

August 20, 2019

TO: Chancellors

FROM: Jim Johnsen

SUBJECT: Budget Plans

COPY: VP Layer, VP Rizk, CFO Dosch, Provosts, Vice-Chancellors

As we prepare for the September 12th-13th Board of Regents meeting, below is guidance on the FY20 budget distribution plan.

The Governor's budget is a \$25 million unrestricted general fund (UGF) reduction for FY20. In addition, I will be proposing to the Board to invest an additional \$5 million UGF in strategic initiatives. The strategic initiatives decisions will be made after the September Board of Regents meeting.

A total of \$30 million UGF reductions will be allocated to the universities based on their percentage of UGF funding in FY19. In addition, the FY20 distribution plan will include funding for compensation and Title IX. Those costs of approximately \$4.1 million will be funded at each university through reallocation. See table below and attached spreadsheet for more detail.

FY20 Reduction Targets by Category & MAU

	SW	UAA	UAF	UAS	Total
•Administration	2.1	4.9	7.8	1.4	16.2
Consolidation & Reduction*	2.1	2.4	2.8	0.9	8.2
Facilities Maintenance		2.5	5.0	0.5	8.0
•Academic programs & Student Services	-	6.9	6.2	1.3	14.4
•Research	-	0.3	1.7	-	2.0
•Public Service	-	0.3	1.2	-	1.5
•RSA Process	2.3			(2.3)	-
	4.4	12.4	17.0	0.3	34.1

* Reductions will be found from systemwide functional area consolidation.

Reduction Plan

Your suggested reductions should be based on the planning you have done in recent months.

Based on the Board of Regents guidance to consolidate back office functions, the following areas should not be considered as part of your reduction plan and will be addressed through the systemwide reviews currently underway. It is estimated that \$5 million will be reduced overall in FY20 from these areas. CFO Dosch will work with the Vice-Chancellors on this funding plan.

- Information Technology
- Financial Services: Procurement, Accounts Payable, Travel, Accounting, Bursars
- Risk Management
- Human Resources

Advancement functions (Development, University Relations, Alumni) are also under review, however with the systemwide campaign underway there are no anticipated savings in FY20 and those areas should not be reduced as part of your plan.

In addition, Title IX staffing will be reviewed later in the year so reductions should not be taken in that area at this time.

One time funding may be considered to “bridge” in FY20. Please identify in your plan where bridge funding is used.

Guiding Principles

As you update your plan, please continue to consider the UA mission, UA Values, the Board of Regents’ goals, the 2040 vision as well as these overall guiding principles discussed with the Board on July 30th:

- Increasing the share of budget to academics and student services
 - Targets by National Center for Higher Education Management Systems (NCHEMS) categories are provided as guide to help move in this direction
- Maximizing access to our programs and services for students across Alaska (face-to-face and on-line)
- Reducing administrative costs
- Providing for a seamless student experience, including single application, common courses, common curriculum and GERS, bill, transcripts, etc.
- Return on investment

Please be prepared to discuss your budget plan at the Executive Council meeting on August 27th.

Past funding pools

FY18 Strategic Investment Funds: As part of the FY18 budget distribution, \$6 million in one-time funds were allocated to strategic investment areas for FY18-FY20. Statewide is working with each of the Universities on the transfer of funding for Research. The remaining Process Automation funding will be used at Statewide’s direction to fund transition costs.

FY19-FY21 Strategic Investment Pool: As part of the FY19 budget distribution, \$4 million of the \$11.4 million, in one-time funds were allocated to strategic investments areas.

As part of the FY20 budget distribution, \$4 million of the remaining \$7.4 million, in one-time funds will be allocated to strategic investments areas. Investments will be reviewed with the universities after the September Board of Regents meeting in conjunction with the additional \$5 million in funding allocated toward strategic investments as part of the FY20 distribution plan.

The remaining \$3.4 million will be used at Statewide’s direction to fund transition costs.