



UNIVERSITY
of ALASKA

Many Traditions One Alaska

Report on FY06 Operating Budget
Request Development
and
Performance Based Budgeting
Implementation

Board of Regents
September 14-15, 2004
Fairbanks, Alaska

Prepared by Statewide Budget & Institutional Research
474-7958

Items

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University of Alaska
FY06 Preliminary Operating Budget Request Proposal
September 1, 2004
(\$000's)

	State Appropriation	Receipt Authority	Total
FY05 Operating Budget			
General Fund/General Fund Match	228,065.3		228,065.3
Technical Vocational Education Program Account	2,868.9		2,868.9
Mental Health Trust	200.8		200.8
Receipt Authority		434,088.2	434,088.2
FY05 Operating Budget	231,135.0	434,088.2	665,223.2

FY06 Preliminary Maintenance Request Items (Early Estimates Require Refining)

Salary Maintenance			
Contract and Policy Mandated Salary Increases	6,159.0	4,106.0	10,265.0
Health and Other Staff Benefit Cost Increases	2,925.0	1,950.0	4,875.0
Salary Maintenance Subtotal	9,084.0	6,056.0	15,140.0
Additional Non-Discretionary Cost Increases			
Non Personal Services Fixed Costs (1.5%)	400.0	2,400.0	2,800.0
Library Material and Subscription Costs	100.0	300.0	400.0
Risk Management/Insurance Fees	200.0	400.0	600.0
Debt Service		3,000.0	3,000.0
Network Bandwidth	450.0	450.0	900.0
M&R Increment/New Facility Op Cost	800.0	800.0	1,600.0
Additional Non-Discretionary Subtotal	1,950.0	7,350.0	9,300.0
Impact of HB123 on WFD programs	(364.3)		(364.3)
Additional Student Demand in Existing Programs	400.0	3,400.0	3,800.0
Behavioral Health Program Partnership	500.0	500.0	1,000.0
Research Program Success	-	10,600.0	10,600.0
Preliminary Maintenance Level Increment	11,569.7	27,906.0	39,475.7
Preliminary FY06 Maintenance Level Request¹	\$ 242,704.7	\$ 461,994.2	\$ 704,698.9
% Change FY05 Budget to FY06 Maintenance	5.0%	6.4%	5.9%

Extra-Ordinary Retirement Program Increases ¹	7,840.0	3,360.0	11,200.0
UA Scholars in excess of Available NRF funding ²	1,600.0		1,600.0
For Consideration: Research Investment, Instructional Programs and Distance Education Additions, Other	4,500.0		4,500.0

1. UA performance measure targets and goals have been established based on this funding level and the assumption that the retirement increases will be funded by the state.

2. UA Scholars annual program costs is \$3.6M. There is \$2M available from NRF to fund the scholarships. One-time reallocations have covered the UA Scholars shortfalls.

Source: SW Budget and Institutional Research, August 30, 2004.

Strategic Goals Requiring Additional State Funding

Competitive Research Investment - Phase 1 of 5 \$2,500.0

This request is the first of several phases necessary for Alaska to capitalize on the many benefits of Research as an Industry. Currently, externally funded research activity fuels over 2,300 jobs in Alaska. At UA, research activity leverages \$6 dollars externally for every dollar from the state. In the next three to five years, this first phase would provide additional \$20M NGF Revenue. Looking long term, if the state provides a phased approach to increasing its annual research investment by \$20M to \$40M over the next five years. After programs mature competitively, the University would expect non-state funded research activities to more than double. Additionally, the state's investment and policy direction would create the environment that would promote industry research endeavors.

Items currently noted for investment include: 1). health and biomedical research program faculty, post-doctoral candidates, and graduates students; 2). technology transfer and intellectual property program office; 3) competitive graduate stipends; 4) matching funds to meet the requirements for strategic external grants; and 5) strengthen the UAF College of Engineering

Expanded Distance Delivery and Instructional Programs Offering - Phase 1 of 3 \$1,000.0

The next key to keeping Alaska's youth in-state is having a full array of academic offerings that respond to the needs of the state and areas of campus distinction. Specific program investments will be evaluated in terms of impact on student access, student enrollment and retention, state need, employment opportunity, and campus areas of distinction.

Examples of requests that have been forwarded for funding consideration in the FY06 budget request process include: Systemwide coordination of distance education and expanded distance program offerings; Masters program in Homeland Security; BS/BA environmental studies; and, community campus and workforce development programs.

Classroom and Laboratory Equipment and Software Renewal - Phase 1 of 2 \$1,000.0

UA has traditionally requested classroom and laboratory equipment renewal funding in the capital budget but has been largely unsuccessful. This request would change the approach by setting up a central operating fund of \$2m annually for major instructional equipment renewal. In the capital budget request there are 10 individual items requiring a total of \$4.2M in state funding.

Strategic Priorities for Consideration of Internal Reallocation (\$3.6M)

Student Services Priorities \$500.0

Current MAU requests show the need for nearly \$0.5M of additional investments in student services areas including financial aid processing, recruitment, enrollment planning, and admissions.

Performance Based Budgeting Funding \$1,600.0

In FY05 a maximum of \$2.4m (\$1.2M System and \$1.2M MAU matching) is available for success on UA's existing performance measures and to recognize MAU's for implementation progress. Additional emphasis in FY06 will be placed on achieving the accepted performance targets on existing measures and the five measures being developed in FY05.

Administrative Efficiency Efforts \$1,000.0

UA has invested \$1.7M to aggressively pursue administrative efficiency efforts. Through the ACAS process 10 administrative processes have been identified for significant improvement. As efficiencies are achieved this funding will be re-invested in additional projects that will improve administrative efficiency and quality.

Faculty and Staff Development \$500.0

UA continuously strives to improve the productivity of faculty and staff. Investment is required in programs that build faculty capacity to use technology in the classroom, to publish their work in top scholarly journals, to compete successfully for grants and contracts, and to prepare to serve in faculty leadership roles. Additional resources in staff development will increase staff ability to incorporate new automated technologies in their work, to develop capabilities that will enhance career development opportunities, and to enhance accountability to students, faculty, and the public.

University of Alaska
Budget Comparison FY04 -FY06 by Source

	Budgeted Values					Actual Values				
	FY04 Auth	FY05 Auth	% Change FY04 to FY05	FY06 BOR Preliminary Proposal	% Change FY05 to FY06	FY03 Actuals	FY04 Actuals	% Change FY03 to FY04	Estimated FY05 Actuals	% Change FY04 to FY05
General Fund	209,736.9	225,288.0		237,222.0		202,836.9	209,736.9		225,288.0	
General Fund Match	2,777.3	2,777.3		2,777.3		2,777.3	2,777.3		2,777.3	
Science/Tech Endowment Inc.						2,315.0				
General Fund MH Trust	200.8	200.8		200.8		200.8	200.8		200.8	
Workforce Development Funds	2,868.9	2,868.9		2,504.6		2,868.9	2,868.9		2,868.9	
State Appropriation Subtotal	215,583.9	231,135.0	7.2%	242,704.7	5.0%	210,998.9	215,583.9	2.2%	231,135.0	7.2%
Interest Income	4,667.8	4,667.8	0.0%	4,667.8	0.0%	1,144.1	1,026.6	-10.3%	1,320.0	28.6%
Auxiliary Receipts	39,294.5	39,294.5	0.0%	41,652.0	6.0%	33,877.2	37,172.3	9.7%	39,780.0	7.0%
Student Tuition/Fees(net)						54,492.7	61,494.6	12.8%	70,739.7	15.0%
<i>Student Tuition/Fees(gross)</i>	<i>68,788.6</i>	<i>79,279.3</i>	<i>15.3%</i>	<i>89,585.6</i>	<i>13.0%</i>	<i>59,825.0</i>	<i>67,754.9</i>	<i>13.3%</i>	<i>78,000.0</i>	<i>15.1%</i>
Indirect Cost Recovery	29,494.0	33,832.0	14.7%	36,295.7	7.3%	24,923.2	29,723.9	19.3%	32,500.0	9.3%
University Receipts	107,012.9	77,266.4	-27.8%	71,298.9	-7.7%	56,479.2	51,520.5	-8.8%	57,466.0	11.5%
University Receipts Subtotal	249,257.8	234,340.0	-6.0%	243,500.0	3.9%	170,916.4	180,937.9	5.9%	201,805.7	11.5%
<i>Subtotal Total w/ Gross Tuition</i>						<i>176,248.7</i>	<i>187,198.2</i>	<i>6.2%</i>	<i>209,066.0</i>	<i>11.7%</i>
Federal Receipts	113,056.4	124,362.0	10.0%	136,798.2	10.0%	99,331.4	113,054.4	13.8%	124,000.0	9.7%
CIP Receipts	4,050.0	4,762.2	17.6%	5,300.0	11.3%	3,966.3	2,236.3	-43.6%	3,000.0	34.2%
State Inter Agency Receipts	18,800.0	18,800.0	0.0%	18,800.0	0.0%	10,304.5	9,357.5	-9.2%	9,500.0	1.5%
UA Intra Agency Receipts	48,824.0	51,824.0	6.1%	57,596.0	11.1%	38,426.1	45,693.0	18.9%	49,149.1	7.6%
Total University Generated Revenue	184,730.4	199,748.2	8.1%	218,494.2	9.4%	152,028.3	170,341.2	12.0%	185,649.1	9.0%
Total	649,572.1	665,223.2	2.4%	704,698.9	5.9%	533,943.6	566,863.0	6.2%	618,589.8	9.1%
<i>Total w/ Gross Tuition</i>						<i>539,275.9</i>	<i>573,123.3</i>	<i>6.3%</i>	<i>625,850.1</i>	<i>9.2%</i>

Not included in the FY05 figures above are the TVEP Supplemental \$631.0 and the Reappropriation 65.0 for the Sand Lake Study
FY 04 figures do not include \$1.4M for the University Center Debt.

Source: SW Budget and Institutional Research, August 30, 2004.

Preliminary FY06 Maintenance Level Budget Request Items

Salary Maintenance

- **Contract and Policy Mandated Salary Increases**
This request amount covers the negotiated contract agreements for ACCFT Faculty, UNAC faculty, AHECTE and the policy mandated salary increase for UA employees not represented by a union. The UNAD faculty request is contingent on contract negotiations with their current contract expiring December 31, 2004. This current estimate represents an approximate average 4.6% increment across employees groups using preliminary base salary figures. These figures will be refined and detail provided by employee group over the next month.
- **Health and Other Staff Benefit Cost Increases**
This request covers the estimated increase to the university for health care costs and other non-retirement related benefits. This estimate is based on a preliminary 4% staff benefit rate increase and is conservative given initial assumptions. Assumptions will be revisited and this figure refined prior to the final request.

Additional Non-Discretionary Cost Increases

- **Non Personal Services Fixed Costs (1.5%)**
This covers general increases of non-personal service related expenditures at 1.5%.
- **Library Material and Subscription Costs**
This covers a portion of the extra-ordinary cost increases for library materials and journal subscriptions ranging between 12 and 15% annually.
- **Risk Management/Insurance Fees**
Risk management fees have increased significantly over the past few years. UA has managed its fee increases by adjusting coverage; however increases are needed to maintain the appropriate insurance coverage. This amount would support required insurance and risk assessment increase.
- **Debt Service**
UA has research, instructional and auxiliary program needs requiring space renewal and additions. In the last two years UA has not received state dollars for capital projects. The Board will be discussing debt options and this is an estimate of the impact based on current debt options being discussed.
- **Network Bandwidth**
An increasing amount of network bandwidth is required to maintain instructional delivery, video conference advances, and research strength. Every month UA usage increases with the added technology demands. Although UA receives much of its bandwidth through partnerships, it is prudent to factor in the added cost to keep up with increasing demand.
- **M&R Increment/New Facility Op Cost**
UA's annual maintenance and repair is calculated at 1.5% of current building value. Each MAU is asked to annually increase its M&R contribution to keep pace with building value. This request covers the M&R requirement and

anticipated new facility operating costs, including the Juneau Recreation center and lab facility.

Impact of HB123 on WFD programs

During the last legislative session HB123 was passed that will reduce UA's portion of the Technical and Vocational Funding from 63% to 55% of the total share of that state-funding source dedicated to workforce development programs.

Additional Student Demand in Existing Programs

In the Board of Regents guidelines, one area slated for additional investment were programs exhibiting extra-ordinary student demand. MAU program request in this area include community campus programs, aviation, languages and allied health. Requests will be refined and prioritized over the next month.

Behavioral Health Program Partnership

UA, through the leadership of Associate Vice President Karen Purdue and Chancellor Pugh, is working closely with the Mental Health Trust to expand programs central to addressing some of Alaska's most pressing behavioral health issues. This represents a general fund request of 500,000 coupled with \$500,000 from the MHT authority.

Research Program Success

Existing UA research programs are become more and more competitive. This request is an estimate of the additional federal and UA receipt authority that will be needed in FY06 for research programs.

Change in State Funding by Source FY00-FY06 (in thousands)

(\$000's)	FY00	FY01	FY02	FY03	FY04	FY05	Proposed FY06
General Fund	\$169,366.0	\$181,158.8	\$192,521.9	\$202,836.9	\$209,736.9	\$225,288.0	\$237,222.0
General Fund Match	2,777.3	2,777.3	2,777.3	2,777.3	2,777.3	2,777.3	2,777.3
Mental Health Trust	200.8	200.8	200.8	200.8	200.8	200.8	200.8
ASTF Earnings	2,630.0	2,630.0	876.7				
ASTF Endowment				2,315.0			
ACPE Dividend		2,000.0	2,000.0				
VocEd SB289/SB137		1,781.0	2,868.9	2,868.9	2,868.9	2,868.9	2,504.6
Total	\$174,974.1	\$190,547.9	\$201,245.6	\$210,998.9	\$215,583.9	\$231,135.0	\$242,704.7
Annual % Change	3.6%	8.9%	5.6%	4.8%	2.2%	7.2%	5.0%
Annual Change	6,011.2	15,573.8	10,697.7	9,753.3	4,585.0	15,551.1	11,569.7

FY06 State Funding Request of \$7,840.0 for Retirement cost increases is not included in figures above. UA received an \$631.0 for VocEd SB289/SB137 and other smaller supplements in the FY04 which not included in the figures above.

Source: SW Budget and Institutional Research, August 30, 2004.

FY02 - FY05 Operating Budget Trend

Campus Summary

Total University of Alaska	FY02 Actual			FY03 Actual			FY04 Actual			FY04 BOR Authorized			FY05 BOR Authorized		
	State Approp.	Receipt Authority	Total Funds	State Approp.	Receipt Authority	Total Funds	State Approp.	Receipt Authority	Total Funds	State Approp.	Receipt Authority	Total Funds	State Approp.	Receipt Authority	Total Funds
Systemwide Components Summary															
Reductions & Additions											29,992.4	29,992.4		2,107.9	2,107.9
Total SW BRA										0.0	29,992.4	29,992.4	0.0	2,107.9	2,107.9
Statewide Programs & Services															
Statewide Services	7,891.2	17,098.5	24,989.7	8,440.0	15,053.2	23,493.2	8,373.1	15,053.2	25,912.7	11,656.0	25,747.9	37,403.9	11,341.1	25,560.8	36,901.9
Statewide Networks	6,599.6	4,257.1	10,856.7	6,872.1	4,660.0	11,532.1	6,953.8	4,660.0	11,334.7	6,973.3	6,578.6	13,551.9	7,226.2	7,097.3	14,323.5
Total SPS	14,490.8	21,355.6	35,846.4	15,312.1	19,713.2	35,025.3	15,326.9	19,713.2	37,247.4	18,629.3	32,326.5	50,955.8	18,567.3	32,658.1	51,225.4
University of Alaska Anchorage															
Anchorage Campus	62,041.1	81,480.6	143,521.7	64,880.0	87,749.2	152,629.2	66,627.5	87,799.2	163,739.5	65,276.5	104,900.3	170,176.8	70,844.5	121,990.2	192,834.7
Kenai Pen. Col.	3,730.4	2,785.7	6,516.1	4,045.9	2,586.8	6,632.7	4,043.5	2,586.8	7,119.5	3,980.1	3,739.9	7,720.0	4,661.9	4,221.6	8,883.5
Kodiak College	1,896.6	1,037.2	2,933.8	1,957.5	1,261.8	3,219.3	1,977.8	1,261.8	3,198.8	1,977.8	1,374.0	3,351.8	2,061.6	1,427.5	3,489.1
Mat-Su College	2,927.4	3,053.6	5,981.0	3,072.6	3,118.2	6,190.8	3,129.6	3,118.2	6,132.5	3,128.2	4,353.7	7,481.9	3,276.8	4,618.4	7,895.2
Prince Wm Snd CC	1,764.8	2,598.0	4,362.8	1,906.4	2,969.9	4,876.3	1,949.0	2,969.9	5,147.7	1,939.1	3,373.8	5,312.9	2,084.6	3,485.1	5,569.7
Total UAA	72,360.3	90,955.1	163,315.4	75,862.4	97,685.9	173,548.3	77,727.4	97,735.9	185,338.0	76,301.7	117,741.7	194,043.4	82,929.4	135,742.8	218,672.2
University of Alaska Fairbanks															
Bristol Bay Campus	797.6	782.2	1,579.8	842.6	1,206.3	2,048.9	840.9	1,206.3	2,633.3	872.4	1,441.2	2,313.6	881.7	1,808.1	2,689.8
Chukchi Campus	542.2	504.2	1,046.4	611.4	971.6	1,583.0	607.1	971.6	1,778.8	617.4	945.2	1,562.6	625.7	1,025.9	1,651.6
Ak. Cooperative Ext.	2,911.0	2,292.3	5,203.3	3,060.7	2,925.9	5,986.6	3,015.1	2,925.9	5,956.0	3,221.6	3,439.6	6,661.2	3,123.2	3,589.0	6,712.2
Fairbanks Campus	67,050.3	77,905.5	144,955.8	70,491.6	84,056.6	154,548.2	72,388.1	84,056.6	164,861.6	70,450.2	107,257.3	177,707.5	76,430.5	103,447.5	179,878.0
Fairbanks Org. Res.	15,063.8	82,588.9	97,652.7	14,955.9	89,400.1	104,356.0	14,810.0	89,400.1	106,484.0	14,908.4	106,867.2	121,775.6	16,533.9	115,606.4	132,140.3
Interior-Aleut. Campus	1,072.9	1,391.6	2,464.5	1,096.9	1,444.4	2,541.3	1,434.2	1,444.4	3,105.7	1,141.5	1,848.7	2,990.2	1,197.2	1,919.3	3,116.5
Kuskokwim Campus	1,797.8	1,619.8	3,417.6	2,022.0	2,184.4	4,206.4	2,077.2	2,184.4	5,043.6	2,174.9	2,267.8	4,442.7	2,146.5	2,956.7	5,103.2
Northwest Campus	1,350.6	616.6	1,967.2	1,287.9	806.8	2,094.7	1,317.9	806.8	2,493.2	1,482.4	1,010.7	2,493.1	1,347.1	1,271.6	2,618.7
Rural College	3,274.9	1,699.0	4,973.9	3,675.9	2,618.6	6,294.5	3,376.4	2,618.6	7,856.2	3,799.4	3,064.4	6,863.8	3,738.3	4,042.8	7,781.1
Tanana Valley Campus	3,147.1	3,236.2	6,383.3	3,454.1	3,266.7	6,720.8	3,650.9	3,266.7	6,911.7	3,334.5	3,932.1	7,266.6	3,326.2	4,161.9	7,488.1
Total	97,008.2	172,636.3	269,644.5	101,499.0	188,881.4	290,380.4	103,517.8	188,881.4	307,124.1	102,002.7	232,074.2	334,076.9	109,350.3	239,829.2	349,179.5
University of Alaska Southeast															
Juneau Campus	13,805.4	11,889.3	25,694.7	14,553.7	11,469.9	26,023.6	15,016.0	11,469.9	28,412.1	14,670.7	14,758.2	29,428.9	16,196.2	17,037.3	33,233.5
Ketchikan Campus	1,753.9	1,112.2	2,866.1	1,838.0	1,197.7	3,035.7	1,914.8	1,197.7	3,240.8	1,889.4	2,577.0	4,466.4	1,979.1	2,009.6	3,988.7
Sitka Campus	1,927.0	4,392.0	6,319.0	2,070.5	3,859.8	5,930.3	2,081.0	3,859.8	5,500.6	2,090.1	4,518.2	6,608.3	2,162.6	4,653.3	6,815.9
Total UAS	17,486.3	17,393.5	34,879.8	18,462.2	16,527.4	34,989.6	19,011.8	16,527.4	37,153.5	18,650.2	21,853.4	40,503.6	20,337.9	23,700.2	44,038.1
Total University															
	201,345.6	302,340.5	503,686.1	211,135.7	322,807.9	533,943.6	215,583.9	322,857.9	566,863.0	215,583.9	433,988.2	649,572.1	231,184.9	434,038.2	665,223.1
Other Appropriations				265.9		265.9	1,415.0		1,415.0	2.1		2.1	696.4		696.4

GF includes GF, GF/Match, GF/MHT, S and T Funds, MHTAAR, ACPE Funds, and Workforce Development Funds

Source: SW Budget and Institutional Research, August 30, 2004.

FY05 Operating Budget Trend by NCHEMS

University of Alaska

NCHEMS Summary	FY02 Actuals	FY03 Actuals	FY04 Actual	FY04 BOR Authorized	FY05 BOR Authorized
Instruction and Student Related					
Academic Support	21,093.7	24,660.1	26,678.8	26,496.1	27,381.0
Instruction	129,342.7	138,042.6	148,323.4	160,182.2	179,754.3
Intercollegiate Athl.	6,930.1	7,013.1	7,367.1	6,445.4	7,450.2
Library Services	14,757.0	15,725.3	16,471.7	15,507.7	16,136.1
Scholarships	15,175.8	11,673.6	13,900.4	10,946.1	12,265.3
Student Services	20,694.3	24,664.8	26,533.1	22,490.9	25,387.2
Instruction and Student Related Subtotal	207,993.6	221,779.5	239,274.5	242,068.4	268,374.1
Infrastructure					
Institutional Support	70,393.0	73,489.1	75,560.7	84,321.4	91,250.3
Debt Service	4,864.4	2,866.8	3,385.9	3,876.6	3,908.0
Physical Plant	56,989.8	55,682.7	59,255.8	52,961.5	55,897.1
<i>Includes M&R</i>	<i>21,269.8</i>	<i>21,269.8</i>		<i>18,617.5</i>	
Infrastructure Subtotal	132,247.2	132,038.6	138,202.4	141,159.5	151,055.4
Public Service	21,183.2	24,533.6	26,420.8	20,361.8	21,884.6
Research	110,048.0	121,586.3	125,513.5	113,255.4	117,023.5
Auxiliary Services	32,214.1	34,005.6	37,451.8	38,834.3	42,487.7
Subtotal	503,686.1	533,943.6	566,863.0	555,679.4	600,825.3
Unallocated Authority				93,892.7	64,397.9
Totals	503,686.1	533,943.6	566,863.0	649,572.1	665,223.2
Supplemental/One Time Items		265.9	1,415.0	2.1	696.4

FY05 Operating Budget Trend by Fund Source

Total by Funding Source	FY02 Actuals	FY03 Actuals	FY04 Actual	FY04 BOR Authorized	FY05 BOR Authorized
State Appropriated Funds					
State Appropriations*	200,468.9	208,820.7	215,583.9	215,583.9	231,135.0
Science & Technology Funds	876.7	2,315.0	0.0	0.0	0.0
State Appropriations Subtotal	201,345.6	211,135.7	215,583.9	215,583.9	231,135.0
University Receipts					
Interest Income	3,336.0	1,144.1	1,026.6	4,667.8	4,667.8
Auxiliary Receipts	31,770.0	33,877.2	37,172.3	39,294.5	39,294.5
Student Tuition/Fees	53,985.3	54,492.7	61,494.6	68,788.6	79,279.3
Indirect Cost Recovery	22,606.9	24,923.2	29,723.9	29,494.0	33,832.2
University Receipts	56,966.4	56,347.6	51,520.5	107,012.9	77,266.2
University Receipts Subtotal	168,664.6	170,784.8	180,937.9	249,257.8	234,340.0
Other Funds					
Federal Receipts	83,007.0	99,326.2	113,054.4	113,056.4	124,362.0
CIP Receipts	3,559.5	3,966.3	2,236.3	4,050.0	4,762.2
State Inter-Agency Receipt	10,915.7	10,304.5	9,357.5	18,800.0	18,800.0
UA Intra-Agency Receipts	36,193.7	38,426.1	45,693.0	48,824.0	51,824.0
Totals	503,686.1	533,943.6	566,863.0	649,572.1	665,223.2
Supplemental/One Time Items		265.9	1,415.0	2.1	696.4

*State Appropriations includes GF, GF/Match, GF/MHT, S and T Funds, MHTAAR, ACPE Funds, and Workforce Development Funds

**In FY03 State Intra-Agency Receipts were broken out of University Receipts and listed separately. Intra-Agency Receipts became UA Intra Agency Receipts. FY02 Actuals have been adjusted to reflect this change for consistent reporting.

***In accordance with GASB 34, the university is required to report student tuition and fee revenue net of all allowances and discounts. FY03 is the first year reported under the new regulation, for more information see www.alaska.edu/swbudget/publication/tuitionallowance.pdf

Source: SW Budget and Institutional Research, August 30, 2004.



To: President Hamilton,
Chancellor Pugh,
Chancellor Jones,
Chancellor Maimon

From: Pat Pitney

Cc: SW executive staff
Systemwide Academic Council members (SAC)
Student Services Council members (SSC)
Human Resource Council members (HRC)
Business Council members (BC)
Research Advisory Council members (RAC)
Development Council members (DC)

Date: August 4, 2004

Re: Next Steps - UA Performance Based Budgeting Implementation

Implementation of the first five and development of the next five performance measures is continuing. The accomplishments over the last year toward implementing performance based budgeting at UA are quite extensive. Individuals across the UA System at every level have contributed to the initial implementation. A review of progress to date is provided in the Summary of UA's Performance Measures Implementation Progress – Attachment 1.

Milestones, tasks and timelines for continued implementation and integration into UA's budget process and specifically the FY06 operating budget request are covered below. Immediate steps include MAU requests for FY05 performance based funding and getting initial operational definitions for the next five performance measures developed by early September 2004 by the appropriate administrative councils (SAC, BC, SSC, HRC etc.).

Implementation 2004-2005

Full implementation of the first five performance measures at the MAU with appropriate drill down is being rewarded with FY05 funding. As outlined in Attachment 2, the June 29 correspondence *Clarification for FY05 and FY06 Budget Planning*, \$1.2 million has been reserved and will be distributed to MAU's in FY05 on a one-to-one matching fund basis. Budget distributions for performance based budgeting implementation will be awarded as early as July 31st based on each Chancellor's request to the President regarding the MAU's progress on the following criteria:

1. Chancellors have implemented performance based budgeting processes internally,

2. Early indicators demonstrate MAU's will likely meet the President's accepted FY05 performance targets, and
3. Investments in particular programs are necessary to reach FY09 performance goals.

Performance targets and goals for the first five measures detailed in the document *University of Alaska's Performance Based Budgeting Process Implementation Summary* attached will continue to be refined and tested over the year. Additionally, five more outcomes will be defined and added into UA's suite of performance measures. MAU's need to submit initial FY06 and FY07 targets and FY09 and FY10 goals for the existing five measures as part of the FY06 budget requests. SW will circulate these targets and goals for comment to system governance groups. Additionally, we encourage each MAU to circulate initial targets and goals for comment within your MAU leadership and governance structure.

The input received prior to October 15, 2004 will be used to refined FY06 and FY07 targets and FY09 and FY10 goals to be submitted with the FY06 budget request to the BOR. Also, between August and October, administrative councils and governance groups will be developing operational definitions, technical definitions and draft targets and goals for the next five measures. After the President and Chancellors review of the additional measures, they will be submitted in draft form with FY06 request.

In November with BOR approval of the FY06 budget request, the performance measure targets and goals will be part of UA's budget request submitted to the state. Finally, the updated and refined performance measures (including the original five and newly developed ones) with FY06 and FY07 targets and FY09 and FY10 goals will be reviewed in April/May 2005 for inclusion with the FY06 operating budget distribution plan. The MAU FY06 budget distribution will be based, in part, on MAU performance in FY05 as well as continued outcomes based budgeting process implementation. The calendar included as Attachment 3 will serve as a useful summary.

Next performance measures to be developed:

After much consultation from the various councils, governance groups, and executive staff, below is a list of remaining performance measures concepts President Hamilton wants developed. Highlighted are the five recommended for development during the FY06 budget request process.

The five performance measures (bolded) have been identified as being most important with respect to the university's message and direction, as well as have reasonable chance for definition in the near term. Please do not hesitate to develop other metrics; however, the university's collective effort will be focused on the five performance measures marked below:

1. Faculty and organizational outreach and partnerships (state needs).	SAC
2. Institutional Quality-Number of programs conducting outcomes assessment.	SAC
3. Student Satisfaction and Organizational Effectiveness of advising and career development services.	SSC

4. Institutional Effectiveness-Number of degree programs with a formal enrollment management plan.	SSC
5. Staff effectiveness through automating processes (ACAS). (Suggest rewording to “Optimizing Staff Resources”)	HRC
6. Institutional Quality-Educational experience - Number of students involved in service learning, internships, practicums, externships, funded research, capstone experiences.	SAC
7. Maximize recruitment and retention of faculty and staff / individual faculty and staff growth through career development, training and promotion.	HRC
8. Institutional Quality on appropriate faculty scholarly activity – depending on the faculty assignment - peer-reviewed publications, juried awards, recitals, productions, books, citations, etc.	SAC

Development of the second set of performance measures will begin in August. Gwen White, Manager of SW Institutional Research, will be coordinating the development of the new measures and will be the primary liaison between system governance groups, system administrative councils, and the technical teams. Initial formation of the next five performance measures and basic operating definitions are due mid-September. By mid-October technical definitions, draft targets and goals will be developed. Also, the drafts will be included as part of the FY06 operating budget request to be submitted to the BOR November 2nd.

If you have additional questions please feel free to call me at 907-474-5889.

University of Alaska's Performance Based Budgeting Process Implementation Summary June 1, 2004

This summary provides an overview of the initial five performance measures (Set 1), a perspective on the targets and goals established for each, assumptions used in setting the performance targets, MAU guidance on the first five goals, and a listing of the next performance measures to be developed.

Initial Five UA Performance Measures (Set 1):

The table below lists the first five performance measures and their respective performance targets and goals. Each performance measure ties to one of the Board of Regents' strategic goals in the *University of Alaska System Strategic Plan 2009*.

Title	Strategic Goal	Performance Measure	Metric	FY03 Baseline	FY04 (Est)	FY05 Target	FY09 Goal
High Demand Job Degree Programs	Responsive to State Needs / Educational Quality	Increase graduates in high demand programs.	Number of graduates in Alaska high job demand degree programs	1,531	1,568	1,607	1,985
Retention Rate for Freshmen	Student Success	Increase retention rates in degree programs.	Retention rates for first time full time cohorts in Bachelor and Associate degree programs	64.4%	64.6%	64.9%	69.0%
Student Credit Hours & Headcount	Student Success / Educational Quality	Increase enrollment.	Number of student credit hours attempted	533,416	552,420	573,278	611,540
Research Focus	Research Excellence	Increase competitive research.	Amount of grant funded research expenditures (in millions)	\$ 110.0	\$ 117.0	\$ 124.0	\$ 161.7
University Generated Revenue	Diverse Sources of Revenue	Increase in university-generated funds.	Total amount of university-generated revenue (in millions)	\$ 284.4	\$ 312.9	\$ 333.5	\$ 429.1

Putting UA outcome targets and goals into perspective:

- UA must average a 5 percent annual increase in the number of graduates from high demand degree programs to achieve its goal in 2009. Enrollments in these programs are increasing at a rate consistent with meeting this goal; however, it will be necessary to focus reallocations over time. UAA again has the most challenging target to meet on this measure.
- To achieve its research focus goal in 2009, UA must increase its grant funded research expenditures by 7 percent annually. Since 2001 grant funded research expenditures have increased an average of 9 percent annually. UAF is given a significant challenge, having to meet over 90 of the increased expectation. UAF will be challenged based on Lab and Facility constraints in the next few years. Creative solutions and alternatives, and prioritization of space to meet this target are a must for UAF. Research is a significant function, the FY05 target and FY09 goal set here keeps research at a very significant level but indicates that research as a percent of UA's total budget will decline slightly from its current level.
- To achieve the 2009 retention goal of 69 percent, UA will have to experience an increase of 1 percentage point each year. UA increased its retention rate by 8 percentage points

during the last four years. Although the goal for 2009 is lower than the other MAU's, UAS has the most aggressive goal considering its student mix and current retention level of 57 percent. Systemwide, of all the first five performance measures goals, this one is the biggest stretch to achieve. Retention rate on this measure represents those students who enter as first-time undergraduate degree or certificate students and return to UA the next year. Reaching the FY09 goal would set UA above average for peer institutions and be worthy of a major celebration when achieved. Adding other student retention measures will be necessary to monitor non-degree students, transfer students, and graduate students. These refinements will be made over the next year to achieve the 2009 retention goal of 69 percent.

- UA must average a 2.5 percent annual increase in student credit hours to achieve its goal in 2009. The UA average growth rate in credit hours since 1999 was 2.5 percent. Given the gains in traditional aged students and the leveling of high school graduates FY05 to FY09, the primary increases will be community campuses, non-traditional age students (workforce), graduate students, and improved retention. Given UAA's recent growth and space constraints, President Hamilton has set a more challenging expectation relative to this target, expecting an increase of 3 percent from FY05-FY09. UAS is also expected to average a 3 percent increase; however, staff and space are more available to UAS to meet this goal. UAF has been given a 3 percent enrollment target for FY05, and 2 percent increases there after with an expectation of significant graduate student increases.
- UA must average a 9 percent annual increase in university-generated funds to reach its goal of \$430 million in 2009. The UA average increase in university generated funds since 1999 was 10.5 percent. UAF, with its research capacity has the most impact on this measure; however, tuition revenue from all three MAUs is becoming a major contributor to this goal. The non-general fund revenue goal for FY09 would lower UA's proportion of total revenue from state funding to 38 percent relative to UA's current 41 percent. UA peer public systems of higher education have state funding in the range of 33 to 40 percent.

Assumptions on which meeting the performance targets are dependent:

- Tuition revenue will increase based on an average 10 percent rate through FY07 and 7 percent rate thereafter.
- General Funds will have a real growth of 1 percent annually.
- No major events will affect federal revenue prior to FY09.
- PERS/TRS increases will be incrementally funded.
- Facilities/space constraints will be accommodated through temporary measures until capital funding is made available.
- Faculty and staff compensation increases will be similar to the average for the last three years.
- The number of faculty and staff will increase moderately up 2 percent per year with funding primarily from non-general fund sources.
- Reallocation between programs will be required to meet targets.
- Faculty and staff productivity increases are required to meet targets.
- Percent of state appropriated funds and non-general funds will maintain a 38 percent to 62 percent ratio.

MAU Performance Targets and Goals:

- UAA Outcome Targets and Goals:

**UAA Proposed Targets for
Performance Based Budgeting**

	Fiscal Year	High Demand Degree Programs	Research Focus (x\$1,000)	Retention Rate for Freshman	Student Credit Hours Attempted	University Generated Funds (x\$1,000)
Previous Results	1999	995	NA	53.2%	287,129	\$ 69,885.9
	2000	905	NA	56.4%	285,129	\$ 71,307.7
	2001	810	\$ 7,219.2	60.8%	286,297	\$ 77,896.3
	2002	944	\$ 8,624.3	60.8%	297,717	\$ 85,628.1
	2003	946	\$ 8,571.7	63.8%	314,762	\$ 92,101.3
Estimate as of May 15	2004 est		\$ 9,428.9		329,556	\$ 102,000.0
Proposed Initial Targets	FY05	1,000	\$ 9,500.0	65.0%	324,400	\$ 117,731.0
Faculty Alliance Targets*	FY05	934	\$ 9,000.0	65.8%	310,771	NA
Draft Targets	FY05	960	\$ 9,250.0	65.0%	317,585	\$ 112,229.4
Chancellor's Recommended Targets	FY05	975	\$ 9,000.0	65.0%	320,000	\$ 107,000.0
President's Accepted Targets	FY05	975	\$ 9,500.0	65.0%	339,400	\$ 109,000.0
Proposed Initial Goals	2009	1,200	\$ 10,000.0	69.0%	362,000	\$ 149,190.0
Faculty Alliance Goals	2009	934	\$ 9,000.0	65.8%	310,771	NA
Chancellor's Recommended Goals	2009	1200	\$ 12,000.0	69.0%	360,000	\$ 130,000.0
President's Accepted Goals	2009	1200	\$ 12,000.0	69.0%	380,000	\$ 140,000.0

Below is a brief explanation of the targets/goals where the President's accepted level differs from the Chancellor recommendation:

1. FY05 Research Focus: UAA's recommendation is below the FY04 estimate. The accepted level requires UAA to maintain the FY04 level of external research.
2. FY05 Student Credit Hours: The target recommended is below the FY04 estimated level; therefore, given the budget assumptions of a 3 percent increase for FY05, that target has been adjusted.
3. FY09 Student Credit Hours: This accepted goal asks UAA to stretch to a 3 percent annual increase in student enrollment with the understanding that the Anchorage main campus is anticipating a 2 percent annual increase and the remaining increase will need to come from CTC and the community campuses.
4. FY09 University Generated Funds: UAA's recommendation of \$130M does not reflect tuition revenue increases expected on the level of enrollment nor increases in training and/or public service revenue. Additionally, at the recommended level, UAA would become more reliant on GF (planned to increase 5 percent annually) relative to NGF. Therefore, the President accepts a target that represents a 7 percent annual increase to reach \$140M by FY09.

- UAF Outcome Targets and Goals:

**UAF Proposed Targets and Goals for
Performance Based Budgeting**

	Fiscal Year	High Demand Degree Programs	Research Focus (x \$1,000)	Retention Rate for Freshman	Student Credit Hours Attempted	University Generated Funds (x \$1,000)
Previous Results	1999	420	NA	57.7%	146,629	\$ 110,948.8
	2000	497	NA	61.2%	143,427	\$ 117,996.3
	2001	460	\$ 75,241.2	58.4%	144,410	\$ 141,516.9
	2002	478	\$ 83,804.9	64.1%	150,036	\$ 148,637.3
	2003	446	\$ 97,100.8	60.9%	163,316	\$ 163,799.5
Estimate as of May 15	2004 est		\$ 100,984.8		174,748	\$ 175,265.5
Proposed Initial Targets	FY05	500	\$ 125,100.0	65.0%	168,300	\$ 191,316.4
Faculty Alliance Targets*	FY05	468	\$ 108,610.0	65.8%	161,229	NA
Draft Targets	FY05	485	\$ 117,000.0	65.0%	164,765	\$ 191,616.4
Chancellor's Recommended Targets	FY05	488	\$ 110,000.0	65.0%	168,300	\$ 191,614.4
President's Accepted Targets	FY05	488	\$ 110,000.0	65.0%	179,000	\$ 191,614.4
Proposed Initial Goals	2009	800	\$ 150,100.0	72.0%	200,000	\$ 245,700.0
Faculty Alliance Goals	2009	468	\$ 108,610.0	69.0%	161,229	NA
Chancellor's Recommended Goals	2009	623	\$ 135,000.0	69.0%	179,650	\$ 245,700.0
President's Accepted Goals	2009	623	\$ 145,000.0	70.0%	190,000	\$ 245,700.0

Below is a brief explanation of the targets/goals where the President's accepted level differs from the Chancellor recommendation:

1. FY09 Research Focus: The Chancellor recommendation (5 percent annual research increase) does not reflect the research potential of existing and planned investments in biology and ASRC, let alone engineering and other emerging research areas. Additionally, at 5 percent, research would not contribute to reducing UAF's reliance on GF (planned to increase 5 percent annually). Therefore, a slightly more assertive goal is a 7 percent annual increase expectation to meet the \$145M level by FY09.
2. FY09 Retention Rate for Freshmen: Given the nature of UAF's programs, the president expects UAF to lead the system in this area; thus, UAF is challenged to reach the 70 percent mark for retention.
3. FY05 Student Credit Hours: The target recommended is below the FY04 estimated level; therefore, given the budget assumptions of a 3 percent increase for FY05, that target has been adjusted.
4. FY09 Student Credit Hours: This adjusts the FY09 goals consistent with the adjusted FY05 targets thus requiring a 2 percent annual increase.

Attachment 1

- UAS Outcome Targets and Goals:

UAS Proposed Targets for Performance Based Budgeting						
	Fiscal Year	High Demand Degree Programs	Research Focus (x\$1,000)	Retention Rate for Freshman	Student Credit Hours Attempted	University Generated Funds (x\$1,000)
Previous Results	1999	119	NA	46.1%	49,271	\$ 11,037.9
	2000	153	NA	46.8%	46,733	\$ 11,277.9
	2001	119	\$ 326.6	61.5%	47,570	\$ 12,670.6
	2002	127	\$ 287.1	50.3%	49,673	\$ 17,244.3
	2003	139	\$ 858.0	56.8%	55,338	\$ 16,313.7
	2004 est	140	\$ 800.0		50,000	\$ 17,000.0
Proposed Initial Targets	FY05	150	\$ 950.0	58.0%	59,500	\$ 19,973.1
Faculty Alliance Targets*	FY05	133	\$ 890.0	58.0%	57,000	NA
Draft Targets	FY05	140	\$ 910.0	58.0%	58,125	\$ 18,500.0
Chancellor's Recommended Targets	FY05	144	\$ 910.0	65.0%	54,678	\$ 17,892.9
President's Accepted Targets	FY05	144	\$ 910.0	65.0%	54,878	\$ 17,892.9
Proposed Initial Goals	2009	200	\$ 970.0	64.0%	70,000	\$ 29,620.0
Faculty Alliance Goals	2009	133	\$ 890.0	58.0%	57,000	NA
Chancellor's Recommended Goals	2009	162	\$ 970.0	64.0%	61,540	\$ 20,500.0
President's Accepted Goals	2009	162	\$ 970.0	64.0%	61,540	\$ 24,000.0

Below is a brief explanation of the targets/goals where the President's accepted level differs from the Chancellor recommendation:

1. FY09 University Generated Funds: The Chancellor's recommendation of \$20.5M does not reflect tuition revenue increases expected on the level of enrollment nor increases in training and/or public service grants or services. Additionally, at the recommended level, UAS would become more reliant on GF (planned to increase 5% annually) relative to NGF. Therefore, the President challenges UAS to reach 24.0M in university-generated funds by FY09.

Next Performance Measures to be Developed:

Although, setting the goals and targets on the existing set of measures fulfills a big step toward implementing UA's performance based budgeting process, we also need to identify the remaining performance measure concepts for development. After much consultation from the various councils, governance groups, and executive staff, below is a list of remaining performance measures President Hamilton will be asking for help to develop during the FY06 budget request process.

1. Faculty and organizational outreach and partnerships (state needs).
2. Institutional Quality-Number of programs conducting outcomes assessment.

Attachment 1

3. Institutional Quality-Educational experience - Number of students involved in service learning, internships, practicums, externships, funded research, capstone experiences.
4. Student Satisfaction and Organizational Effectiveness of counseling, advising and career development services.
5. Institutional Effectiveness-Number of degree programs with a formal enrollment management plan.
6. Maximize recruitment and retention of faculty and staff / individual faculty and staff growth through career development, training and promotion.
7. Staff effectiveness through automating processes (ACAS).
8. Institutional Quality on appropriate faculty scholarly activity – depending on the faculty assignment - peer-reviewed publications, juried awards, recitals, productions, books, citations, etc.

Attachment 2

To: Mark Neumayr, Carol Griffin, Randy Weaver, Gebe Ejigu

CC: President Hamilton, SW Exec Staff, Chancellors, and Provosts

From: Pat Pitney

Date: June 29, 2004

Re: Clarification for budget planning FY05 and FY06

Given the FY05 budget distribution and the directive to maintain strict program and budget discipline, please keep these principles in mind when you structure your MAU's FY05 distribution and operating plans.

1. Create an MAU distribution that requires use of some budget contingencies developed in the early FY05 planning process that were designed to temper UA's operating cost increases. The distribution should maintain activity levels in priority areas but must also force reallocation for efficiencies. In your budget planning, have in mind this general budget target: in addition to your MAU's financially prudent level of carry forward, prepare your FY05 operating budget with sufficient cost reductions/eliminations and/or one-time commitments to have 2% of unrestricted revenues available for priority internal reallocation at the beginning of FY06. I will be working with Randy Weaver, Myron Dosch and MAU budget personnel to determine each MAU's financially prudent level of carry forward to anticipate in FY05, then we'll identify the additional 2% target. When we have a draft we will be send it for MAU review.
2. Maintain a tally of cost savings and efficiency actions taken throughout the year. ACAS events and processes will be useful in keeping track of significant events, however, many actions will fall outside the scope of the ACAS process but are valuable to report internally and externally. For example: maintain the position vacancy scrutiny practiced in FY04 and note any reallocations or eliminations; maintain the workload scrutiny practiced and record instances of average class size increases or productivity advances; and, continue seeking alternative funding sources and note when university generated revenue is used to supplant traditionally state general funded activities. A preliminary estimate of saving impact will be requested as part of the Fall Operating Review. In January prior to legislative meetings we will ask for another report.
3. Assess critical IT infrastructure, academic equipment, M&R, R&R and safety requirements for one-time investment. Given the lack of capital appropriations in the last two years, there are now critical projects that are essential and are appropriate for one-time investments. These types of investments will support the MAU, but will not add to on-going operation costs. When decisions are made on

Attachment 2

which priority capital improvements will be accomplished in FY05, make sure they are removed from the FY06-FY11 capital plan.

4. Assess investments necessary for fully implementing performance based budgeting within your MAU. There is \$1.2M available in the FY05 BOR approved budget distribution plan to be distributed to MAU's at a \$1 to \$1 match. The criteria for distribution is based on the degree to which:
 - Chancellors have implemented performance based budgeting processes internally,
 - FY05 early indicators demonstrate MAU's will successfully meet the President's accepted performance targets, and
 - Investments in particular programs are necessary to reach FY09 goals.The attached document provides additional detail for performance budgeting implementation expectations.

MAU's may prepare requests to receive matching funds based on their internal process as soon as July 1. A request from the Chancellor to the president is required and it needs an associated two to three page summary of the MAU's internal process plus line of sight development for the FY05 target and FY09 MAU goal for the first five measures reaching to the unit (division/school /college/institute) level.

In the October/November time frame, MAUs may request matching funds for early indicators of success. Again the Chancellor may request the matching funds from the President with a brief memo and an associated summary of the early indicators that point to likely success on the FY05 targets.

Lastly, matching funds for investment in areas necessary to reach FY09 goals can be requested assuming the MAU is making reasonable progress toward the process implementation. Also, be sure that any FY05 matching request for these items (items/programs necessary for FY09 goal attainment) are also requested in the FY06 operating or capital budget.

**UA Performance Based Budgeting Process Implementation
Proposed FY05 Expectations and Incentive Distribution Process
Discussion Document May 26, 2004**

Performance Based Funding Distribution Principles:

There is \$1.2 million reserved to be distributed to MAU's based on the degree to which:

1. Chancellors have implemented performance based budgeting processes internally,
2. FY05 early indicators demonstrate MAU's will successfully meet the President's accepted performance targets, and
3. Investments in particular programs are necessary to reach FY09 goals.

The performance based budget funding will be distributed on a one to one MAU matching fund basis.

Below are the proposed distribution timeframe and expectations for distribution of the performance based funding.

Timeframe: Distributions will be decided by November 1, 2004 after reviewing MAU progress as part of the Fall MAU Operating Reviews. MAU with demonstrable progress toward the implementation expectations in advance of the operating reviews may request funding on a match basis in advance of the Operating review timeframe.

1. *MAU Implementation of performance based budgeting (50% or more of available funding)*

Developed Chancellor Recommended Targets and Goals:

- FY06 Targets on the first five measures
- FY07 Draft Targets on the first five measures
- FY09 Revised Goals and FY10 Goals on the first five measures
- FY06 and FY07 Draft Targets, FY09 and FY10 goals on the remaining measures in development

Developed Line of Sight to the Department Level:

- There is a clear link between the FY05 and recommended FY06 performance targets to the School/College/Department contributing.
- There is a clear link between MAU chosen performance measures and the related system measure.
- There is incentive and consequences put in place to the School/College/Department level at the MAU

Developed Planning Detail For each of the First Five Measure:

- SCH Measure: Detail School/College/Department Targets by Course level (Lower Division, Upper Division, Graduates), Student

Type (full-time/part-time, degree seeking/non-degree, undergraduate/graduate) and to the extent possible by student characteristic (traditional, minority, etc.)

- High Demand Program Graduates: Detail targets (Cascade) by program, refine programs included delete those not related and add MAU priority programs, Detail targets by student type and characteristic.
- Research Focus: Cascade targets to school/college/institute differentiate between type (earmark, competitive and non-competitive), differentiate by source of funds (i.e. agency).
- Retention Rates: Detail School/College/Department Targets by Course level (Lower Division, Upper Division, Graduates), Student Type (full-time/part-time, degree seeking/non-degree, undergraduate/graduate) and to the extent possible by student characteristic (traditional, minority, etc.).
- Non-general fund revenue: Cascade targets to school/college/institute level and differentiate by revenue source (tuition, federal, auxiliary, etc).

Participating in Development of Remaining Performance Measures:

- Contribute to the development of the next set of measures and have draft FY06 and FY07 MAU targets established by late October 2004.

2. ***FY05 MAU Performance (up to 25% of Available funding)***

There are early indicators (all up for discussion and testing) that demonstrate the likelihood that an MAU will reach its targets. SCH is opening fall enrollment; High Demand Programs could be upper class enrollment by program, research focus is a combination of level of expenditures early in the year and active award amounts, NGF revenue might be November revenue compared to November revenue last year.

MAU's are encourage to test the validity of early indicators and submit information that will inform the Presidents as to the likelihood of successfully reaching various targets.

3. ***Program Investment (up to 25% of Available funding)***

There are campus investments necessary to make this to enable success on the long-term performance goals (FY09 and forward). To the degree that an MAU has successfully demonstrated implementation of performance-based budget, funding will be made available for program investment to meet long-term goals.

**University of Alaska's Performance Based Budgeting
Process Calendar July 2004 – May 2005**
Working Draft July 29, 2004

Date	Item	Responsible
July 1 - October 25	FY05 Performance based funding matching requests from Chancellors and subsequent budget distribution	MAU
July 27 - August 15	Submit initial FY06/07 targets and FY09/10 goals for first five performance measures as part of MAU FY06 operating budget request	MAU
August 1 - September 20	Discussion, development and iterative review of operational definitions for next five performance measures	Governance, System Councils, MAU
September 20	Initial formation of next five performance measures	Governance, System Councils, MAU
September 20 - October 15	Technical definition development, in parallel with continuing governance and system council iterative feedback on operational definitions for next five performance measures	Governance, System Councils, MAU, Technical Teams
October 15	Draft operational & technical definitions and initial targets for next five performance measures	Governance, System Councils, MAU, Technical Teams
October 18 - 25	MAU Operating Reviews - MAU progress reporting on first five performance measures and requests for matching performance based funding.	MAU
October 25	Draft FY06/FY07 MAU targets and FY09/10 goals established for next five performance measures for inclusion in FY06 Budget Request.	MAU
November 2	Board of Regents approval of FY06 Operating Budget Request	BOR
November 10	FY06 Operating Budget to OMB	SWBIR
November 2004 to March 2005	Continued refinement of performance measures operational definitions, technical definitions, targets and goals	Governance, System Councils, MAU, Technical Teams
April/May 2005	Refine measures and updated FY06 and FY07 targets and FY09 and FY01 goals for the first and second sets of performance measures	MAU