Spring Management Report

April 10

2014

University of Alaska Southeast

Anticipated fund balance and the percent to total revenues less UA IAR as of January 2014:

Campus	Projected UFB	% of Total Revenues
Juneau	1,527.0	3.7%
Ketchikan	89.5	1.7%
Sitka	81.0	1.1%
	1,697.5	**3.1%**

The balance by unit, including centrally-held:

Juneau Balance by Unit	UFB
Chancellor's Office	69.6
Reallocation Pools	610.1
Provost's Office	26.9
Library	22.8
Student Services	65.2
Administrative Services	75.5
IT Services	33.7
Facilities Services	335.8
School of Arts and Sciences	77.4
School of Education	30.2
School of Management	54.4
School of Career Education	15.7
Institutional Support Pool	109.6
Juneau Campus Total	**1,527.0**

UAS policies regarding UFB distribution and uses:

UAS units are not provided targets or goals for contribution to UFB. Budget managers are expected to monitor their budgets and ensure that expenditures are prioritized do not exceed earnings. Discussions are underway at this time to amend current allocation of UFB practices. The most favorable proposition is to commit to units that they will receive a percent of the UFB generated by that unit. It is anticipated that this policy will be effective at FY15 year-end for FY16 distribution.

This departure means that new ideas and/or funding will need to be identified to continue the student retention and deferred maintenance projects that have been funded with UFB in the past. Allocation of UFB has always been guided by Strategic and Master Plans.

UFB at each of the community campuses has been held central with allocation of funds being decided by directors and other executive leaders. Use of these funds has limited to one-time campus projects and/or program supplementation.

The primary factors influencing the projected UFB:

The largest contributors as seen above are salary savings generated by the UAS vacant position policy and the facilities and planning office. The salary savings funds are usually allocated to one-time projects, but in light of FY15 budget reductions have been held central to ensure that UAS has some flexibility with the FY15 authorized budget. The facilities and planning office has a higher than normal surplus in the admin recovery due to the accelerated pace of the construction on the new freshman dorm.

Revenue distribution policies: tuition and other sources:

FY14 is the first year of the consolidated fee at the Juneau Campus, and a recent analysis of the fee just transpired. The fee came about after a review conducted in spring 2013 to determine appropriateness of the fee structure that was in place at that time. What the review found was that fees were added to courses to supplement tuition and lacked any analysis to support the dollar amount being charged. The new fee is a simplified and equitable to students who are assessed $35/credit hour from the first credit. This methodology fairly applies the application of fees to all students, not just subsets of students. For example, historically, students taking 5+ credits where charged an additional $125 flat fee for the support of the recreation center, however, containment of use to that subset could not be enforced, so the consolidated fee was a way to equitably share that cost. There are many other examples which include the health fee, and the academic fee (formerly the summer school fee). From a student satisfaction perspective, the consolidated fee has been a true success. While a formal survey has not been conducted, student advisors and cashiers report fewer incidents of complaints, waivers and challenges of the fee.

The consolidated fee spurred the change in the distribution of tuition, which had been 75/25 – academic/non-academic, and is now 80/20. Since the first year of the fee was meant to be revenue neutral for the schools, some base general fund reallocations were also made to the schools that were negatively impacted by the fee. Due to the fact that many changes were implemented at the same time, the fee will remain $35/credit hour for FY15 so more data can be collected to allow confirmation of its success.

Discuss each revenue source commenting on the projected balance relative to the balance anticipated at the beginning of the year. What are the major factors that are contributing to the variance?

Revenue Source	Region	Status as of January 2014	Variance to Authorized Budget	Variance Explanation
State Appropriation	29,788.2	29,796.5	8.3	EMAS from SW
State Appropriation Match	18.2	59.2	41.0	Epscor funds from UAF
TVEP	555.9	555.9	-	
Federal Receipts	5,377.2	5,284.3	(92.9)	Fully expending most awards
State IAR	895.3	776.0	(119.3)	AKLN
Auxiliary	3,028.3	2,433.3	(595.0)	Decrease in student population
Tuition & Fees	12,851.5	10,756.5	(2,095.0)	Decrease in SCH/Change in fee structure
Indirect Cost Recovery	307.2	307.9	0.7	F&A rate increase
UA Receipts	3,665.3	4,273.5	608.2	Prior year UFB
CIP Receipts	431.6	339.6	(92.0)	Rate adjustment after budget
UA Intra Agency Transfers	976.3	681.9	(294.4)	UA RSA's
Authorized Budget	8,402.4	57,895.0	55,264.5	

Discuss each revenue source relative to budget receipt authority. Comment on any sources that are expected to exceed authority or that need to be watched with caution as year-end approaches.

At this time we are not projecting to exceed budget receipt authority for any one revenue type.

Revenue Source	Projected
State Appropriation	100.0%
State Appropriation Match	100.0%
TVEP	100.0%
Federal Receipts	98.0%
State IAR	87.0%
Auxiliary	80.0%
Tuition & Fees	90.0%
Indirect Cost Recovery	93.0%
UA Receipts	94.0%
CIP Receipts	79.0%
UA Intra Agency Transfers	70.0%

Discuss any significant unplanned or contingent expenditure and how they have, or will be, funded.

At FY13 year-end, UAS received a working capital loan for completion of the freshman dorm. To date the funds to cover the loan have been identified from FY14 operating sources. The sources were from FY13 UFB, and other miscellaneous surplus funds throughout the year as they became available. As progress of the building moves forward, and work on the interior is in sight, initial estimates for the FF&E (furniture, fixtures, and equipment) are about 60% or $250.0 more than the original budget. Currently UAS' project managers are currently working on several options to get costs closer to the original $400.0 estimate, which include negotiating price reductions with vendors, ways to reduce the scope of the project, using surplus furniture, identifying purchases that can be delayed.

Specify debt strategies and plans – What projects are you anticipating needing debt financing?

Below is a table of UAS' current long-term debt. At this time, we are not anticipating any projects being added to this list. The total annual payments are 42% of capacity.

Debt Service Obligations	Annual Pay Amount	Ending Year
2005 series M (NSRL) (Funded through SOA Receipts & GF)	244.7	FY29
2005 series N (Housing)(Funded with Auxiliary Receipts)	138.2	FY22
2008 series O (Admin) (Funded with GF)	245.5	FY28
2011 series Q (Freshman Dorm) (Funded with receipts)	172.5	FY27
2011 series Q (Auke Lake Way)(Funded with receipts)	94.5	FY22
2002 series K (JUF) (Funded Leg Approp)	395.2	FY28
Total Annual Debt Service	**1,290.5**	

FY15 initial budget analysis – Discuss status of FY15 budget analysis. What major revenue and expenditure changes are you anticipating?

In April 2013, UAS expanded the scope of the Strategic Advisory Committee to add budget planning responsibilities. The newly formed Strategic Planning & Budget Advisory Committee (SPBAC) is remapping old processes, and providing recommendations for program sustainability, resource allocations, and facility utilization. The committee meets mid-April to review reductions and enhancements put forth by each budget unit with implementations taking at most two years to achieve. Currently, UAS is looking to decrease expenditures by $1.8M in FY15.

As per Board of Regent Policy, program review has always been an integral part of the academic process, but in the last decades, schedules for review have been established and adhered to. Program review is now being utilized to provide recommendations for our auxiliary enterprises. Recently, UAS has chosen to make substantial changes to the business operations of food services and the bookstore. The private contract for food service will not be renewed after May 2014. In its place, UAS will be revamping the in-house structure that existed prior to FY08 for food service. Review of the cost of supporting the private food services vendor and student satisfaction lead to the conclusion that the service could be provided without burden to the institution, generate revenue, and increase the approval rating with students. UAS has been subsidizing the bookstore at increasing amounts each year. In FY14, that subsidy will exceed $150.0. Recognizing the inability to sustain this subsidy, the program review for the bookstore has just been completed, submitted, and recommendations are being discussed by the executive cabinet for implementation within the next year.

Grant Receivables

At UAS, receivables are always at their highest the first quarter of the fiscal year. Generally it is due to late summer activity on research awards, and the first disbursement of financial aid awards. Beginning late FY13, inquiries for additional back up on support of invoices began to increase, and more agencies are withholding approximately 10% of final invoices while awaiting final reports.

Trend of accounts receivable balances by quarter.

	Receivable by Quarter				
Fiscal Year	**Q 1**	**Q 2**	**Q 3**	**Q 4**	**Average**
FY11	1,509.0	357.6	547.9	613.1	756.9
FY12	1,470.2	648.0	409.2	786.0	828.4
FY13	2,164.8	1,078.9	672.2	875.3	1,197.8
FY14	1,109.3	963.2	694.5	902.8	917.5

Receivables as a percent of revenue

Fiscal Year	Average Receivable	Annual Revenue	As a % of Revenue
FY11	756.9	4,767.7	15.9%
FY12	828.4	5,040.3	16.4%
FY13	1,197.8	5,582.0	21.5%
FY14	917.5	5,671.8	16.2%

Provide a status report and analysis on student accounts receivable and related allowance for doubtful accounts. The analysis should address aging, write-off history, collection efforts, and adequacy of the allowance. At June 30, 2013, what is total net (meaning less allowance for doubtful accounts) student accounts receivable as a percent of gross student tuition and fees revenue? How does this compare to the prior four years?

The current A/R aging is as follows:

Age	A/R	% of Total
< 30	768.7	36%
31-90	399.1	19%
91-180	186.3	9%
> 181	751.6	36%
Total	2,105.8	100%

36% of the A/R balance has aged over 180 days. Quarterly, UAS adjusts the allowance for doubtful accounts and reserves 40% of the balance over 181 days. The balance is held rather than turned over to collections so the University can submit these accounts to the Permanent Fund for garnishment. Dividends garnished totaled $66,128, $89,072, $85,135 and $96,107 for fiscal year 2010, 2011, 2012 and 2013 respectively

The change in the allowance for doubtful accounts for 2011, 2012 and 2013 is as follows:

	2011	2012	2013
Allowance BOY	(54.66)	(79.27)	(141.18)
Amount sent to Collections	39.47	136.12	70.31
Recoveries due to Collections	(23.14)	(5.48)	(30.00)
Net Account Write-offs	21.76	11.19	46.78
Reserves for Bad Debt	(62.70)	(203.74)	(123.18)
Allowance EOY	(79.27)	(141.18)	(177.26)

Due to poor results from collections efforts, the allowance and provision for bad debt increased significantly in 2012.

Net A/R as a percentage of gross tuition and fees has remained relatively stable from a high in 2008 through 2012 UAS continues to drop for non-payment which has helped contain the percentage to historical levels.

FY	A/R	Allowance	Net A/R	Gross Tuition & Fees	A/R as % of Tuition and Fees
2009	1,095.9	(70.3)	1,025.6	9,734.6	10.54%
2010	1,191.0	(54.7)	1,136.3	11,074.3	10.26%
2011	1,173.9	(79.3)	1,094.6	12,439.9	8.80%
2012	1,492.0	(141.2)	1,350.8	13,022.3	10.37%
2013	1,318.0	(177.3)	1,140.8	13,282.4	8.59%

Will you meet the Maintenance and Repair (M&R) target for FY14? If not, provide an update. In preparation for the Sightlines implementation, please provide an estimate of FY14 M&R funds categorized by: a) routine maintenance, b) scheduled maintenance, c) response maintenance (emergency/non-emergency) and d) reinvestment projects.

UAS will exceed the minimum M&R requirement. The FY14 UAS M&R requirement is $2,400.0.

Routine maintenance:	502.9
Scheduled maintenance:	29.9
Response maintenance:	4.4
Reinvestment:	4,759.5
Total	$5,296.7