



UNIVERSITY
of ALASKA

Many Traditions One Alaska

Proposed
FY2018 Operating Budget

Board of Regents
November 10-11, 2016
Fairbanks, Alaska

Prepared by: University of Alaska
Statewide Office of Strategy, Planning and Budget
907.450.8191
<http://www.alaska.edu/swbir/>

Table of Contents

Proposed FY2018 Operating Budget

Introduction.....1
Proposed FY2018 Operating Budget Summary2
FY2018 Operating Budget Request Items3

References

Authorized Operating Budget History by University/Campus.....6
FY2016 Expenditures by Category and Revenue by Type.....7
FY2012-FY2017 Revenue Source Comparison8

University of Alaska
Proposed FY2018 Operating Budget
Introduction

UA continues to take steps to manage the budget cuts received the last three fiscal years. Examples include: fewer regular and temporary employees, numerous vacant positions will remain unfilled, reduced or consolidated work assignments, and reallocation of general funds to support strategic investment areas. Through the Strategic pathways process, UA is reviewing all of its major academic programs and administrative services for how to create a more sustainable university with more diverse revenue sources. These efforts allowed UA to manage \$52.7 million, a 14% cut, in state general fund baseline reduction since FY2015 and additional unavoidable annual fixed cost increases.

To continue with even greater reductions in, and beyond, FY2018 will challenge UA to recast the entire UA portfolio of education and workforce development programs without compromising the high standard of education and workforce training that is currently afforded UA students. The proposed FY2018 operating budget aims to support ongoing discussion with the Board of Regents, chancellors, faculty, and staff to explore longer-term strategic cuts and investments, and explore revenue opportunities that will help UA preserve and strengthen its core during this downturn in the state's finances.

The proposed FY2018 budget is a five percent increase over FY2017 and includes \$13.2 million (state appropriation) to support UA's "Investing in Alaska's Future" goal, where 65% of jobs in the state will require some postsecondary education by FY2025.

The adjusted base requirement includes contractual compensation increases, and must pay fixed cost increases. The cost increases are based on the following:

- The FY2018 compensation estimate includes:
 - Contractual salary and benefit increases for UAFT unionized staff
 - Several union contracts (Local 6070, UNAC, UNAD, and FFU) are currently under negotiation, thus no increases are included in the budget request at this time
 - No salary increase for non-bargaining staff
 - Benefit rates are expected to remain flat
- Retirement rates are expected to remain the same
- Additional operating cost increases include:
 - Utilities
 - New Facilities Estimated Operating Costs (UAF engineering facility)
 - Other fixed cost increase for electronic journal subscriptions

The State Office of Management and Budget (OMB) guidance includes a base reduction of 5-10% or \$16-32 million for FY2018. UA is working on a "contingency" overlay version of the budget for continued discussion with the board over the coming months.

University of Alaska
Proposed FY2018 Operating Budget Summary
(in thousands of \$)

	UA Board of Regents' Budget		
	Unrestricted General Funds (UGF)	Designated, Federal and Other Funds	Total Funds
FY2017 Operating Budget	324,883.5	574,912.6	899,796.1
Rev FY2017 One-time Funded Items	-	(2,023.2)	(2,023.2)
Base - FY2017 Operating Budget	324,883.5	572,889.4	897,772.9
FY2018 Adjusted Base Requirements			
Compensation by Employee Group			
UA Federation of Teachers (UAFT)	578.6		578.6
Local 6070 ⁽¹⁾			-
United Academics Faculty (UNAC) (1)			-
UA Adjuncts (UNAD) ⁽¹⁾			-
Fairbanks Firefighters Union (FFU) ⁽¹⁾			-
UA Staff			-
FY2018 Compensation Increase Subtotal	578.6	-	578.6
Additional Operating Cost Increases			
Utility Cost Increases	1,300.0		1,300.0
New Facilities Estimated Operating Cost Increases	300.0	-	300.0
UAF Engineering Learning & Innovation Facility Operating Costs	300.0		300.0
Other Fixed Costs	800.0	-	800.0
Electronic Journal Subscriptions for Libraries & Campus-wide	800.0		800.0
Technology Software Tools			
Add'l Operating Cost Increases Subtotal	2,400.0	-	2,400.0
FY2018 Adjusted Base Subtotal	2,978.6	-	2,978.6
	<i>0.9%</i>		<i>0.3%</i>
Strategic Investments			
Facilities Maintenance (Current & Deferred)	2,500.0		2,500.0
Student Success	4,400.0		4,400.0
Research	1,500.0		1,500.0
K-12 Partnership	500.0		500.0
Workforce Development	3,300.0		3,300.0
Economic Development	1,000.0		1,000.0
Strategic Investments Subtotal	13,200.0	-	13,200.0
FY2018 Budget Adjustments			
Tuition Rate Increase		5,000.0	5,000.0
Technical Vocational Education Program (TVEP) ⁽²⁾			-
Mental Health Trust Authority (MHT) ⁽²⁾			-
License Plate Revenue ⁽²⁾			-
FY2018 Budget Adj Subtotal	-	5,000.0	5,000.0
FY2018 Operating Budget Changes	16,178.6	2,976.8	19,155.4
FY2018 Operating Budget Total	341,062.1	577,889.4	918,951.5
% Chg. FY2017-FY2018 Operating Budget	<i>5.0%</i>	<i>0.5%</i>	<i>2.1%</i>

(1) Contracts are under negotiation

(2) Funding for TVEP, MHT, and License Plate Revenue will be provided by the Governor's office at a later date.

Compensation Increases

(GF: \$578.6, NGF: \$0.0, Total: \$578.6)

The compensation estimate includes the FY2018 contract renewal amount for UA Federation of Teachers (UAFT). The Local 6070, United Academics Faculty (UNAC), UA Adjuncts (UNAD), and Fairbanks Firefighters Union (FFU) contracts are under negotiation for FY2018. In light of budget constraints and consistent with State guidance, with the support of the Chancellors, President Johnsen is recommending to the Board of Regents that no across the board salary increases be made for UA staff in FY2018. The FY2018 staff benefit rates are projected to be similar to the FY2017 rates, thus no increase in cost is expected.

Utility Cost Increases

(GF: \$1,300.0, NGF: \$0.0, Total: \$1,300.0)

This request covers the projected FY2018 utility and fuel oil cost increases, estimated at 4% over FY2017.

New Facilities Estimated Operating Cost Increases

(GF: \$300.0, NGF: \$0.0, Total: \$300.0)

UAF Engineering Learning & Innovation Facility Operating Costs

(GF: \$300.0, NGF: \$0.0, Total: \$300.0)

This increment provides the remaining funding necessary to meet the ongoing operating costs associated with the UAF Engineering Learning & Innovation Facility. This estimate is based on the total project cost for utilities, custodial, grounds/landscaping, and insurance.

Strategic Investments

(GF: \$13,200.0, NGF: \$0.0, Total: \$13,200.0)

Facilities Maintenance and Repair (Current & Deferred)

(GF: \$2,500.0, NGF: \$0.0, Total: \$2,500.0)

Each university dedicates a portion of its annual operating budget to facilities maintenance. Annual funding necessary to maintain UA's aging facilities, currently \$45,000, is unable to keep up with the growing annual need (\$60,000), thus the deferred maintenance backlog continues to grow. This funding is part of a multi-year plan to incrementally increase the annual funding dedicated to facilities maintenance (current and deferred), to slow the accumulation of deferred costs and reduce the risk of localized mission failure.

Student Success

(GF: \$4,400.0, NGF: \$0.0, Total: \$4,400.0)

This funding supplements campus efforts to increase recruitment and improve student retention and completion rates. In addition to recruitment, retention and degree completion efforts, funding will be focused on marketing, e-Learning course development, enrollment incentives, UA.edu degree completion, tuition offset, and honors colleges.

FY2018 Operating Budget Request Items (continued)

Research

(GF: \$1,500.0, NGF: \$0.0, Total: \$1,500.0)

This funding aims to leverage accelerated growth in competitive research capacity for Alaskan issues by focusing support on the following areas: President's professors and post-doctoral fellows, Institute of Social and Economic Research (ISER) and Alaska Center for Energy and Power (ACEP).

K-12 Partnership

(GF: \$500.0, NGF: \$0.0, Total: \$500.0)

This funding will be used to help offset the funding reductions to the Department of Education and Early Development that impacted UA's budget by focusing on the following efforts: concurrent enrollment, teacher preparation, alignment of standards, and rural education support.

Workforce Development

(GF: \$3,300.0, NGF: \$0.0, Total: \$3,300.0)

This funding will be focused on the following efforts important to workforce development: rural specialties (teacher education and health professionals, including nursing); maritime trade/fisheries; maritime academy; and Alaska Native arts.

Economic Development

(GF: \$1,000.0, NGF: \$0.0, Total: \$1,000.0)

This funding aims to create incubators at UAF and UAA to encourage and support start-ups based on UA intellectual property (IP). By enhancing UA's capacity to support IP activities, these accomplishments are intended to lead to commercialization of technologies valuable to inventors, the university, and state citizens. The new businesses created by this initiative will employ our graduates, grant UA support for additional research, and develop Alaska's economy.

Other Fixed Costs

(GF: \$800.0, NGF: \$0.0, Total: \$800.0)

**Electronic Journal Subscriptions for Libraries & Campus-wide Technology Software Tools
(UAA \$200.0 and UAF \$600.0)**

Access to the most current information resources and scientific knowledge is vital to all UA students, faculty, staff and researchers. Providing online access to current information resources requires ongoing annual licensing agreements with a percentage increase each year. Access to online scholarly and research information is essential for on campus and distance education, faculty and student research, and for applying for grant funding and patent applications.

The Consortium Library at UAA provides access to the UAA students, staff and faculty in Mat Su, Valdez, Kodiak, Soldotna, and Homer and the Library manages the Joint Library Catalog for most of the university, public and special libraries in Southcentral and Southeast Alaska. The Mat Su and Sitka school libraries are also included in the Joint Library Catalog. The Rasmuson Library at UAF is responsible for the delivery of library resources to UAF students, faculty, researchers and staff throughout Alaska at UAF rural campus and learning centers, including Northwest, Chukchi, Bristol Bay, Interior Alaska Campus and its learning centers, Kuskokwim, and all e-Learning and Distance Education students. The Egan Library in Juneau provides access to information resources to the UAS students, staff, and faculty in Juneau, Sitka, and Ketchikan.

FY2018 Operating Budget Request Items (continued)

Whenever possible, journal subscriptions and other media resources are shared with all UA campuses to offer broader access in a more cost-efficient manner. Without additional funding, further reductions in high-use subscriptions will be required and one or more databases will be discontinued. This will have a direct and adverse impact to UA researchers and students.

Budget Adjustments

(GF: \$0.0, NGF: \$5,000.0, Total: \$5,000.0)

Tuition Rate Increase

(GF: \$0.0, NGF: \$5,000.0, Total: \$5,000.0)

Regents' Policy 05.10.010 states, "Recognizing that state general fund support is not sufficient to pay the full cost of education and that students have a responsibility to contribute to the cost of their higher education, tuition and student fees will be established to the extent practicable in accordance with the following objectives: (1) to provide for essential support to the university's instructional programs; (2) to make higher education accessible to Alaskans who have the interest, dedication, and ability to learn; and (3) to maintain tuition and student fees at levels which are competitive with similarly situated programs of other western states. Tuition revenues will be used primarily to maintain and expand the educational opportunities provided to students, to preserve and improve the quality of existing programs and support services, to respond to enrollment trends, and to implement new programs."

References

FY14-FY17 Authorized Operating Budget by University/Campus (in thousands of \$)

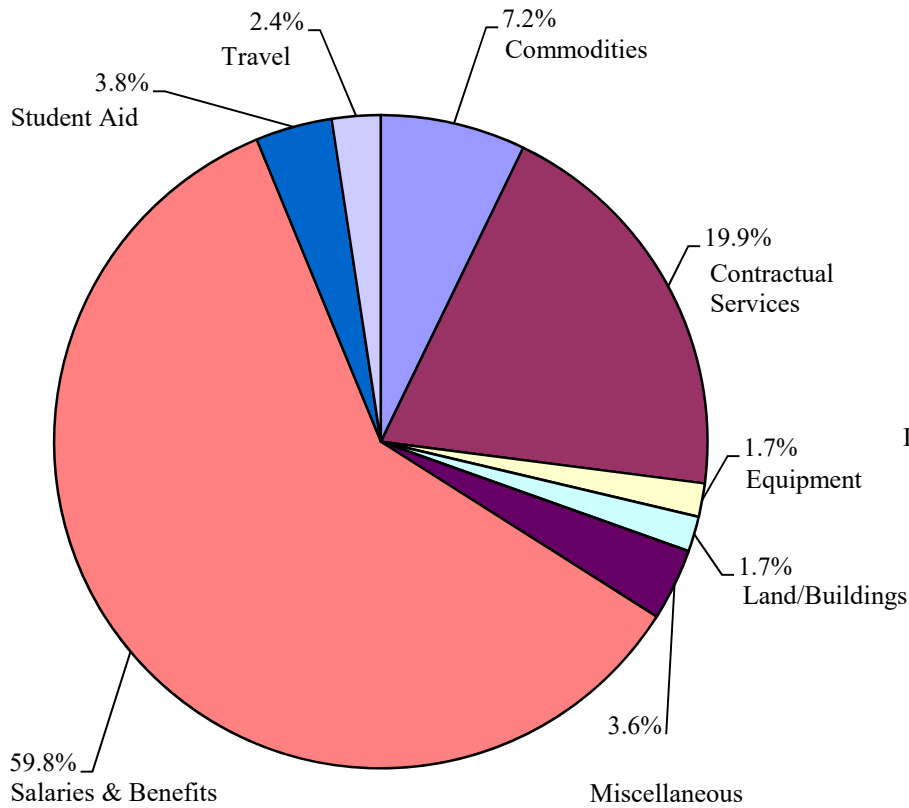
University/ Campus	FY14 BOR Authorized			FY15 BOR Authorized			FY16 BOR Authorized			FY17 BOR Authorized		
	State Approp. (UGF) ⁽¹⁾	Non-State Funding (DGF, Fed, Other) ⁽²⁾	Total Funds	State Approp. (UGF) ⁽¹⁾	Non-State Funding (DGF, Fed, Other) ⁽²⁾	Total Funds	State Approp. (UGF) ⁽¹⁾	Non-State Funding (DGF, Fed, Other) ⁽²⁾	Total Funds	State Approp. (UGF) ⁽¹⁾	Non-State Funding (DGF, Fed, Other) ⁽²⁾	Total Funds
Systemwide Component Summary												
Reduct's & Add'ts	0.8	(1,498.9)	(1,498.1)		0.6	0.6		0.4	0.4	1,750.0	0.6	1,750.6
Total Sysbra	0.8	(1,498.9)	(1,498.1)		0.6	0.6		0.4	0.4	1,750.0	0.6	1,750.6
Statewide Programs & Services												
Statewide Services	16,387.4	23,316.6	39,704.0	15,958.6	22,108.8	38,067.4	12,683.8	21,804.4	34,488.2	10,542.6	24,951.0	35,493.6
Office Info. Tech.	11,538.1	8,255.0	19,793.1	11,121.4	8,681.4	19,802.8	9,620.9	9,495.3	19,116.2	7,823.9	9,644.8	17,468.7
SEO	1,500.3	9,919.7	11,420.0	1,288.9	10,902.1	12,191.0	1,153.7	9,797.5	10,951.2	848.3	5,170.4	6,018.7
Total SPS	29,425.8	41,491.3	70,917.1	28,368.9	41,692.3	70,061.2	23,458.4	41,097.2	64,555.6	19,214.8	39,766.2	58,981.0
University of Alaska Anchorage												
Anchorage Campus	114,920.6	158,753.8	273,674.4	113,309.3	161,457.1	274,766.4	107,884.0	165,738.1	273,622.1	100,165.5	168,437.7	268,603.2
Sm. Busin. Dev. Ctr	1,163.3	2,109.0	3,272.3	1,103.4	2,109.0	3,212.4	1,031.5	2,146.6	3,178.1	985.2	2,025.0	3,010.2
Kenai Peninsula Col.	7,902.5	8,661.9	16,564.4	7,651.8	9,305.4	16,957.2	7,249.5	9,648.4	16,897.9	6,635.7	10,017.1	16,652.8
Kodiak College	2,951.6	2,078.1	5,029.7	2,848.3	3,054.8	5,903.1	2,717.4	3,416.3	6,133.7	2,435.2	3,485.9	5,921.1
Mat-Su College	5,039.9	5,865.1	10,905.0	5,444.2	5,999.2	11,443.4	5,204.4	6,321.0	11,525.4	4,868.8	7,421.9	12,290.7
Prince Wm. Snd Col.	3,524.1	4,028.7	7,552.8	3,430.5	4,388.8	7,819.3	3,298.3	4,303.5	7,601.8	2,786.5	4,377.5	7,164.0
Total UAA	135,502.0	181,496.6	316,998.6	133,787.5	186,314.3	320,101.8	127,385.1	191,573.9	318,959.0	117,876.9	195,765.1	313,642.0
University of Alaska Fairbanks												
Fairbanks Campus	124,659.8	136,241.1	260,900.9	127,916.8	143,749.5	271,666.3	129,492.8	153,495.5	282,988.3	123,078.4	145,150.5	268,228.9
Fairbanks Org. Res.	23,748.7	123,939.3	147,688.0	24,443.5	119,480.3	143,923.8	23,616.8	119,834.9	143,451.7	20,933.0	134,157.9	155,090.9
Coop. Ext. Service	5,183.0	6,145.0	11,328.0	4,499.9	6,235.9	10,735.8						
Bristol Bay	1,598.7	2,512.7	4,111.4	1,550.2	2,607.5	4,157.7	1,412.0	2,673.2	4,085.2	1,211.4	2,774.9	3,986.3
Chukchi Campus	1,093.3	1,404.7	2,498.0	1,058.6	1,427.7	2,486.3	970.8	1,462.3	2,433.1	806.9	1,495.3	2,302.2
Interior AK Campus	1,977.4	4,298.0	6,275.4	1,916.6	3,869.6	5,786.2	1,655.9	4,033.8	5,689.7	1,433.6	3,955.2	5,388.8
Kuskokwim Campus	3,535.6	3,546.8	7,082.4	3,425.6	3,474.5	6,900.1	3,000.8	3,565.5	6,566.3	2,605.0	3,765.7	6,370.7
Northwest Campus	1,853.1	1,378.2	3,231.3	1,782.6	2,865.7	4,648.3	1,521.4	2,939.2	4,460.6	1,319.8	2,989.2	4,309.0
CRCD	6,467.9	5,725.0	12,192.9	6,434.7	5,188.7	11,623.4	5,406.7	5,145.3	10,552.0	4,679.6	5,245.8	9,925.4
UAF CTC	6,471.4	8,130.4	14,601.8	6,262.9	8,194.1	14,457.0	5,713.7	8,615.6	14,329.3	5,306.5	8,696.7	14,003.2
Total UAF	176,588.9	293,321.2	469,910.1	179,291.4	297,093.5	476,384.9	172,790.9	301,765.3	474,556.2	161,374.2	308,231.2	469,605.4
University of Alaska Southeast												
Juneau Campus	23,360.9	20,474.8	43,835.7	22,921.9	21,556.4	44,478.3	21,297.2	22,466.3	43,763.5	19,486.6	22,938.1	42,424.7
Ketchikan Campus	2,789.9	2,867.0	5,656.9	2,697.4	2,883.3	5,580.7	2,564.2	2,966.9	5,531.1	2,291.0	3,145.2	5,436.2
Sitka Campus	3,655.6	4,746.8	8,402.4	3,532.6	4,723.6	8,256.2	3,291.2	4,936.8	8,228.0	2,890.0	5,066.2	7,956.2
Total UAS	29,806.4	28,088.6	57,895.0	29,151.9	29,163.3	58,315.2	27,152.6	30,370.0	57,522.6	24,667.6	31,149.5	55,817.1
Total University	371,323.9	542,898.8	914,222.7	370,599.7	554,264.0	924,863.7	350,787.0	564,806.8	915,593.8	324,883.5	574,912.6	899,796.1

(1) UGF - Unrestricted General Funds;

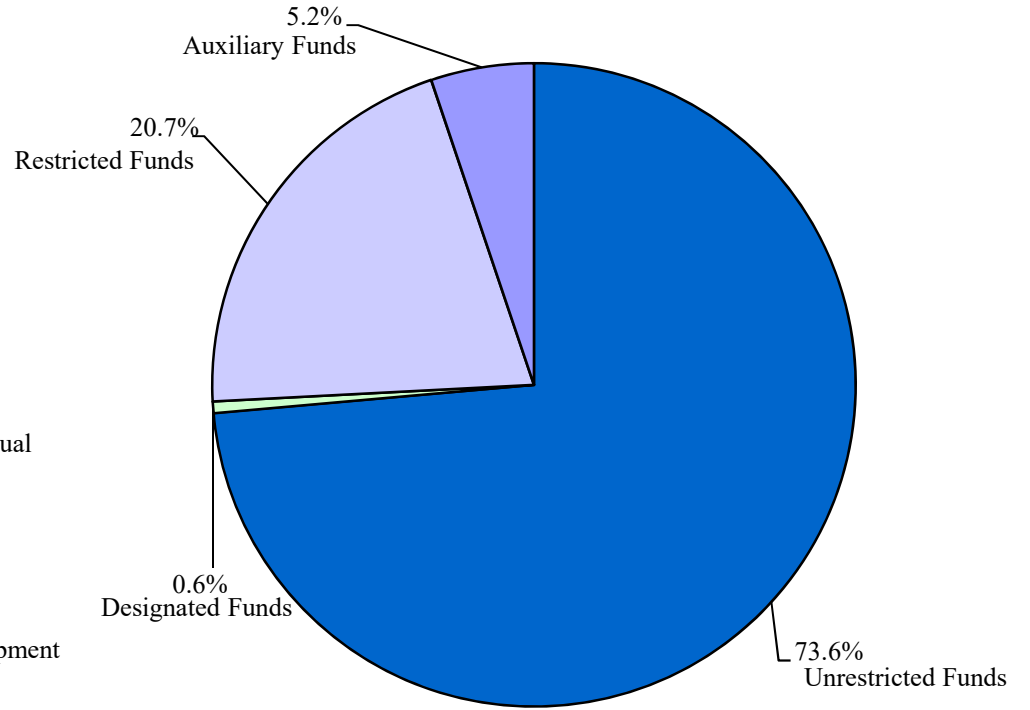
(2) DGF - Designated General Funds (University Receipts, Technical and Vocational Education Program); Fed - Federal Funds; and Other: State Inter-Agency Receipts, Mental Health Trust Authority Authorized Receipts, CIP Receipts, and UA Intra-Agency Receipts.

University of Alaska Expenditure by Category and Revenue by Fund Type FY16 Actual

Expenditure by Category

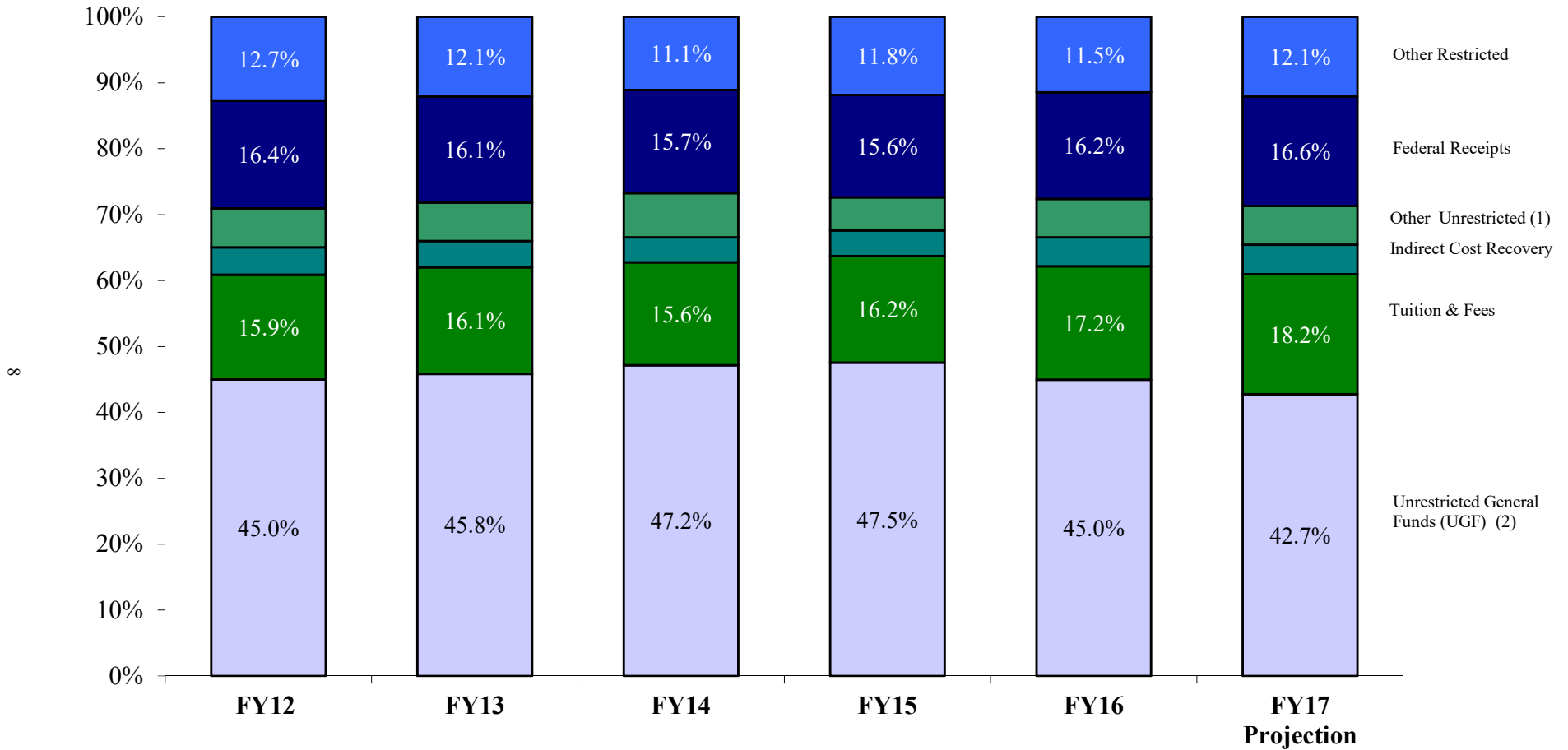


Revenue by Fund Type



Unrestricted Funds	\$614.0
Restricted Funds	172.3
Designated Funds	4.8
Auxiliary Funds	<u>43.2</u>
Sub-Total	834.3
UA Intra-Agency (UAIAR)	<u>(53.9)</u>
Total (in millions)	\$780.4

University of Alaska Revenue by Source FY12-FY16 Actual, FY17 Projection



1. Other Unrestricted funds include Technical Vocational Education Program (TVEP) funds and exclude UA Intra Agency Receipts .
2. Unrestricted General Funds (UGF) include one-time funding for utility cost increases; FY12 \$3,960.0; FY13 \$4,680.0; FY14 \$6,280.0; and FY15 \$4,590.0.