

UAF Response: Rep. Reinbold's Office – Submitted Feb 21, 2014

UAF Responses by presentation slide listed below:

Energy

Slide 1:

- **Does the 10,000 include those enrolled in online classes?**
 - Yes. In the fall semester of 2013, 10,214 total students were enrolled at UAF. Many UAF students take a blended approach to classes, taking some in person and some online.

Slide 2:

- **Is the 3.1 million square feet just in Fairbanks, or statewide?**
 - The 3.1 million square feet are specifically for the Fairbanks Campus.
- **What are we doing to reduce the square footage to reduce costs?**
 - Reducing square footage may not necessarily mean a direct reduction in costs; rather evaluating use of space, facility condition and program or service need is part of a larger effort. Continued investment in deferred maintenance at UAF is critical and will assist in reducing the cost of physical space and utilities. UAF has also contracted with an external vendor for a space utilization study this spring/summer to analyze whether there are ways to optimize existing space. UAF is currently evaluating where it might also make sense to reduce or lease campus-owned property without negatively impacting its ability to generate revenues from research or academic use.
- **Can we repurpose any of the buildings for the new engineering facility?**
 - No, completion of the new UAF engineering facility would be the best use of existing state and university investments. Construction on the engineering building began with partial funding from the legislature in FY13 and FY14, and the facility is currently over 30% complete. UAF needs \$33.3M to finish the project.
 - UAF's engineering enrollment has doubled since 2006 requiring additional space and UAF's existing facility (constructed in 1964) is out-of-date and does not have special purpose lab space or larger classrooms required for modern engineering curricula. Instructional and specialized lab space must be expanded and existing space must be improved to meet the needs of today's engineering student.

Slide 7:

- **What is flexible solid fuel?**
 - This is an energy solution and a benefit of the CHP major project upgrade. The two new boilers will burn flexible solid fuel - which means that the plant could burn coal and up to 15% biomass to generate up to 17 megawatts of power and enough steam to heat the campus. These boilers are an efficient and flexible technology and can burn almost any solid fuel which will result in a marked decrease in regulated emissions, including an enormous drop in particulates. This is good news for the Fairbanks North Star Borough, which has been designated a nonattainment area by the EPA. If the upgraded plant and new boilers were operating today, they would emit 65 percent fewer particulates at the current amount of generated heat and power.

Slide 10:

- **Is the full \$195M needed in FY15?**
 - The necessary funding amount if phased is \$114M. The two most critical requirements next year are to purchase the main boilers and to complete the design and engineering followed by site preparation and beginning the foundation for the replacement plant. If the site preparation and foundation work is not funded in FY15 (postponed to FY16) the site preparation will be delayed from April 15 to August 15, nearly a full Alaska construction season.

Budget

Slide 1:

- **Why haven't fees or tuitions increased?**
 - The Board of Regents approves tuition rate increases for the UA system on an annual basis. Increase rates however, are not necessarily consistent. UAF's baccalaureate in-state tuition is the second lowest in its peer group. The FY15 rate (an average 3.5% increase over the previous year) was the second-lowest over the last decade, with the lowest increase in FY14.
 - To respond to national pressures, the BOR has worked to keep the increases low in order to be affordable to Alaska's students; however, this is a mechanism to generate UA revenue. Tuition and fees represent approximately 9% of UAF's total revenue budget (FY13). If state revenues decline, the ability to adjust tuition rates becomes even more critical.
 - UA continues to work toward finding the optimal balance between a quality education, reputation for excellence and affordability.
- **When was the last time fees increased?**
 - Non-course fees are typically only increased as a reflection of an increased cost for a specific service or for student government related items. Some, such as the UA Network fee, increase proportional to tuition rates; however, most other fees are campus specific. Course fees pertain to each individual course, while non-course fees do not exceed the cost of service or activity for which the fee is assessed.
 - Creating a new fee can be student driven or administratively driven. Students may vote to impose a fee, as was the case for the sustainability fee implemented in FY09. Administratively driven examples are the fees for application for graduation, thesis binding, late payments, etc. Actual fees vary from student to student based on total credit hours, course delivery method, and optional services.
- **What is UAF doing to cut costs?**
 - In FY14, UAF is considering both short term and long term options to reduce costs. UAF continues to employ a formal academic and program review process to evaluate program outcomes, student success and costs associated with program delivery. UAF has reduced off-campus lease obligations, completed energy savings projects, and is working to optimize campus space. UAF has a focus on sustainability and is working to improve energy efficiency in facilities through deferred maintenance. UAF is also working to evaluate its administrative and service organization and is considering models that are both efficient and effective.
 - To create short term savings for strategic reallocation, UAF has delayed employee rehires for 90 days to evaluate each position vacancy before refill.
 - Active process improvement teams are reducing administrative inefficiencies. Improving and expanding the use of technology tools will allow the ability to reduce administrative staff through attrition.

- UA has also managed the health benefit plans and wellness program to realize savings.
- In FY15, UAF is working through a budgetary process with active participation from campus governance groups and committees to collect and evaluate ideas to optimize resources for long term sustainability.
- **Since FY04 how much have salaries and benefits increased?**
 - Salary and benefit increases are set at the UA system level, not by campuses, and the increases are dependent on employee type. Between FY04 and FY14, annual salary increases have been between 2.5-4.5%. Benefit rates also vary by employee type, and have decreased in recent years as a result of a reducing retirement and health benefits.

Slide 7/8:

- **If tuition and fees were raised, would this help bridge the budget gap, and if so, by how much?**
 - Assuming flat enrollment, the FY15 tuition rate increase will result in approximately \$1.4M in additional tuition and fee revenue at UAF. This is significantly less than the amount necessary to fund the salary and benefit increase not covered by the state. Based on current enrollment, it would require a 16% tuition rate increase to offset the Governor's proposed reduction (\$1,000 more per year for a full-time freshman).
 - Annual tuition rate increases directly assist the schools and colleges in covering the salary and benefit cost increases.
- **What cuts can you make to absorb the shortfall?**
 - UAF is currently exploring ways to meet the budget shortfall without compromising its mission to serve Alaska through teaching, research, and public service. The shortfall coupled with a low tuition rate increase will result in 75 to 100 fewer employees. The employee reductions will be accomplished as much as possible through attrition, but some layoffs and furloughs days may be required.
 - Longer term savings are being evaluated in the following categories: increasing space and facility utilization and reducing off-campus lease space, sustainability/energy management, systemwide and cross-campus administrative efficiencies, outsourcing additional functions, increasing revenue, and eliminating specific program or services. Each option is being carefully reviewed to understand its potential impacts and will be vetted substantially this spring and summer as the new fiscal year approaches and budgetary outcomes are determined.