

Jan. 13, 2015

TO: UAF staff and faculty

FROM: UAF Chancellor Brian Rogers

SUBJECT: FY16 Budget

In November, I shared with you a first glimpse of the budget scenario for the upcoming year. As we gear up for a busy spring semester, I would like to provide you an update on our efforts to prepare for an increasing revenue gap for FY16. We are facing a number of challenges:

--Multiple years of cuts

--A potential decrease in state funding of 7-10 percent in FY16

--An increase in employee compensation costs of \$9 million, of which the university historically pays half the cost

--Fixed cost increases of \$5 million

--Strategic investments into priority programs — \$1.5 million

During the first part of this fiscal year, we worked to prepare for a third year of cuts right around the \$14 million mark. However, due to the drop in the price of oil, our shortfall will likely be higher. It could be as much as double what we had been expecting.

The impact of this budget landscape is large — cuts equivalent to losing all general fund dollars supporting our three largest schools.

We are obviously not planning to cut our three largest schools. I am simply sharing this information with you because understanding the scale of our challenge ahead is an important part of our ability to plan for the future.

In addition to looking at ways to generate additional revenue, we have also enlisted a variety of strategies to reduce spending, including special academic program reviews, nonacademic program reviews and budget reduction options being considered by each vice chancellor. I have been meeting with each of them to discuss the specific options they are considering.

I want to thank the many staff and faculty members for their work on the program reviews. This analysis is essential to the overall planning process.

In the meantime, it will be up to us to determine what we value as an institution and what will best drive growth and prosperity, not just at UAF, but throughout the state of Alaska.

We will likely be a smaller institution in the coming years, but must continue to offer quality programs and services to the benefit of Alaskans.

I am convinced that the university is part of the solution to our state's challenges. Smart investments in our university today will help the state diversify its economy and build a strong tomorrow.

Additional information about the special program review is available on the Office of Management and Budget website at www.uaf.edu/finserv/omb/ and will be updated regularly.

If you have ideas about potential cost savings, revenue generating ideas or thoughts surrounding the special program review, please submit them via the FY16 Budget Feedback form at www.uaf.edu/finserv/omb/budget-planning/suggestions/.