

Nov. 14, 2014

To: UAF Faculty, staff and students

From: UAF Chancellor Brian Rogers

Subject: FY16 Budget

I would like to share with you some of the steps we are taking to prepare for another expected budget gap next year. Due to legislative funding cutbacks, enrollment decreases and limited tuition rate increases, it is unlikely that we will be able to sustain all of our programs and services next year. Even if the state maintains flat funding levels for the university, increases in fixed costs also create a budget gap. Next year, we anticipate that gap to be roughly \$14 million.

There are two ways to bridge that gap: increase revenue and cut spending. We have formed a team to explore new revenue streams. In addition, we are looking into a variety of strategies for spending reductions, including program reviews, budget reduction targets for each vice chancellor, and differential percentage reductions in unit spending.

Program Reviews

The Planning and Budget Committee last year recommended special program reviews of a number of non-academic programs and academic programs. I and members of Cabinet agreed to create committees to review the operational and/or financial models for the following programs:

- Athletics
- eLearning
- Farms and large animal care
- KUAC
- Public information, marketing and communications
- Summer Sessions and Lifelong Learning

In addition to the above reviews, I have also created committees to review:

- K-12 outreach/bridging programs
- Revenue enhancement options

Also per Planning and Budget Committee's recommendation, Provost Susan Henrichs is beginning an academic program review. That review aims to identify \$3 million in reductions from academic programs. Not all programs will be reviewed. I asked the Planning and Budget Committee to reconvene this fall and they chose programs for review based on the following criteria:

- Being among the lowest enrollment programs of their type (certificate, associate, baccalaureate, graduate)
- Decreasing enrollment of more than 30 percent in the past five years
- Being among the lowest number of graduates in the past three years for programs of their type

A few low-enrollment graduate programs were granted an exception based on levels of external research funding and a few grant-funded certificate and low-cost programs were also excluded.

The following 46 academic degree and certificate programs, nearly a quarter of UAF's total offerings, have been selected for review:

- * Arctic Engineering MS
- * Automotive Technology Certificate
- * Chemistry BA and MA
- * Community Health Certificate and AAS
- * Cross-cultural Studies MA
- * Dental Assistant Certificate and AAS
- * Dental Hygiene AAS
- * Drafting Technology Certificate and AAS
- * Electrical Engineering MS and MEE
- * Engineering Management MS
- * Environmental Engineering MS
- * Environmental Quality Science MS
- * Geography BA and BS
- * Geological Engineering MS
- * Inupiaq Eskimo BA
- * Instrumentation Technology Certificate
- * Journalism BA
- * Linguistics BA
- * Mathematics BA and Ph.D
- * Mining Engineering MS
- * Mineral Preparation Engineering MS
- * Music BA and MM
- * Native Language Education Certificate and AAS
- * Philosophy BA
- * Physics MS and Ph.D
- * Power Generation Certificate
- * Safety, Health, and Environmental Awareness Certificate
- * Science Management MS
- * Sociology BS
- * Space Physics Ph.D.
- * Statistics Graduate Certificate and MS
- * Theater BA
- * Yup'ik Eskimo BA
- * Yup'ik Language Proficiency Certificate and AAS
- * Yup'ik Language and Culture BA

During the program review process, each program will have an opportunity to provide evidence that its continuation is crucial to UAF's mission. Review committees will also have a range of quantitative information about the program, its students and its faculty. The review will go through a faculty committee, a dean and director committee and finally Chancellor's Cabinet. The programs will be selected for discontinuation; continuation with improved cost-effectiveness; or continuation without major change.

It's important for all of us to reassure students that even if an academic program is discontinued, students will have an opportunity to complete their certificate or degree. This is the fair thing to do and we are required to do this under our accreditation.

Additional information about all of the special program reviews is available on the Office of Management and Budget website (<http://www.uaf.edu/finserv/omb/>) and will be updated regularly.

Budget Reduction Targets

Because the savings realized through program reviews will not be sufficient to close our expected budget gap, I have asked each of UAF's vice chancellors to identify state-funded services and programs that could be reduced or ended if state funding to the university does not keep pace with our growing costs. The initial reduction targets I have provided to the other vice chancellors follow:

- Administrative Services and Facilities - \$1.5 million
- Chancellor's Office - \$280,000
- Research - \$600,000
- Rural, Community and Native Education - \$1.1 million
- University and Student Advancement - \$740,000

Differential unit spending reductions

While we won't know our state funding levels until this spring, it is likely we will also impose some differential unit spending reductions. Although these may be necessary, I and my leadership team decided it was best to mitigate those reductions by first doing the work necessary to make informed, targeted reductions.

We are working to develop our plan earlier this year than in past years, to allow sufficient time to plan prior to the beginning of the new fiscal year in July. I have asked that initial recommendations from all of the special program reviews and from each of the vice chancellors be provided to me and Cabinet by January 9, 2015. I plan to craft an initial budget plan that can be released before the end of January. After we have the final budget allocation from the state at the end of April, we will refine that plan to reflect actual funding levels.

We want to remain Alaska's best university despite the difficult times ahead, and although we must make tough choices, we want to be thoughtful and strategic in those choices. I encourage you to share your ideas. UAF's Office of Management and Budget has developed a form for gathering input, which may be accessed here: <http://www.uaf.edu/finserv/omb/>.

Budget cuts are painful. UAF has been through difficult budget times before, and likely will again. Our long-term success as an institution doesn't rest solely on our current funding levels, but rather on how well we position ourselves for the future. I am proud of UAF and I know that we will successfully weather these challenges.

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