

University of Alaska Board of Regents

FY2021 Budget

November 7-8, 2019
Fairbanks, Alaska

Overview

- Goals & Measures
- Governor-UA Compact
- FY20 Legislative Intent
- FY21 Operating Budget
- FY21 Capital Budget

Goals & Measures 2017-2025*

	2017 Baseline	2018 Observed	2019 Observed	2020 Target	Change 2019-2020	2025 Goal
1. Contribute to Alaska's economic development						
Increase STEM graduates	1,628	1,691	1,505	1,875	+370 (25%)	2,460
Increase # invention disclosures	17	34	41	25	-16 (-39%)	34
2. Provide Alaska's skilled workforce						
Increase % of educators hired	30%	33%	29%	43%	+14% (47%)	90%
Double number of health program completions	874	939	831	1,086	+255 (31%)	1,760
3. Grow our world class research						
Lead the world in Arctic related research	1	1	1	1		1
Increase research expenditures	\$159.4m	\$150.7m	\$158.0m	\$168.3m	+\$10.3m (7%)	\$235m
4. Increase degree attainment						
Fiscal Year Student Full Time Equivalent (FTE)	18,492	17,555	16,721	19,825	+3,104 (19%)	28,526
Increase completions	4,594	4,554	4,314	5,442	+1,128 (26%)	10,400
5. Operate more cost effectively						
Decrease total cost of education (indirect and direct) per completer	\$107.3	\$108.4	\$110.6	\$93.9	-\$16.7 (-15%)	\$59.0
Increase annual completions per Full Time Equivalent (FTE)	23/100	23/100	24/100	26/100	+1.6 (6%)	35/100
*These goals and measures require revision to reflect recent state funding and enrollment reductions.						

Governor-UA Compact & Legislative Intent

Governor-UA Compact Summary

- Operating Budget
 - FY20 \$302 million UGF (-\$25M from FY19)
 - FY21 \$277 million UGF (-\$25M from FY20)
 - FY22 \$257 million UGF (-\$20M from FY21)
- Capital Budget
 - FY20 \$5 million facility deferred maintenance
 - FY21 TBD facility deferred maintenance
 - FY21 TBD facility deferred maintenance
- Both parties continue efforts to remedy UA's land grant deficit

UA's Commitment to Compact

The University will report to the Office of the Governor and the Alaska Legislature no later than December 4th of each of the three years of this agreement regarding progress the University has made toward its strategic goals and on the following priorities:

- a. Operating cost reductions.
- b. Administrative overhead reductions.
- c. Strengthening the role of community campuses.
- d. Growth in monetization of University assets.
- e. Enrollment and degree/certificate completion rates.
- f. Campus safety and regulatory compliance.
- g. Research income increases.
- h. Other non-state income increases, e.g., tuition and philanthropic gifts.
- i. Development of UA lands.
- j. Technology investments to lower costs and increase access.
- k. Structural consolidation and consideration of single accreditation.

Governor's Commitment to Compact

The Governor will:

- a. Support budgeted amounts agreed upon.
- b. Support expanded dual-enrollment of college-ready high school students.
- c. Support FAFSA completion of high school students.
- d. Continue support for the Alaska Performance Scholarship and Alaska Education Grant programs.
- e. Explore more appropriate structure for WWAMI appropriation.
- f. Be open to discussions surrounding inter-appropriation transfers (FY20) and pursue single-appropriation structure consistent with the Board of Regents' constitutional authority (FY21).
- g. Continue \$1.2 million each year of the agreement for facility debt reimbursement.
- h. Support land grant transfers.
- i. Support increased collaboration between state agencies and the University.
- j. Consider other budget items that support University transformation.

FY20 Legislative Intent

“It is the intent of the legislature that the Board of Regents consider a plan to transition the University of Alaska from three separately accredited academic institutions into a single accredited institution with multiple community campuses, and that the Board of Regents provide an update to the legislature on the development of such a plan by December 1, 2019.”

Board Consideration of Intent Language

The Board of Regents took numerous steps to consider a plan to transition the University of Alaska from three separately accredited institutions into a single accredited institution including:

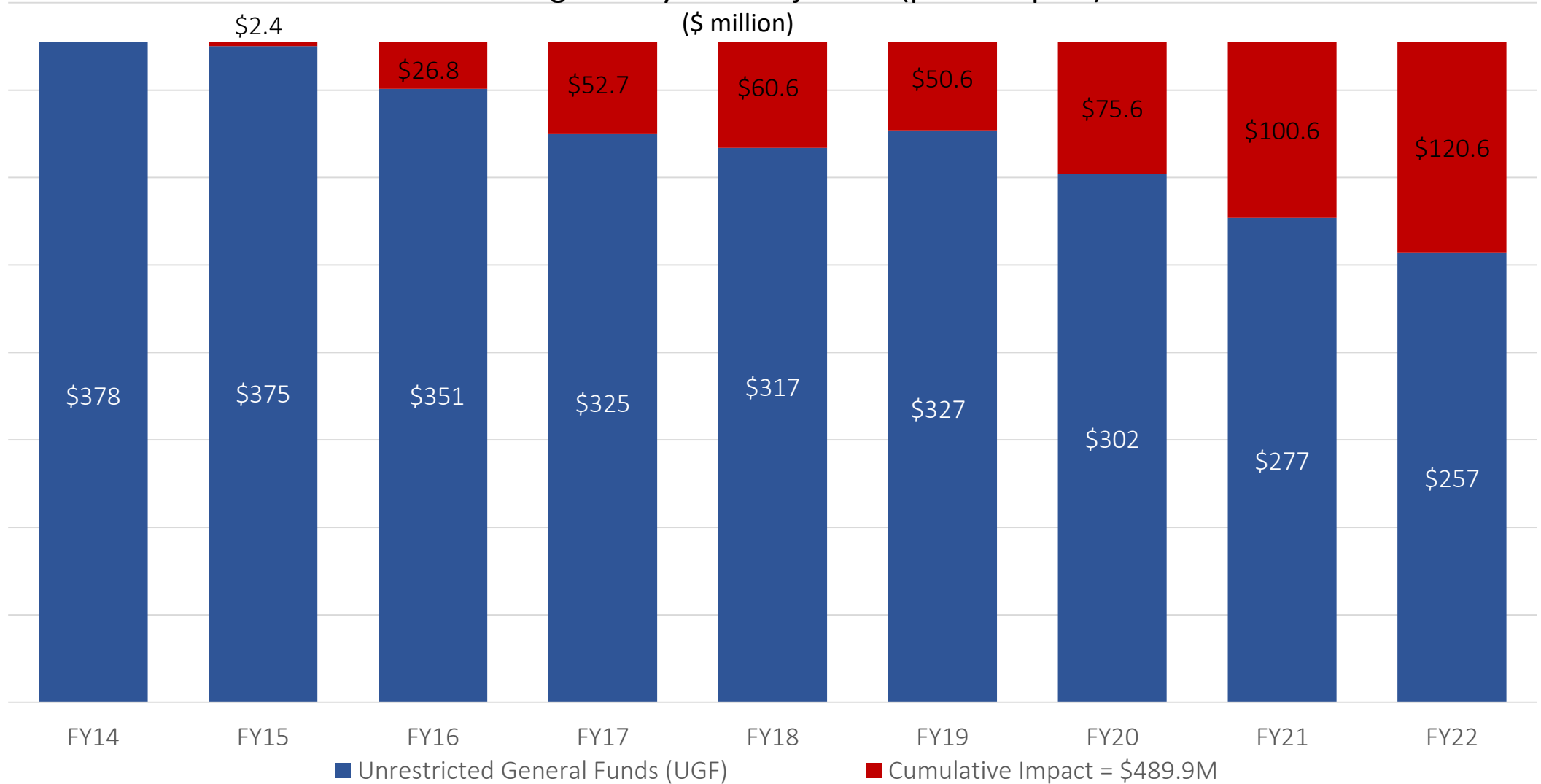
- Forming a special taskforce of Alaska leaders on university structure which issued a report to the Board
- Authorizing the President to prepare a plan for BOR consideration to transition to a single institutional accreditation
- Forming a BOR subcommittee on restructuring
- Holding UA Wide workshops including over 200 administrators and faculty from across the system to explore interests, options, and barriers
- Conducting a stakeholder survey of over 3,900 faculty, staff, students, alumni, and community members, which identified areas of both agreement and disagreement

In light of concerns raised by UA accrediting body, the Northwest Commission on Colleges and Universities (NWCCU), the Board chose at this time to pursue other avenues to reduce costs and increase efficiency, including review of administrative functions and academic programs. On October 7th the Board decided to cease consideration of a single accreditation until such a time as UAF secures its NWCCU accreditation in 2021.

FY21 Operating Budget

Budget

University of Alaska
State Funding History and Projection (per Compact)
(\$ million)



Budget Plan for FY2020 - FY2022

	FY20	FY21 Proposed	FY22 Estimate	Total	Comments
Expense Factors					
• State UGF Reduction	25.0	25.0	20.0	70.0	Base Budget Cut
• Investment	9.1	12.1	8.2	29.4	
• Strategic Initiatives *	5.0	5.0	5.0	15.0	Reallocation within MAU
• Compensation • (Equity and Market)	3.4	3.2	3.2	9.8	Reallocation within MAU
• Compensation • (General Market)		3.9		3.9	Reallocation within MAU
• Title IX / Safety	<u>0.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.7</u>	Reallocation within MAU
Total	34.1	37.1	28.2	99.4	

* Starting in FY21, Strategic Initiatives of \$5 million will be funded through MAU based reallocation to support the Board of Regents' Goals and Measures.

Budget Plan for FY2021

	FY21 Proposed	UAA	UAF	UAS	SW/EE
Expense Factors					
• State UGF Reduction	25.0	9.1	12.3	1.9	1.7
• Investments	12.1	4.5	6.0	0.8	0.8
• Strategic Initiatives *	5.0	1.8	2.5	0.4	0.3
• Compensation (Specific Market)	3.2	1.3	1.6	0.1	0.2
• Compensation (General Market)	<u>3.9</u>	<u>1.4</u>	<u>1.9</u>	<u>0.3</u>	<u>0.3</u>
Total	37.1	13.6	18.3	2.7	2.5
* Starting in FY21, Strategic Initiatives of \$5 million will be funded through MAU based reallocation to support the Board of Regents' Goals and Measures.					

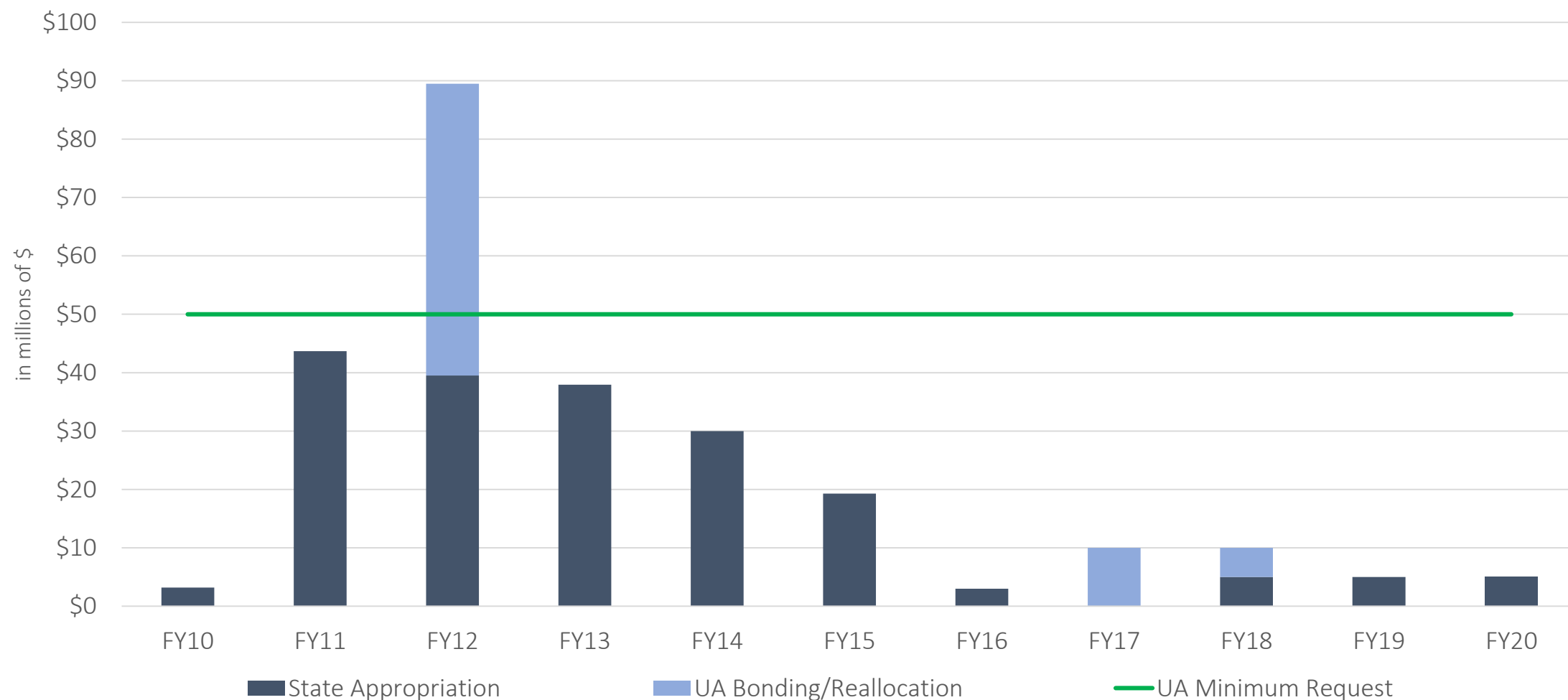
FY21 Budget Plan Timeline

- 10/21 Chancellors provide input on method for distribution of FY21 reduction to the universities.
- 10/28 Executive Council in person meeting, discussion of FY21 budget request and budget reduction allocation.
- 11/1-1/3 FY21 University level budget allocation planning.
- 11/8 Board of Regents (BOR) meeting. Approval of FY21 budget request.
- 1/6 Chancellors submit FY21 budget allocation plan to President, discuss at Executive Council meeting.
- 1/6-1/10 President consultation/consideration of proposed plans.
- 1/10 President's proposed FY21 Budget Allocation Plan posted for BOR.
- 1/17 Board of Regents meeting. President and Chancellors present proposed high level FY21 budget allocation plan for discussion by the Board of Regents.
- 2/20 Board of Regents meeting. Update on budget process
- 6/4 Board of Regents meeting. Approve FY21 budget

FY21 Capital Budget

Capital Budget DM/R&R Funding History

Unrestricted General Funds (in millions of \$)



FY21 Capital Budget

Unrestricted General Funds (in millions of \$)

	Regents	Gov
Facilities Deferred Maintenance/ Renewal & Repurposing	\$50.0	TBD
USArray	\$2.5	TBD

A \$50.0 million state funding request for facilities deferred maintenance (DM)/renewal & repurposing (R&R). Annual State capital appropriations for UA's DM/R&R activities averaged \$34 million from FY11-FY15, but has dropped to an average of \$3 million annually from FY16-FY20.

A \$2.5 million request to improve Alaska's ability to assess and prepare for earthquakes and tsunamis. Excludes \$26.5 million that may be leveraged from non-state sources.