

December 20, 2013

To: UAF faculty, staff and students

From: Brian Rogers, Chancellor

Subject: Planning to address likely FY15 budget challenges

On Thursday, Dec. 12, Governor Sean Parnell announced his 2015 budget proposal for the State of Alaska. The governor proposes some support for salary increases and minimal additional support for new facility operations, but includes a \$14.9M general fund reduction to the University of Alaska system from the FY14 budget level. If spread proportionally across the UA system, the cut would translate into an estimated \$7M reduction for UAF. This proposed cut, coupled with our need to budget for the remainder of our annual fixed cost increases and for strategic programmatic priorities, might leave us with a FY15 budget gap in the range of \$12-14M. Although the budget outlook may change when the Legislature adopts a final budget in the spring, it is important that we begin contingency planning now.

As you know, UAF is addressing a similar budget gap of \$8.5M in the current fiscal year through a series of actions. While the potential FY15 budgetary challenge is greater, and will likely require more significant cuts, it certainly is not insurmountable. However, to continue to deliver high quality education, research and public service to the communities we serve, we will need a collective commitment to do business in more streamlined, efficient and effective manner. I encourage all members of the UAF community to consider ways in which we might reduce spending and/or increase revenues. Last spring, the UAF Office of Management and Budget established a website to collect budget savings ideas. We received quite a few ideas that our budget planners will consider. If you have ideas that you have not yet submitted, please do so at the following site:

<http://www.uaf.edu/finserv/omb/budget-planning/suggestions/>.

UAF is committed to shared governance. We have an established Planning and Budget Committee, chaired by Provost Susan Henrichs and with campuswide membership representation, which reviews and recommends budget priorities. I will be challenging this group to assist UAF leadership in dealing with the revised FY15 budget outlook as well as in developing proposals for a FY16 budget.

In addition, because time is tight, I am assigning a small group of faculty and administrators to generate a list of budget reduction options for the P&BC's consideration. The list of options may include ideas submitted to the OMB website as described above. I am asking the following individuals to serve as the small Budget Options Group:

Kari Burrell, UAF Executive Officer (Chair)

Jennifer Campbell, Senior Project Manager (Facilities)

Cecile Lardon, Faculty Member (CLA) and President-elect of the Faculty Senate

David Valentine, Faculty Member (SNRAS) and President of the Faculty Senate

Pat Pitney, Vice Chancellor (Administrative Services)

Keith Swarner, Faculty and Associate Dean (CTC)

Dan White, INE Director and Associate Vice Chancellor (Research)

Deborah McLean, Director, Bristol Bay Campus (CRCD)

The group's charge is to compile a list of options and recommendations complete with budgetary impact analysis for the P&BC to consider. The UAF P&BC will be asked to recommend a prioritized shortlist of quantifiable options for the Chancellor's Cabinet review. To assist the cabinet in its review, an Executive Leadership Workshop group will be convened in the spring. The cabinet will aim to finalize decisions by May to allow implementation lead time prior to the beginning of the fiscal year in July.

Our budget shortfall contingency planning activities will follow the below schedule:

January 2014 -- Budget Options Group convenes

February 2014 -- Budget Options Group submits recommendations to P&BC

March 2014 -- P&BC submits its recommendations to cabinet

April/May 2014 -- Executive Leadership Workshop

April 2014 -- Cabinet finalizes budgetary actions

I am very proud of our university and I know that it is the combined efforts of many that make it successful. The budget reduction potentially facing our institution is serious, but is something we can work together to overcome. I look forward to receiving your budget reduction and revenue raising ideas. I also look forward to collaborating with you to best position the university for its next century of operations.