

# Spring 2009 Operating Review



April 21, 2009

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## Agenda

- |   |  |
|---|--|
| I Introduction  | Chancellor Rogers  |
| II Management report recap <ul style="list-style-type: none"><li>• Management report</li><li>• R/R, M/R</li><li>• Major cost savings</li></ul>  | Vice Chancellor Pitney<br>Associate Vice Chancellor Schedler<br>Vice Chancellor Pitney           |
| III FY10 conditions and distributions <ul style="list-style-type: none"><li>• Conditions and operating assumptions</li><li>• FY10 distributions</li><li>• Creation and distributions of PBB funding</li></ul>                           | Vice Chancellor Pitney<br>Vice Chancellor Pitney<br>Vice Chancellor Pitney<br>Provost Henrichs   |
| IV FY09 Performance update  |  |
| V FY11 budget and 3 - 5 year planning horizon <ul style="list-style-type: none"><li>• Expected outcomes</li><li>• Campus master plan and 6 year capital plan</li><li>• Space allocation</li><li>• 3 - 5 year planning horizon</li></ul> | Chancellor Rogers<br>Associate Vice Chancellor Schedler<br>Provost Henrichs<br>Chancellor Rogers |
| VI Summary  |  |

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# I - Introduction



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# II - Management Report Recap



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## Carryforward Analysis

- Unit unrestricted (F1) carryforward projections total \$10.6M of which \$1.3M is from CRCD. However, UAF will be actively managing our F1 carryforward to total approximately \$7M. This represents 3.0% of operating revenue
- The bulk of the FY09 carryforward will be returned back to the contributing units for strategic investments. Units with deficits will be required to submit a repayment plan that includes identifying contributing factors and steps taken to mitigate these factors in the future
- Distributions from central carryforward will be approved via the Chancellor's Cabinet. Investment opportunities will include; facility and space needs (incl. energy efficiencies), climate, energy engineering, and biomedical priorities



## FY09 Budget Building Process & Status

- Planning and Budget Committee reviewed & prioritized Unit and Planning Group requests
- FY08 carryforward was used to balance the budget
- Currently central reserves are \$1.8M or 1% of unrestricted funds. Due in part by covering half of the investment loss with centrally held resources
- Higher than anticipated tuition revenue was used to help offset the investment loss



## Management of Contingencies

- Initial budget includes \$1.5M contingency reserve
- Approx. \$700K in additional funds available due to higher than anticipated tuition revenue
- Risk of losing \$800K for Utility Supplemental
- Funds used to help offset investment loss and funding 100% of salary & benefit increases centrally
- With the exception of managing to a \$7M carryforward, we do not anticipate any significant additional contingency funding



## Initiative and SB137 Status

- Projecting to fully expend Initiative Funds
- SB137 Status Reported
- Will continue to monitor



## Debt Service

Total UAF Outstanding Principal on revenue bonds a/o January 31, 2009  
**\$58,875,000**

Peak Annual Debt Service  
**\$5,575,915 in FY10**

Max Annual Debt Service based on FY08 Unrestricted Revenues of  
\$239,605,200  
**\$11,980,260**

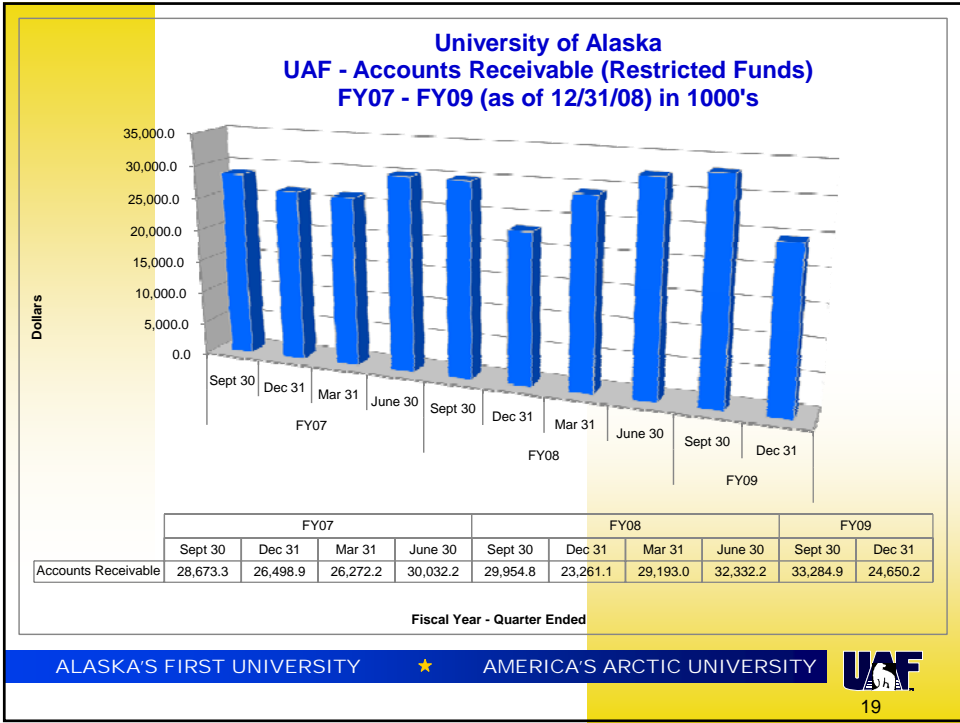
Anticipated Debt Service  
**Life Sciences Innovation and Learning - \$20.6M**  
**Energy Facility - \$15.3M**



## FY10 – Initial Budget Analysis

- Reshaping of Budget Building and Management Processes
  - ✓ Budget Principles
  - ✓ Carryforward Principles
- Impacts and Management of Cost Shifts from Statewide
  - ✓ Functional Specific Charge Backs
  - ✓ Broad Based ICR and SCH Assessments
- New & Innovative Mechanisms for Gathering Reallocation Pool





## Accounts Receivable – Restricted Funds

(in Thousands)

	FY07	FY08	FY09 as of 12/31/08	Projected FY09
<b>Restricted G&amp;C Rev</b>	\$149.2	\$145.0	\$69.4	\$142.9
<b>Ave G&amp;C Receivable</b>	\$27.9	\$28.7	\$25.1	\$27.2
<b>Ave G&amp;C Rec as % of G&amp;C Revenue</b>	18.7%	19.8%	36.2%	19.1%

Note: Revenue includes over and unfunded expenditures

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# M/R R/R



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## M/R & R/R Expenditures

		Fairbanks Campus	CRCD & TVCC	Total
FY08 Expenditures	Capital	\$8,887,700	\$3,781,500	\$12,657,200
	Operating	\$14,216,920	\$710,307	\$14,927,227
FY08 Calculated	Operating	\$13,008,709	\$514,064	\$13,522,773
FY09 Budgeted	Capital	\$9,655,900	\$1,908,300	\$11,564,200
	Operating	\$15,601,354	\$845,085	\$16,446,439
FY09 Calculated	Operating	\$14,141,853	\$564,118	\$14,705,971
FY10 Calculated	Operating	\$14,939,942	\$971,019	\$15,910,961

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# Major Cost Savings

- Academic Affairs
  - \$ 195 K – School of Management salary savings
  - \$ 104 K – College of Liberal Arts salary savings
- Student and Enrollment Services
  - \$ 25 K – Eliminated printing of class schedule
- Administrative Services
  - \$ 273 K – Staff reductions and improved efficiency of turbine operation
- CRCDC
  - \$ 65 K – Salary savings and energy efficiency
- Research
  - \$ 400 K – Geophysical Institute salary savings
  - \$ 60 K – Consolidated central business office functions



# III - FY10 Conditions and Distributions





## Operating Assumptions

- FY10
  - Insufficient M/R funding
  - Potential lack of utility trigger mechanism
  - One time funding



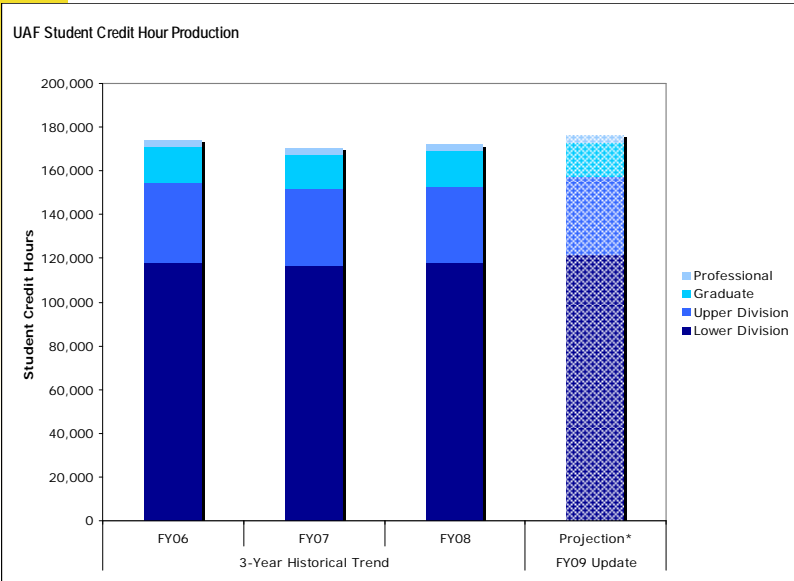
## FY10 Distributions

- Salary and benefits
- Potential additional utility expense
- PBB





# IV - Performance Update



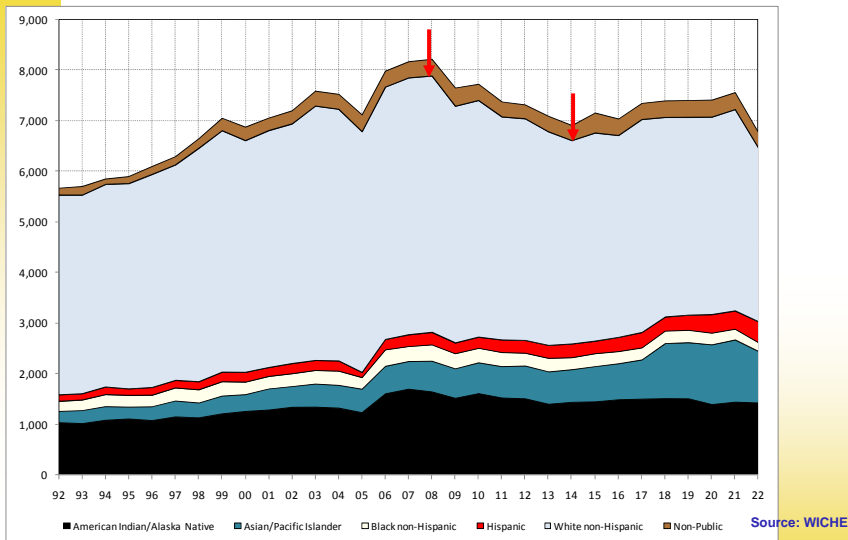
## Student Credit Hours

Significant credit hour growth is found in the lower (+3.1%) and upper (+2.5%) divisions and in the following areas:

- Fairbanks: engineering, business, and natural resource management.
- Tanana Valley: allied health and the Fast-Track technology programs of automotive, airframe, power plant, drafting, and diesel.
- CRCD Rural Campuses: allied health, applied business, rural education, and construction technology.



## Number of High School Graduates, 1992-2022: Alaska



## Regional Population Trends\*

	Δ 2000 to 2008 (%)	Net migration (headcount)
Anchorage	1.1	-867
Matsu	4	17632
Gulf Coast	0.3	-2579
Interior (mainly Fairbanks)	0.8	-4200
Northern	0.1	-3685
Southeast	-0.7	-7979
Southwest	0	-5361

\*State of Alaska Department of Labor, <http://labor.state.ak.us/news/2009/news09-11.pdf>

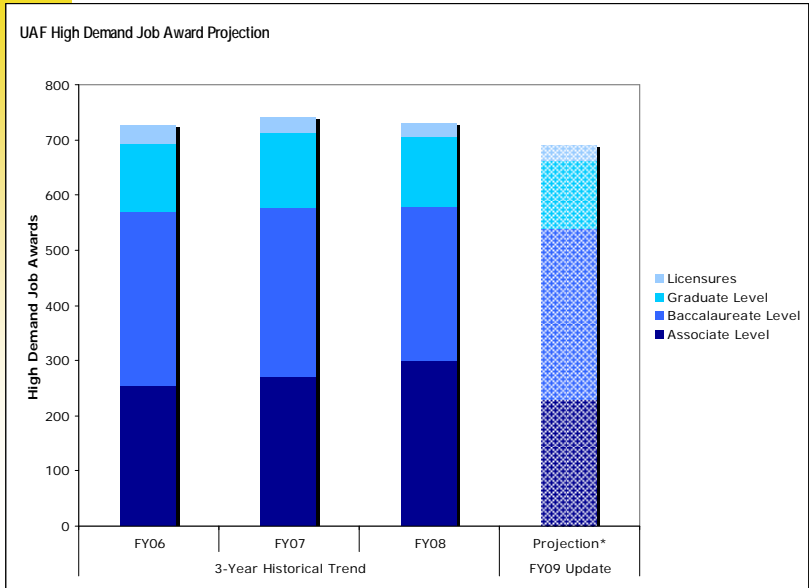


## Student Credit Hours

Strategies:

- Continued efforts with Alaska high school seniors.
- Tuition waivers for Alaska Scholars.
- Continue to seek and promote financial aid opportunities for all students.
- Articulation agreements and recruiting in Washington State Community College System.
- Targeted recruiting (petroleum, mining, and other engineering) in China and India.
- Fall visit of interior Alaska high school counselors.
- Spring visit by Anchorage basin high school counselors and Washington Community College transfer advisors.
- New process in place to contact students two weeks after they have been admitted to encourage registration.





## High Demand Job Area Degrees

- ◆ Certificates and Associates' degrees will be down.
  - End of TVC Fast-Track Program (externally funded).
  - Military deployments impacting TVC enrollment.
  - Economy (and tuition/fee increases) causing part-time students to stop out.
- ◆ Baccalaureate degrees will be up about 12%.
- ◆ Graduate degrees are within normal variation; about 38 Ph.D.s are projected for the year.



## Retention

First-Time Full-Time Freshmen	3-Year Historical Trend			5-Yr Avg Fall-to- Fall Retention	FY10 Update		
	FY07	FY08	FY09		Fall-to- Spring Retention	Fall-to-Fall Projection *	Metric- Reported Forecast
All Freshmen	66%	64%	66%	65%	87%	66%	67%
Baccalaureate Freshmen	77%	75%	76%	75%	94%	78%	n/a



## Retention

- New Baccalaureate admission standard is increasing retention.
- Mandatory placement has been implemented for core (including mathematics) courses.
- The committee on improving advising has issued their report; recommendations to be implemented include more advisor training.
- Supplemental instruction continues to be effective.
- A freshman seminar will be implemented.
- Improvements to the Honors Program continue.
- Efforts are being made to encourage students to register before they leave for summer.



## Persistence at Community Campuses

Data driven strategies:

- Community College Survey of Student Engagement conducted at TVC and KuC last year now driving change.
- TVC contacts students in good standing who have not registered prior to semester start .
- Rural campuses perform degree audits to identify and target students who are close to graduation but have stepped out.
- Campuses improve access to financial aid.
  - 1/2 time financial aid staff provided by SES to TVC.
  - Title III funds used to hire financial aid advisors at rural campuses.



## University Generated Revenue

3-Year Historical Trend			FY08 as of 15 April 2008*	FY09 as of 15 April 2009*	% Change FY08-09	FY09 Projection	Targets	
FY06	FY07	FY08					217,000	High
204,293	212,278	210,949	160,134	163,662	2.2%	215,500	216,000	Nominal
							210,000	Low

\* Data does not include research projects funded with state Capital funds: \$2,183 and \$2,354 for FY08 and FY09 respectively.

University Generated Revenue includes: University Receipts, Interest Income, Auxiliary Receipts, Gross Tuition & Fees, Indirect Cost Recovery, Federal Receipts, CIP Receipts, and State Inter Agency Receipts.



## Restricted Research Expenditures

3-Year Historical Trend			FY08 as of 15 April 2008*	FY09 as of 15 April 2009*	% Change FY08-09	FY09 Projection	Targets	
FY06	FY07	FY08					109,800	
114,134	112,929	107,847	77,235	75,890	-1,7%	106,044	108,600	Nominal
							104,800	Low

\* Data does not include research projects funded with state Capital funds: \$2,563 and \$2,338 for FY08 and FY09 respectively.



## Research Expenditures

ARRA Impacts:

*Facilities improvements should lead to future increases-*

- Alaska Region Research Vessel.
- Upgrades to Toolik Lake research facilities.
- Proposals to be submitted to upgrade and add to Arctic Health Research Building Facilities.

*Research funding opportunities are not yet clear-*

- Alaska Volcano Observatory funding increased (?).





## Research Expenditures

- Facilities are a major concern.
- Failure of some campus facilities increases pressure on those that remain.
- Need for Energy Center.
- Need for Life Sciences Building, including both teaching and research laboratories.



## Research Expenditures

- Status of biomedical hires
- Approach to EPSCoR IV
- Potential for becoming a DHS Center of Excellence.



# V - FY11 Budget and 3–5 Year Planning Horizon



## Campus Master Plan Update

### Board of Regents'

### Campus Master Plans Policy

*Approved September 2008*



*Life Sciences will continue to be a prominent part of UAF's Master Plan*

### Project Schedule

- April 16, 2009 - Consultant Proposals Received
  - Seven proposals received
- May 1, 2009 - Award/Authorization to Proceed
- June 15, 2009 - Development of Plan
  - Will include open forums during Fall Semester 2009 to allow for input from students, staff, faculty and the Fairbanks community
- September 30, 2009 - Draft Campus Master Plan
- November 30, 2009 - Final Campus Master Plan

The **Campus Master Plan** serves as the touchstone for all development of the physical environment at the University of Alaska Fairbanks, both in the immediate and more distant future.



## Six-Year Capital Improvement Plan *Top Priorities*



### New Construction

- Life Sciences Innovation and Learning Facility
- Energy Technology Facility
- Engineering Expansion
- Student Services Residential Facilities

### Renewal and Renovation

- Main Waste Line Repairs
- Critical Electrical Distribution
- Community Campuses' R/R

The goal of the **Capital Improvement Plan** is to ensure that the necessary facilities, equipment and infrastructure are in place for the continued growth, refinement and improvement of the University as prescribed in the UA Strategic Plan.



## Space Strategies

- Review classroom, computer laboratory, teaching laboratory and research laboratory utilization.
  - Classroom review complete.
  - Computer lab review at the end of the semester.
  - Others in progress.
- Reassign and renovate as funds permit.
- Reduce utilization of off-campus leased space in Fairbanks.



