

Proposed FY15  
Operating & Capital Budgets  
and  
10-Year Capital Improvement Plan

Board of Regents November 6, 2013



# UA Cost Savings/Efficiencies

- Systemwide program reviews and program prioritization
- Space utilization and reallocating
- Energy savings
- Sustainability efforts

# UA Cost Savings/Efficiencies

- Implementation of New Electronic Processes
  - UAA Fact Finder Student Handbook and Guide to Living on Campus
  - Travel Expense Management (TEM) System piloted
  - DocuSign
- Increased use of online and distance delivery training and workshops, as well as video conferencing
  - Reduced travel costs, increased participation
- Licensing Reductions
- In-sourcing

# Revenue Enhancements

- Increased business partnerships with other entities to offer courses
  - Tanana Chiefs Conference
  - Transportation Safety Administration (TSA)
- Review of admission fees
  - UA Museum of the North
- UAA and UAF Offices of Intellectual Property and Commercialization

# FY15 Operating Budget

- Spending authorization  
= \$936.2 M
  - 2.6% increase (1.9% must pays, .5% high demand programs, .2% budget adjustments)
- State funds = \$388.4 M
  - 3.1% total increase
  - 2.1% consists of must pays
- University Receipt Authority = \$547.8 M
  - 2.2% increase, includes:
    - ❖ Federal Receipts
    - ❖ Tuition and Fees
    - ❖ University Receipts
    - ❖ Auxiliary Receipts
    - ❖ Indirect Cost Recovery
    - ❖ Other

# FY15 Operating Budget

- Compensation
  - Includes UA Staff Increase
  - Includes negotiated increases for Fairbanks Firefighters Union and UA Federation of Teachers (UAFT)
  - Local 6070, United Academics Faculty (UNAC), UA Adjuncts (UNAD) under negotiation
- Additional Operating Cost Drivers
  - Utility cost increases
  - Facilities operation, maintenance, & repair cost escalation
  - New facility operating and maintenance estimated costs
  - Other minor fixed cost increases
- High Demand Program Requests

# FY15 Budget Request

- Focused program investment to transition UA into the “doing phase” of Shaping Alaska’s Future
  - Student Achievement and Attainment
  - Productive Partnerships with Alaska’s Schools
  - Productive Partnerships with Public Entities and Private Industries
  - Research and Development to ~~Sustain~~ Enhance Alaska’s Communities and Economic Growth
  - Accountability to the People of Alaska

# Student Achievement and Attainment

## Student-Focused

- Mandatory Comprehensive Advising
  - Emphasis on community campuses and first year students
  - STEM capacity increase
  - e-Learning expansion for Online High Demand Job Degree

Areas

## Service Based

- Financial, Enrollment, Transfer, Food, Housing, Disability





# Productive Partnerships with Alaska's Schools

- Supports UA's Commitment to Working with the K-12 System
  - Keep strengthening the most effective high school to college/workforce readiness opportunities.
    - ❖ Engineering Academies/ANSEP
    - ❖ Middle College Program
    - ❖ RAHI
    - ❖ Dual Enrollment
- Teacher Education
  - Establishment of Center of Alaska Native Education and Pedagogical Studies
  - Teacher Mentor Program
  - Teacher cohort K-12 effort

# Productive Partnerships with Public Entities and Private Industries

- Leverage the State's Commitment with Public and Private Partnerships
- Meet Industry need for trained workforce professionals
  - Health/Biomedical
  - Workforce Development
  - Consolidated Alaska Mining Initiative (CAMI)
  - Fisheries, Seafood and Maritime Initiative (FSMI)

# Research and Development to Enhance Alaska's Communities and Economic Growth

- UAA Center for Economic Development Entrepreneurship Activities
  - Promote and encourage entrepreneurship activities throughout the University of Alaska system and the State of Alaska
  - Conduct research
  - Review student/faculty ideas that have a high potential for commercialization

# FY15 Intent Language

“It is the intent of the legislature that the University of Alaska submits a FY15 budget in which requests for unrestricted general fund increments do not exceed the amount of additional University Receipts requested for that year. It is the intent of the legislature that future budget requests of the University of Alaska for unrestricted general funds move toward a long-term 125 percent of actual University Receipts for the most recently closed fiscal year.”

- This intent language is fundamentally flawed in our opinion. It only works in years where growth in enrollment and tuition is combined with cutbacks in controllable expenses enough to overcome the effect of pay and benefit growth.
- It penalizes good management decisions and encourages tuition increases.



# FY15 Capital Budget

- Deferred Maintenance and Renewal and Repurposing
  - \$37.5M – Year #5 of 5 for the Governor’s Commitment to Alaska’s Facilities Renewal
  - Annual Renewal and Repurposing...very unlikely
- New Starts/Continuation
  - \$78.9M – UA Engineering Buildings Completion
  - \$195.0M – UAF Heat & Power Plant Major Upgrade Project (+\$50.0M NGF)
- Planning and Design
  - Nothing programmed in FY15 due to projected fiscal climate and existing capital construction

# FY15 Capital Budget

- Research for Alaska - UAF
  - \$5.0M GF and \$2.5M NGF – Adapting the EarthScope Seismic Array for Earthquake Assessment
  - \$1.0M GF and \$2.0M NGF – Arctic Oil Spill Response Research Center
  - \$1.9M GF – Digital Aerial Mapping of Alaskan Resources, including Rare Earth Metals
- Total Request
  - \$319.3M GF
  - \$84.5M NGF
- No way!



# 10-Year Capital Improvement Plan

- Very Austere
- Short-Term (FY16-FY17)
  - FY15, last year for Governor's 5 year Deferred Maintenance funding
  - Will continue Deferred Maintenance reduction requests
  - Planning/New Starts requests
    - ❖ Alaska Center for Energy and Power Office Infill
    - ❖ UAS Student Commons

# 10-Year Capital Improvement Plan

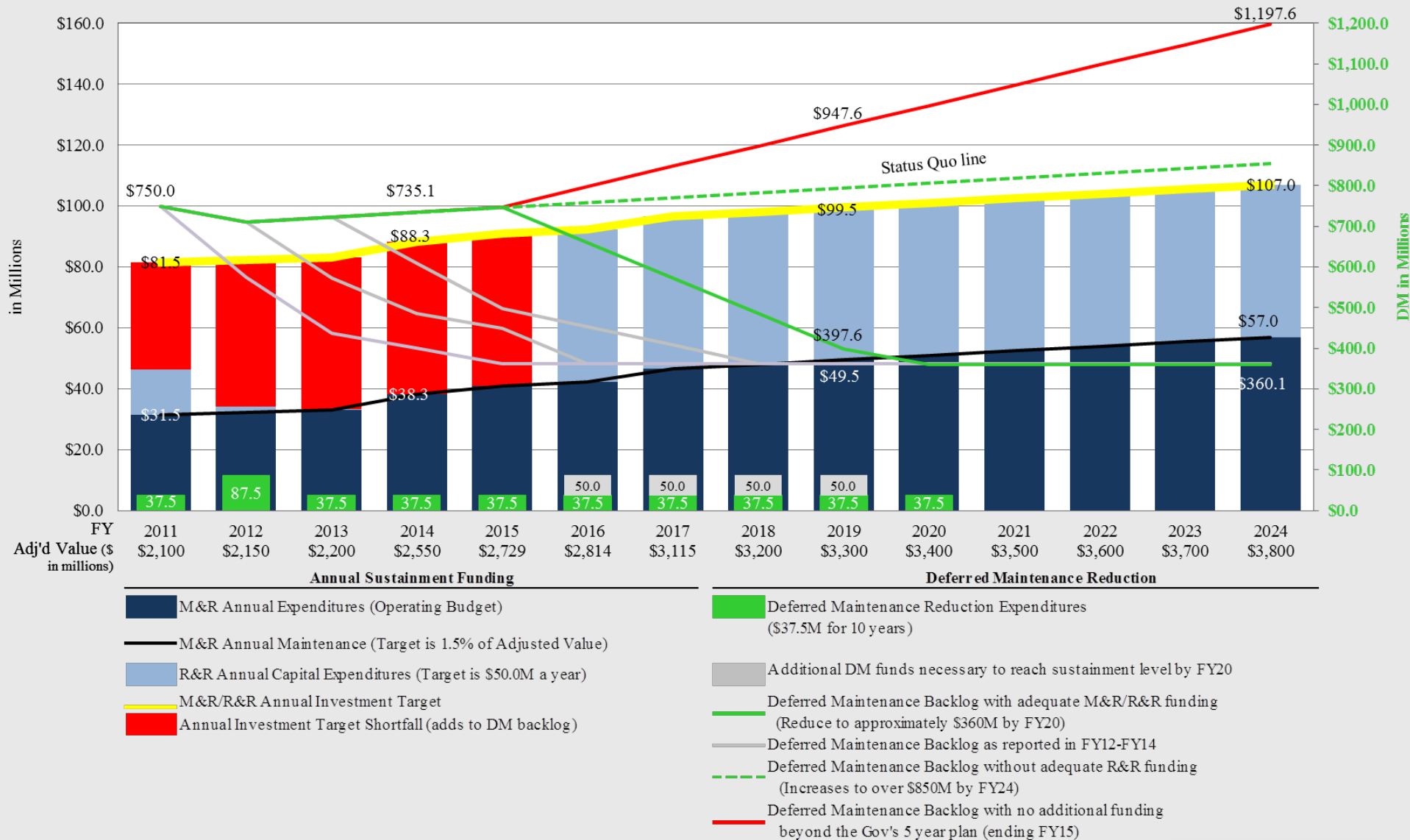
- Mid-Term (FY18-FY19)
  - Continue Deferred Maintenance reduction funding
  - Planning/Design & New Starts/Continuation – very tentative
    - ❖ Kuskokwim Campus Consortium Learning Center
    - ❖ UAA Kodiak Career & Technical Education Center
    - ❖ UAS Student Commons
    - ❖ UAA Master Plan Circulation Improvements



# 10-Year Capital Improvement Plan

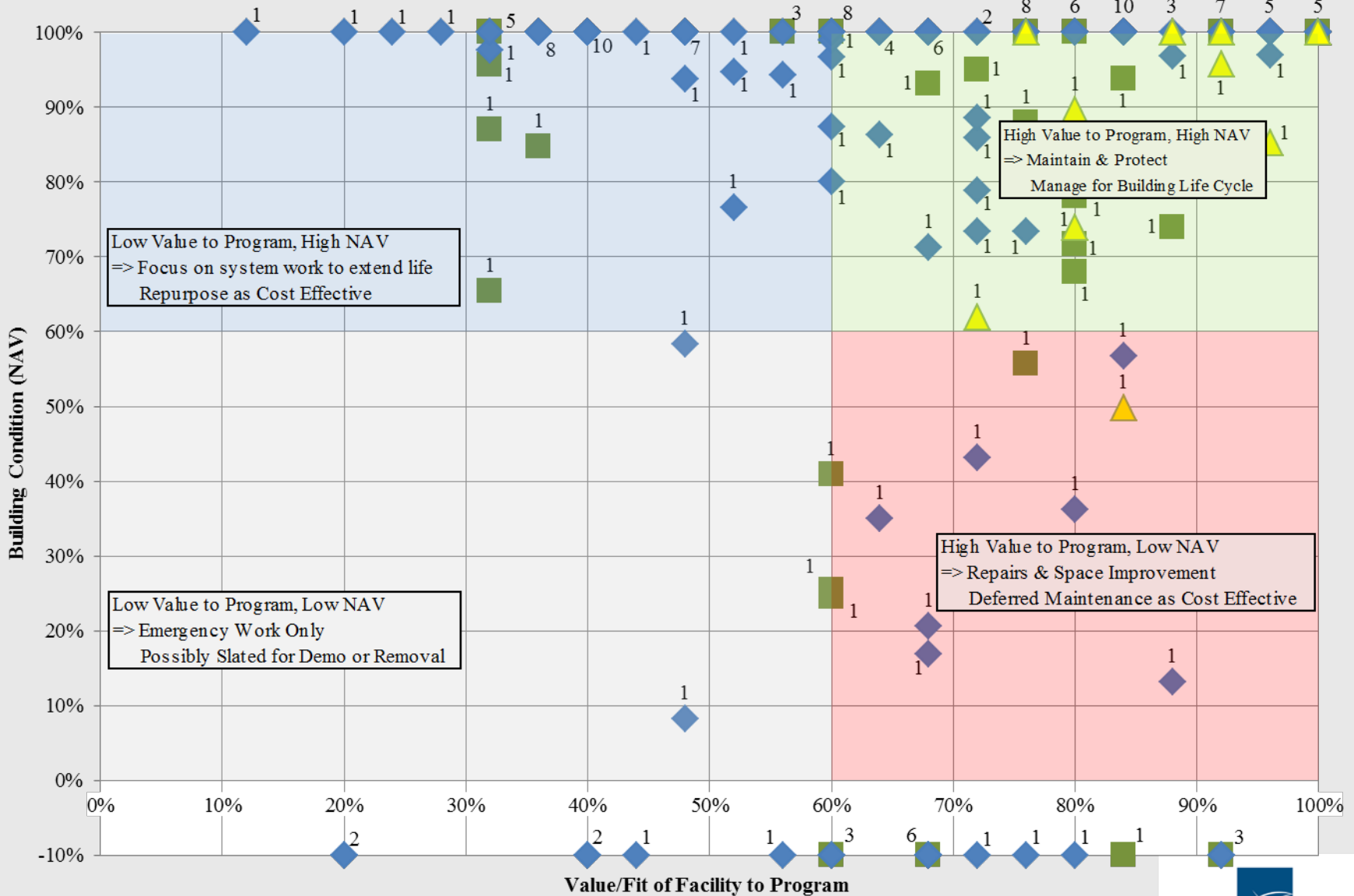
- Long-Term (FY20-FY24)
  - Additional planning and new start projects for the out years will be developed to support academic and strategic goals based on a Mission Area Analysis (MAA)/Statement of Need (SON) and state economic funding realities
  - Reach sustainment level funding goal for UA facilities and a Facility Condition Index (FCI) of about 12%
  - Focus on modernization and renewal of classrooms

## FY15 Sustainment Funding Plan for UA Facilities



# UA Investment Strategy Quadrant Chart

174 Academic Buildings of 401 Total Facilities



# Annual R&R Funding and the University Building Fund (UBF)



# How will the UBF be implemented?

- Phased coverage of facilities; begin with coverage of buildings 15 years old and newer, including facilities re-aged by completion of deferred maintenance (DM) and R&R.
- More buildings will be added as new facilities are funded and DM backlog becomes manageable.
- Seek phased annual operations and maintenance funding for new facilities beginning with the first year of funding. This becomes base funding by time building completions occur.