

June 30, 2014

TO: UAF staff and faculty
FROM: Chancellor Brian Rogers
RE: FY15 budget actions

As we head into the next fiscal year, our budget scenario is one of the most challenging we've faced in recent years. The projected \$12 million to \$14 million shortfall for FY15 is the result of increased costs and reduced funding, including an \$8 million decrease in state funding for continuing operations and an increase in fixed costs of \$4-6 million.

In February, I asked the Planning and Budget Committee to analyze ideas put forth by the Budget Options Group and make additional recommendations to reduce expenditures to address the shortfall. Chancellor's Cabinet reviewed the findings, along with input from the campus community and public, and either accepted, rejected or modified the recommendations. A summary of the outcome is included below. The full list is available online at <http://bit.ly/uafbudget>. The deans and directors also have the full list and will work with the vice chancellors to manage the cuts in their units. The savings accrued as a result of the recommendations will be returned to those units to help cover the shortfall. All units will also need to reduce spending to cover their fixed costs increases.

Following are the budget actions UAF will take to address FY15 budget shortfalls:

Travel: \$520,000

Unrestricted travel campuswide will be reduced by 20 percent, with the exception of travel in instructional units and intercollegiate athletics, which will be reduced by 5 percent. This does not apply to travel with restricted funds, such as grants and contracts, and private funds. This reduction was made by the legislature.

Unit-level:

\$4-6 million in spending reductions, plus
\$7.1 million in revenue reductions (five percent decrease for most units)

- Chancellor's office (6 percent): \$72,000
- VC Administrative Services (6 percent): \$1.6 million
- VC Rural, Community and Native Education (5 percent): \$1.1 million
- Provost (3-5 percent): \$2.8 million
- Office of Information Technology (6 percent): \$202,000
- VC Research (4-5 percent): \$591,000
- VC University and Student Advancement (5 percent): \$736,000

Planning and Budget Committee recommendations: \$600,000 to central and the rest in units

Please note that many of the detailed PBC reductions will help units offset revenue reductions and meet spending reduction requirements. For instance, the 90-day vacancy hold will remain in effect; however any accrued savings will stay with the units to help them cover shortfalls. Supervisors should continue to evaluate and analyze vacant positions to see if the work can be addressed through shared services or other options. We also don't want to overload existing employees, so the 90-day hold will be shortened to 45 days if the vacancy is filled from the university's layoff or term-funded pools.

While I encourage you to visit the Office of Management and Budget website to see full details of the budget reductions, I want to make you aware of one that may affect you or your employees directly.

We are still working out the details, but we plan to allow UAF departments to offer 11- or 11.5-month contracts, reduced summer work schedules, or alternative work schedules to interested employees. UAF Human Resources will provide guidance. If you're interested in this option, please talk with your supervisor. You'll need to be fully aware of any effect this will have on your benefits.

Funding for the university may continue to be constrained for the foreseeable future. Our approach to this new reality is to continue to make strategic investments in areas that are most likely to generate revenue. An essential part of this effort also will be continued reviews of campus functions and programs, with an eye on efficiency and financial savings. There will be things that we can no longer afford to do. As we move forward, there will be opportunities for participation by the campus community and public.

I want to thank the campus community for providing input either by serving on a committee or by forwarding ideas to OMB. It's important that our employees are engaged in budget discussions and program reviews. Staff and faculty have provided valuable insight as we work to avoid unintended consequences and make better decisions for the future.

Thank you.