UNIVERSITY OF ALASKA

FY15 OPERATING BUDGET DEVELOPMENT GUIDELINES

INTRODUCTION

The University is in the midst of a major institutional directional change called the Strategic Direction Initiative (SDI). Beginning almost two years ago now, UA solicited the people of Alaska to help us chart a new course. We were highly encouraged by their strong response, their passion and their commitment to support the work that they said we have ahead of us.

The focus is now on taking all of the input and discussions and making them into "effect statements" to transition the University into the next phase of SDI… the so called "doing phase." It is work in progress and operational and tactical approaches are being discussed to achieve the selected effects. Discussions continue on how the UA System can become more productive and aligned with the priorities of students, employers and the people of the state. Once complete, SDI will provide the budget framework for the future. As with FY14, the budget requests will continue to support the five themes:
- Student Achievement and Attainment
- Productive Partnerships With Alaska's Schools
- Productive Partnerships With Public Entities and Private Industries
- Research and Development to Sustain Alaska's Communities and Economic Growth
- Accountability to the People of Alaska

The Governor has proposed a 5-year fiscal plan to manage Alaska's reserves and limit government spending and has committed to stepping down the levels of spending over the next five years. The details of the plan have yet to be released. As part of the FY15 budget planning process the University will continue to look at ways of capping growth.   With the state's emphasis on reducing growth, and as we move into the last phase of SDI, the request level for new programs is expected to be much more reliant on internal offsets than on general fund increase requests.

During FY15, the University's focus will continue to be on:
- Streamlined efforts to move students through efficiently, successfully, and affordably
- Improving student access to an ever-expanding e-learning menu
- Specific initiatives to improve student preparedness for post-secondary work at UA (including student advising services)
- Cost containment for growing high-demand program areas without sacrificing quality of the programs
  - Engineering
  - Fisheries
  - Mining
  - Teacher education
  - Health/biomedical
  - Workforce Development
  - Research – applied and basic research that has a strong focus on Alaska issues, such as alternative energy
- Program review, and where and when necessary, program prioritization
- Becoming known for our commitment to service

PROGRAM PRIORITIES

The budget aligns with and supports the highest priorities of our students, employers, and we believe aligns well with legislative intent. It focuses on:
- Initiatives to help more students graduate (sooner) and contribute to Alaska's economy (faster)
- Support for training and education in Alaska's high-demand jobs
- Research that tackles pressing Alaskan and National issues that UA is uniquely positioned to address, and that have the potential to attract high interest and create a source of alternative revenue

Educational output priorities for the University will not change significantly.
- Enhance college readiness and student success
- Continue emphasis on efficient student enrollment, advising, retention, and timely completion at all levels
- Prepare Alaskans for the State's high-demand jobs
- Win more competitive research grants and create commercial value from UA intellectual property spin offs
- Develop a culture of service to students

As usual we will continue our efforts to align with the public interests, conduct outreach, increase development, and pursue engagement efforts. International opportunities will be encouraged at all three MAUs.

FIXED COSTS

Fixed Costs/Administrative Requests will be developed using system wide standards. Information Technology (IT) and business process improvement initiatives will be vetted through the Information Technology Executive Council (ITEC) and System-wide Administrative Leadership Team (SALT). As part of the fixed cost review process, each MAU will follow the new approval plan for new facilities.

PERFORMANCE FUNDING POOL

Each MAU will control the distribution of its FY15 performance funding pool, to be used in support of performance-related strategies. One percent of general funds are the expected funding pool size, although annual circumstances will dictate the exact amount chosen by the MAU for internal reallocation. In the FY15 budget and planning process, MAU performance evaluation and reporting requirements are based on the State of Alaska's requirements. As the Strategic Direction Initiative continues, additional metrics will be developed to support the SDI areas of focus.

BUDGET ASSUMPTIONS

The budget will be developed using the following assumptions:
- The enrollment outlook is challenging however, various strategies are being considered to minimize any enrollment downturn such as increasing the number of Alaska Performance Scholarship (APS) students attending UA and new efforts to increase retention and increase the number of students getting to attainment and degree completion
- Externally funded research activity will be flat to slightly down
- Indirect Costs Recovery (ICR) will be flat to slightly down
- Tuition rate increases will be very modest, at best
- Compensation increases for staff and faculty will be below historical averages

- Retirement system employer contribution rates will remain at the FY14 levels
- Continue to look for ways to mitigate healthcare cost increases including a revamping of the wellness program

FY15 BUDGET TIMELINE

Below are key dates in the FY15 budget development process associate with BOR Action.

June
- BOR - FY14 Operating and Capital Budget Acceptance
- BOR - FY14 Operating and Capital Budget Distribution Plans Approval
- BOR - FY14 Natural Resources Fund Budget Allocation Approval
- BOR - FY14 Student Government Budget Approval
- BOR - FY15 Operating and Capital Budget Development Guidelines Approval

September
- BOR - First Review of FY15 Operating and Capital Budgets, and Capital Improvement Plan
- President's formal budget meeting with Governor's Office of Management and Budget (OMB)

November
- BOR - FY15 Operating and Capital Budget Request Approval
- BOR - FY15 Capital Improvement Plan Approval
- Submit Board of Regents' FY15 Budget to the Governor's Office of Management and Budget (OMB)