

DATE: March 2, 2009

TO: Chancellor Ulmer, Rogers, Pugh

FROM: Mark Hamilton

SUBJECT: MAU Operating Review Guidelines – Spring 2009

To set the framework, the operating review discussions will begin with a recap of the management review information presented at the March 25<sup>th</sup> Business Council Meeting. Then a focus on FY10 distribution and implementation plans to achieve stated targets and goals, and strategic issues to consider for FY11 and beyond. The 2009 Operating Review dates are listed below.

|     |          |                   |
|-----|----------|-------------------|
| UAF | April 21 | 9:00 am – 3:00pm  |
| UAS | April 29 | 8:00 am – 2:00pm  |
| UAA | April 30 | 9:00 am – 3:00pm  |
| SW  | May 4    | 10:00 am – 4:00pm |

Proposed Schedule:

1 hrs Management Report Recap:

- The Management Report Review will be March 25<sup>th</sup>. The operating review recap will be spent discussing the highlights of that meeting. Questions provided by Myron Dosch via email (Appendix A).
- In addition as a follow up to the Management Report meeting, please answer the following questions.
  - 1) Comment on maintenance and repair (M&R) and renewal and replacement (R&R) expenditure requirements per BOR policy. Please report FY08 operating and capital expenditures for M&R and R&R support; FY09 budgeted operating and capital commitment for M&R and R&R. Comments should include the major projects funded with those funds in FY08, and expected to be funded in FY09 and FY10. If specific equipment or maintenance costs are funded through the capital budget in FY10, how will that affect the FY10 operating plan?
  - 2) Provide a status of all active capital accounts.
  - 3) Specify and quantify (to the best of your ability) major cost savings and efficiency actions/efforts taken to date in FY09, and any additional actions anticipated through year end. Identify whether these actions generate one-time or ongoing savings and the projected amount.

2 hrs FY10 Conditions/Distributions

- What are your MAU conditions and anticipated operating assumptions?
- FY10 distribution and relative impact to your MAU.
- Provide a brief update on FY09 projected final performance for common system measures, including non-credit instruction, and actively managed MAU strategy measures, focusing on strategies implemented and review of FY10 performance targets given environment and progress on planned strategies.
- What criteria will be used to create and distribute the one percent general fund performance funding pool within your MAU?

2 hrs FY11 Budget and 3-5 year Planning Horizon

- Chancellor will present expected outcomes 1-2 page summary submitted as part of the FY11 budget planning process to include quantitative impacts on primary performance measures as well as MAU strategy measures.
- Discussions will focus on:
  - Recognizing your MAU's priorities and compelling advantages particularly those that align most directly to the Systemwide Priorities (priorities are in discussion phase with MAU leadership but will be similar to FY09's), system performance goals, and BOR strategic plan goals.
  - MAU specific program needs outside of the systemwide priorities and MAU fixed cost needs.
- MAU Campus Master Plan and 6-year Capital Plan
  - Report status of MAU and Community Colleges campus master plans; indicate expected schedule for review and update of these plans.
- Discuss your MAU's method for monitoring and controlling space allocation. What efforts are made to increase space utilization for rooms in the master schedule and for those controlled by departments? Identify your MAU's optimization target for space utilization.
- Discuss your MAU's 3-5 year planning horizon addressing, as specifically as possible, facilities/IT, students changes, academic programs, research emphasis, faculty/staff impact, and key performance measure targets/goals.

Presentations should be by the chancellor, provost or vice-chancellor. Please invite appropriate leadership you want in the room to attend. Sufficient time should be included within the presentation for discussion.

The information prepared for this review has become a valuable reference. In addition to the management and operating review information, please be sure to include copies or preferably web links to your MAU strategic plan, campus master plan, and academic, enrollment, and research plan documents. Similar to last year, one week prior to the scheduled visit, please provide 15 copies of the information requested to Michelle Rizk, Statewide Planning & Budget, P.O. Box 755260, Fairbanks, AK, 99775-5260 (907.450.8182 /michelle.rizk@alaska.edu). In addition to the paper copies, please send an electronic copy as well.

cc: Provost Driscoll, Henrichs, Everett  
Vice Chancellor Spindle, Pitney, Griffin  
SW Executive Staff



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*Many Traditions One Alaska*

**APPENDIX A**

January 16, 2009

To: Vice Chancellors Spindle, Griffin, and Pitney  
From: Myron Dosch, Controller  
Subject: FY09 Spring Management Report Meeting

On behalf of President Hamilton, the questions for the spring management report reviews follow. The first eight questions should be covered at the March 3rd Business Council meeting, while all of the questions should be covered at the April Operational Reviews. Many of the questions should be answered during the preparation of your regular management reports. Using the management reports submitted for the period ended January 31, 2009, please cover the following topics:

1. Carryforward analysis – What is the anticipated carryforward for FY09? What is the projected unrestricted carryforward (i.e. not including recharges) as a percent of unrestricted and restricted revenues? What are the primary factors influencing the projected balance? What is the plan to expend the carryforward? Discussion of how the plan was developed and projects/expenditures were prioritized.
2. FY09 budget building process and status – FY09 budget distribution challenges or flexibility. Was carryforward used to balance the FY09 budget? Any additional flexibility created through new revenue or reduced expenditure requirements? Discussion of each revenue source and projections through year-end. Discussion of expenditures by allocation and program.
3. Management of contingencies - What contingency level is built into the initial budget load? How is this managed throughout the year? As additional funding becomes available during the year, through salary savings, additional tuition, etc., what process do you use to allocate those funds? How much additional funding have you had this year? At what point in the fiscal year did you become aware of the additional funding? How does the amount and timing compare to previous years? How are you allocating these funds this year? How are your extended sites included in the allocation process? Describe your progress in accumulating the 2% of unrestricted revenues flexibility for priority internal reallocation.
4. FY09 initiative and initiative pool, SB137 status - Describe how pool funds and SB137 funds are being monitored, and expectations of ability to spend by the end of the fiscal

- year. Identify those pool projects that are not progressing as planned and dollar amounts that may be unexpended at year end.
5. Specify debt strategies and plans – What projects are you anticipating needing debt financing? When would debt service payments begin? What would be the source for paying debt service? Discuss why debt is a necessary or desirable funding source.
  6. FY10 initial budget analysis – Discuss status of FY10 budget analysis. Do you anticipate a certain amount of carryforward from FY09 necessary to balance the FY10 operating budget?
  7. Accounts Receivable (A/R) analysis - For purposes of this question, A/R includes grants and contracts only. Please report the trend of these A/R balances for the three years ending December 31, 2008. Use quarterly data points, or more frequent if you desire. What caused changes in the balances? How has the grants and contracts A/R balance changed for the last three fiscal years as a percent of total grant and contract revenue (federal, state, local and private)?
  8. Discuss the impact of reduced endowment payouts and UA Foundation available funds for the development function.
  9. Specify and quantify (to the best of your ability) major cost savings and efficiency actions/efforts taken to date in FY09, and any additional actions anticipated through year end. Identify whether these actions generate one-time or ongoing savings. (Operational Review Only – April)
  10. Report on maintenance and repair (M&R) and renewal and replacement (R&R) expenditure requirements per BOR policy. Please report FY08 operating and capital expenditures for M&R and R&R support; FY09 budgeted operating and capital commitment for M&R and R&R; and the FY09 and FY10 annual calculated need for M&R and R&R. Comments should include the major projects funded with those funds in FY08, and expected to be funded in FY09 and FY10. If specific equipment or maintenance costs are funded through the capital budget in FY10, how will that affect the FY10 operating plan? (Operational Review Only – April)

Let me know if you have questions or comments prior to the meetings. Thanks for your help and I look forward to learning more about your challenges and opportunities.

cc: Hamilton, Redman, Julius, Rogers, Ulmer, Pugh, Hyde, Orley, Harings, Roberts, Trubacz, Harrington, Stockwell, Coker, Rutherford