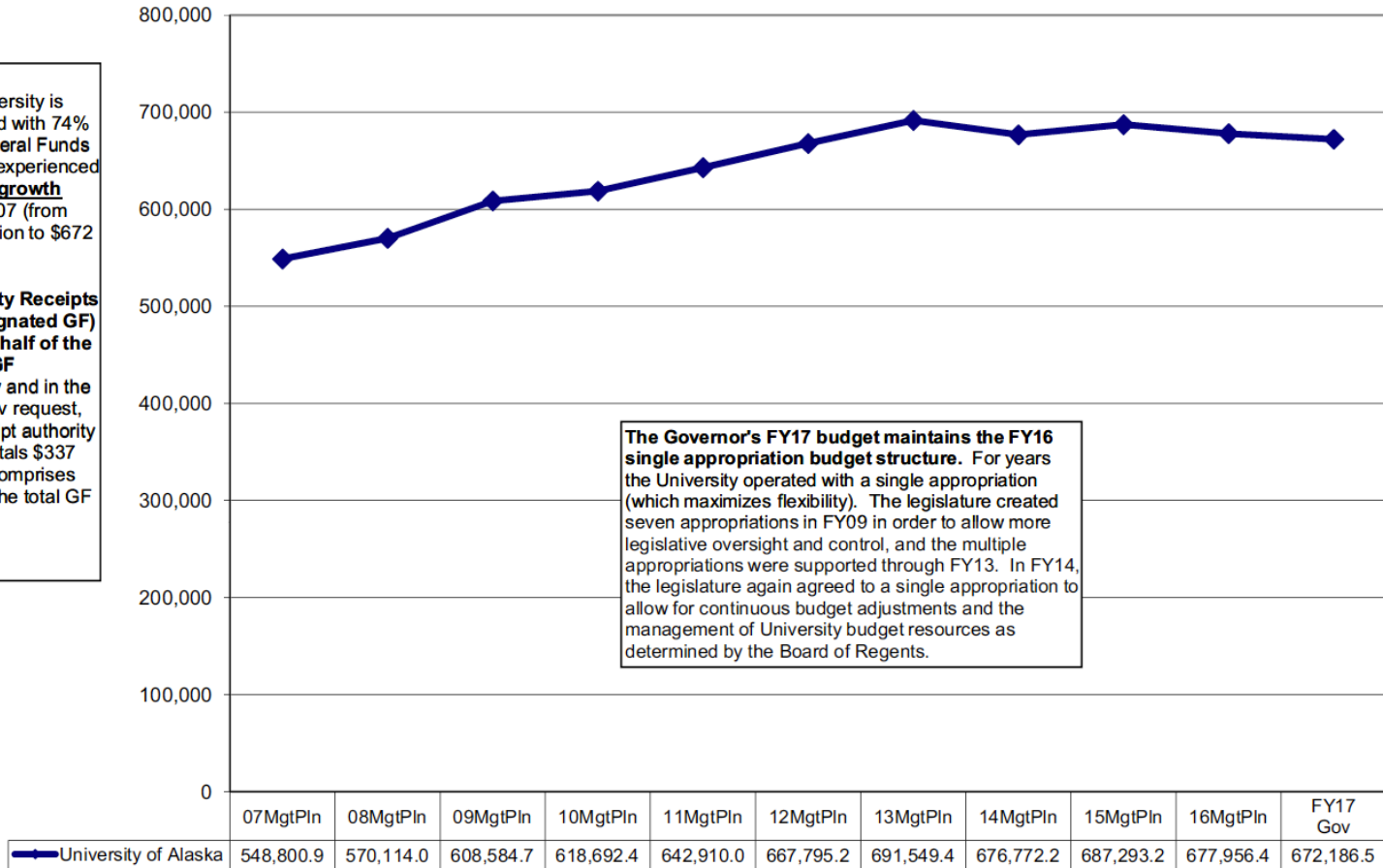
* Changes in the personal services line from FY07 to FY17 Gov are segregated into two parts: (1) base increases (primarily due to contractual negotiations) and (2) other personal services increases such as transfers between line items or increases from new positions. The final column sums the two types of changes during the period.

**University of Alaska Appropriation
(GF Only)
(\$ Thousands)**

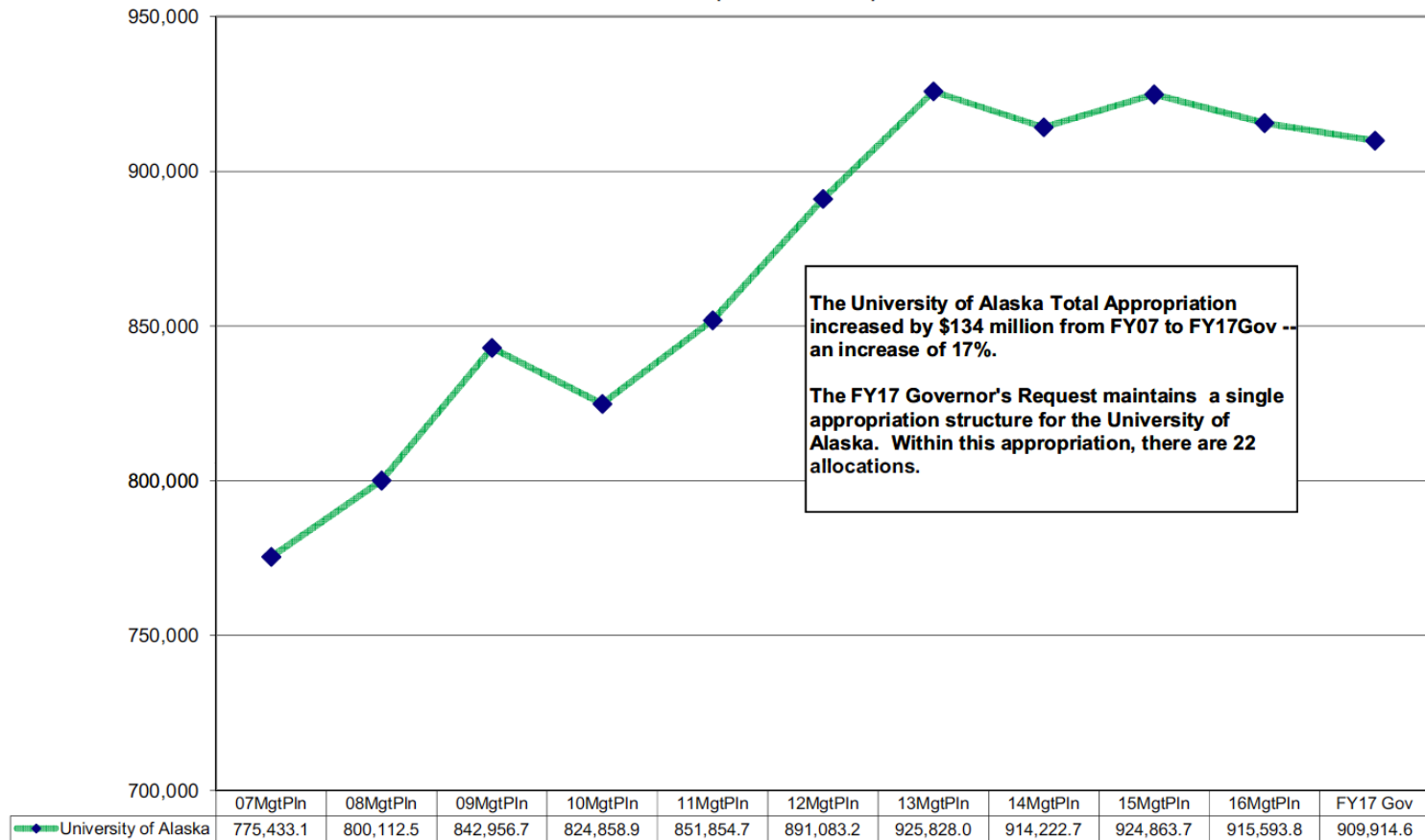
The University is supported with 74% total General Funds and has experienced **22% GF growth** since FY07 (from \$549 million to \$672 million).

University Receipts (as Designated GF) is about half of the overall GF category and in the FY17 Gov request, that receipt authority (which totals \$337 million) comprises 37% of the total GF budget.

The Governor's FY17 budget maintains the FY16 single appropriation budget structure. For years the University operated with a single appropriation (which maximizes flexibility). The legislature created seven appropriations in FY09 in order to allow more legislative oversight and control, and the multiple appropriations were supported through FY13. In FY14, the legislature again agreed to a single appropriation to allow for continuous budget adjustments and the management of University budget resources as determined by the Board of Regents.



**University of Alaska Appropriation
(All Funds)
(\$ Thousands)**



FY17 Capital Request

- ✧ UAF Engineering Learning and Innovation Facility
- ✧ Deferred Maintenance
- ✧ Annual Repair and Renewal

