



UNIVERSITY
of ALASKA
Many Traditions One Alaska

Minutes
Staff Alliance
Tuesday, November 10, 2015
10 a.m. – 12 p.m.

1. Call to Order and Roll Call

Voting Members Present:

Faye Gallant, Chair, Staff Alliance 2015-16; President, UAF Staff Council 2015-2016
Monique Musick, Vice Chair, Staff Alliance 2015-16; Vice President, SAA 2014-15
Nate Bauer, Vice President, UAF Staff Council 2015-2016
Tom Langdon, President, SAA 2015-16
Kathleen McCoy, Co-President, UAA Staff Council 2015-16
Kolene James, President, UAS Staff Council 2015-16
Liz Winfree, Co-President, UAA Staff Council 2015-2016

Staff Present:

Morgan Dufseth, Executive Officer, System Governance

Guests Present:

Michelle Rizk, Chief Strategy, Planning and Budget Officer
Daniel M. White, Vice President, Academic Affairs and Research

Voting Members Absent:

Gwenna Richardson, Vice President, UAS Staff Council 2015-16

2. Adopt Agenda

Monique moved to adopt, Kolene seconded. No amendments, no objections.

3. Approve Minutes

3.1 October 13, 2015

[Attachment 1](#)

Monique moved to adopt. Kolene seconded. No suggested revisions. No objections.

4. Public and Guests Comment

Dan White noted he thought the governance report at the recent November BOR meeting showed engagement and provided good feedback to the regents. He is currently working on

four focus areas (teacher education, distance learning, development education, and general education requirements) as well as concurrent enrollment (there is interest from the State Board of Education on that particular issue). Dan also offered to meet with SA leaders if they have any concerns and Faye said she would take him up on that. Morgan will schedule monthly check-in meetings between them.

No other public or guest comments.

5. UA FY17 Budget Update – Michelle Rizk

Michelle reviewed highlights from the UA FY17 operating and capital budget. At their November meeting, the Board of Regents approved the FY17 budgets as presented, along with a 5% tuition increase (rather than the proposed 9% increase). Operating costs included salary and benefit increases (2.5% increase). Michelle noted it will be a challenge to argue for the increases because intent language said no increases, however, the Board wants to keep increases for staff on par with increases for faculty and labor unions (and has said so previously). The current budget gap is still expected to be \$50M+. The president and Michelle are working on contingency budget planning—looking more at vertical cuts rather than horizontal cuts, and will try to coordinate between campuses on services/reductions/cuts. The four focus areas (that VP White is working on) will still be prioritized but they will also look long-term for ways to increase efficiency.

Michelle also reviewed the capital budget and noted the request included funding to finish construction of the UAF engineering building along with funding to address deferred maintenance and renewal and repurposing. Overall, the capital budget request was for \$134M total.

The presentation Michelle gave to the Regents in November is attached to the end of these minutes.

Dan and Michelle also engaged in a discussion that included vertical v. horizontal cuts, outsourcing, and shared services/service centers with SA members.

Michelle noted the governor's review of UA's budget will be provided no later than Dec. 15. Michelle, President Johnsen, and Chris will meet next week with Governor Walker to discuss UA's budget proposal.

6. Chair's Report

Chair reviewed the BOR meeting and noted the change in tuition increase from 9% to 5% was suggested by Regent Fisher after his motion to amend to 4% failed. The next Board meeting is Dec. 10-11 in Fairbanks. In her meeting with President Johnsen, she asked if there was further news on Title IX and he answered that beginning in January they have hired an attorney to review the recent breakdown, and how to address and what next steps to take. The president will share with the Alliance once he has the report. Johnsen had not yet heard of leave share changes (subsequently, Ardith Lynch, interim CHRO, contacted the System

Governance Office to say the revisions were still going through and she would share the memo to the chancellors and president once it was finalized). The president again noted he wanted to create a leadership institute and confirmed with Faye that it would be a system-wide initiative with co-horts comprised of members from each campus.

7. Staff Alliance Committee Reports

- 7.1 Staff Health Care Committee – scheduled to meet at Nov. 20 at 2pm by audio conference; starting to hear about upset staffers who are coming up against 125% of Medicare out-of-network payment; will discuss at JHCC; Monique noted SW HR has heard some complaints and are working to address the issue
- 7.2 Compensation Committee – committee met briefly October 26 to discuss the 2.5% so that Faye could speak to it as part of her governance report; Brad Krick will serve as chair of the committee; they will meet next in December; need to follow up on classification and compensation policy/regulation reviews; other issues: CPI was lower than usual, how do staff get step increases?, bonus system – inequity across UA
- 7.3 UA Core Values – some discussion but nothing formal – need more guidance from President Johnsen on next steps; UAF’s VC for RCNE had ideas on core values – may be worthwhile checking to see how involved he wants to be (Faye will follow up)
- 7.4 Governance Process Committee – meeting next Tuesday, Nov. 17
- 7.5 Morale Committee – no update for SW – at UAS Staff Council – they are coordinating fellowship activities – Staff Council travel to each campus and puts on a holiday event w/food; give Staff Council update and provide opportunity for staff to ask questions; also working new HR presentation to provide updates from the new UAS HR director; also adopting two community organizations; Faye asked Kolene to work with Morgan to get a systemwide conversation going – to find how we can improve staff morale
- 7.6 “Review” v. “Grievance” Task Force – To date, there have been no reviews requested that would have previously been a grievance.

8. External Committees

- 8.1 System Governance Council – met on Oct. 28; agreed to meet on months before the Board meetings; discussion of how alumni fits in with the Council and the role they play advocating for governance; trying to find intersection of where all four groups interact on a system level; decided to elect chair at second meeting of the group; issues of how alumni reps aren’t elected in the same way the staff/student/faculty reps are and how they represent their constituents;

- 8.2 Student Services Council – Saichi has names of Alliance representatives and will invite them to next meeting
- 8.3 Tuition Task Force – no longer meeting this year
- 8.4 Joint Health Care Committee –all-day Premera knowledge management meeting on Nov. 11 – past year utilization, changes to program – followed by vendor summit (help w/service integration, referrals, etc.); last day is third module of Alaska Wellness Academy
- 8.5 Common Calendar Task Force – the task force has completed their mission and will no longer meet; SA will no longer track [Attachment 2](#)

9. New Business

- 9.1 UA Leadership Transitions
 - 9.1.1 resignations accepted for Ashok Roy and Erik Seastedt
 - 9.1.2 Myron Dosch will be interim CFO
 - 9.1.3 Ardith Lynch will be interim CHRO
 - 9.1.4 Faye asked for input on requesting that SA have rep on CHRO and CFO search committee (if combined, if not then just CHRO). No objections.
 - 9.1.5 Morgan distributed the president’s message via the SA list serv
- 9.2 Employee Engagement – no new information

10. Ongoing Business Topics

- 10.1 Constitution and Bylaws Discussion [Attachment 3](#)

Monique moved to accept first read, Kathleen seconded. None opposed, motion passed. Final approval scheduled for December meeting.
- 10.2 SW Transformation Team [View Report](#)

Next steps – feedback presented to President Johnsen; seven or eight teams to work on specific areas from the report; work with the Steering Committee (formerly Transformation Team); will have recommendations by March 1; the president will try to make final decisions in early April 2016 for implementation before the start of the new fiscal year
- 10.3 Title IX Update – see above
- 10.4 Staff Alliance Blog – no new changes
- 10.5 FY17 Compensation – see above

11. Agenda Items for December 2015 Meeting

- 11.1 None new given. If you have any, send to Faye and Morgan.
- 11.2 Invite Michelle if there is word from the governor, or wait until January

11.3 Invite President Johnsen to the next compensation committee meeting

12. Roundtable discussion

13. Adjourn

The meeting adjourned at 12:15 p.m.

FY2017 Operating and Capital Budget
Presentation to the
Board of Regents
November 4, 2015

Overview

- Operating budget summary
- How we managed the budget cuts
- The current fiscal climate
- Our 2017 “base case” budget request
- Our “contingency” budget planning principles and process
- Recommendation

Operating Budget Summary

	<u>FY2015</u>	<u>FY2016</u>	<u>OMB Guidance</u> <u>FY2017</u>	<u>UA Base Case</u> <u>FY2017</u>
GF Baseline Begin	371.3	370.6	350.8	350.8
GF Reduction %	-0.2%	-5.3%	-4.5%	0.0%
GF Gross Reduction \$	-17.0	-31.4	-15.8	0.0
GF Increment \$	16.3	11.6	0.0	24.8
GF Net \$	-0.7	-19.8	-15.8	24.8
GF Baseline End	370.6	350.8	335.0	375.6
GF Reduction \$	-17.0	-31.4	-15.8	0.0
UA Funded Fixed Costs	-11.4	-21.0	-41.4	-16.6
UA System Budget Gap	-28.4	-52.4	-57.2	-16.6
Effective reduction %	-7.6%	-14.1%	-16.3%	-4.7%

In millions of \$

We are working in an era of huge fiscal uncertainty

How we managed the budget cuts

- Employees:
 - Approximately 300 fewer regular and 350 fewer temporary employees (fall 2013-2015)
 - Hundreds of positions across the system not filled
 - Reduced assignments
 - Positions consolidated, and
 - Leadership furloughs
- Reduced support for facilities preventive maintenance
- Reduced off campus leases and facility operating costs
- Reduced information technology, library, and student support services
- Suspended admission or deleted various low enrollment programs system-wide while increasing online degrees to respond to escalating costs for “Brick and Mortar” courses
- Prudent use of undesignated fund balances (carryforward)
- Closed Galena Learning Center
- Reduced research (reindeer research program, collaboration in the arts, undergraduate research, Arctic system research, and energy research) – some of these programs address Alaska’s needs and reductions reduce capacity to generate new research or fund undergraduate research/experiential learning opportunities
- Reduced K-12 outreach including reduced support for the Alaska Summer Research Academy

Lots of cuts spread across UA

The current fiscal climate

- The state traditionally has relied on oil taxes and royalties for 90% of its revenue
- Over the last year, as oil prices fell dramatically, state revenue fell by 60%
- State appropriations are 45% (\$350 million) of the university's operating revenue
- In FY2016, the state appropriated \$5 billion against revenue of just \$2 billion, requiring it to tap savings accounts to balance the budget
- The Governor's Office of Management and Budget (OMB) has provided guidance of its intent to reduce our budget by 4.5%, or \$15.8 million
 - Net of any positive adjustments, meaning that if we fund any increment in our operating budget, it will need to come through internal reallocation
- So, if we funded our entire operating budget request of \$41.4 million and met OMB's guidance, our effective reduction would be \$57.2 million
- Our plan, discussed with the Regents in September and with key legislators since then, is to proceed with a request and press for what we need, our "base case" budget and, over the next several months, develop through a system-wide process a "contingency" budget that reflects two reduction scenarios: \$41.4 million and \$57.2 million
- Meanwhile we will step up our private fundraising efforts and propose a modest tuition increase

We know it's bad; we don't know yet how bad

Our 2017 “base case” budget request

- Operating budget request includes contractual salary and benefit increases for unionized staff and comparable salary and benefit increases for non-bargaining staff and additional fixed cost increases including utilities, facilities maintenance and repair, new facility operating costs, and unfunded federal mandates.
- Operating budget also includes several initiatives that enhance our ability to serve high priority state research and workforce needs more cost effectively. These include a course redesign initiative at all three universities and proposals for chemical engineering, fisheries, social and economic research at ISER, and applied energy research.
- Capital budget request includes funding to complete the UAF engineering facility, deferred maintenance, and annual renewal and repurposing (R&R) sustainment funding to keep up with current facility maintenance needs.

We are asking for what we need to meet our commitments

Our “contingency” budget planning principles and process

- Instead of horizontal reductions that impact all programs--no matter their priority or effectiveness--we will identify vertical reductions. Cost data for programs across the system are being developed.
- Instead of reducing only to the point of the potential cut from the legislature, we plan to reduce by some amount more in order to invest in growth in high priority strategic areas of research, teaching, and service.
- If a tuition increase is not approved by the Board, our reduction target will need to be increased by the amount of the foregone revenue--\$11 million.
- We will take advantage of turnover to reallocate resources to high priority programs.
- At the direction of the Board, we are focusing on four academic areas at all three universities:
 - Teacher education
 - General education requirements
 - e-Learning, and
 - Developmental education.
- We are examining options for transforming Statewide administration to strengthen its core leadership and service responsibilities while improving its cost effectiveness.
- We are assessing the potential for outsourcing non-core functions to lower cost providers.
- We are also continuing our effort to sell unneeded property and pursue private-public partnerships.

We are planning for unknown reductions

Recommendation

- The administration recommends that the Board of Regents approve the 2017 operating and capital “base case” budgets as proposed
- Furthermore, the administration asks the Board’s support for the “contingency” budget planning process which includes planning sessions with the Board of Regents at its several regularly scheduled meetings in 2015 and 2016