

University of Alaska
Approved FY12 Operating Budget Development
Guidelines and Process

Development Guidelines

The Operating Budget Request Guidelines incorporating a longer term 3 to 5 year budget planning horizon will be used to align the University of Alaska's Budget Request with existing resources to maximize progress toward the Board of Regents' strategic plan goals, while maintaining administrative and program efficiencies.

A strong Statewide University System, especially the need to "grow our own," is a key element for the State's success. Through preparing the workforce, providing expertise and leadership in a variety of fields, and serving as the driving force for research in Alaska, the University of Alaska (UA) contributes significantly to the State's economic success and its citizens' quality of life.

UA is committed to building a strong workforce foundation for the future as well as meeting State workforce needs by delivering programs responding to expected employment growth over the next five years. UA's competitive research capacity is remarkably situated to address State, Arctic, and global solutions, particularly in climate change mitigation and adaptation, and energy.

The UA Operating Budget Request will include compensation and other fixed cost increases for maintaining existing programs and services, as well as program growth requests. Program requests will be driven by the program enhancement priorities with continued emphasis on four themes:

- Enhancing Student Success and College Readiness with an emphasis on increasing student enrollment and retention
- Preparing Alaskans for the State's High Demand Jobs
- Enhancing Competitive Research and the benefits of research as an industry in Alaska
- Providing community intellectual growth, thus enriching the lives of Alaskans

There will continue to be greater attention on strategies to align public service and outreach efforts within each of these four themes.

The University of Alaska recognizes that funding availability will continue to be challenging in FY12. Priorities for the University have not changed significantly and the focus will remain on providing services to the State of Alaska. The MAUs will review the prior year requests and leverage the significant work already done as part of the FY11 budget process. If there have been significant changes in conditions, the MAUs will recommend and justify changes.

Through a participatory process, each MAU will be represented in the budget process to accomplish its underlying mission and strengthen the MAU and campus compelling strategic advantages. With their wider representation, planning groups may assist as necessary in the budget process as well.

The FY12 total program request level will range between \$10-13 million with each MAU's program growth amount approximately 3-4% over the current year budget.

Factors to be considered in the final request include; demonstrated efficiency and effectiveness of existing programs; ability to successfully execute the program request; strategic linkage to and impact on meeting performance goals; and responsibility for executing systemwide priorities.

Additionally, the following mechanisms will be used throughout the year to maintain UA's high standard of accountability and transparency:

- Performance assessment and performance measure tracking
- Annual operating and management reviews
- Systemwide academic program planning and monitoring
- Systemwide internal and external reviews

Timeline:

Jan-Feb	Meetings with various councils and President's cabinet to discuss FY12 Systemwide Priorities
March	Instructions to MAUs providing outline for one-page outcomes summary, Draft of FY12 Operating Budget Guidelines
April 15 th -16 th	BOR approval of the FY12 budget guidelines
Late April	Chancellors submit MAU expected outcomes document with the Operating Review
Late April	MAU Operating Reviews: FY10 Status Review; FY11 Expectations; 3-5 year Outlook
May-July	Meetings with various councils, President's cabinet and planning groups (when appropriate) to continue discussion of FY12 Systemwide Priorities.
July 30 th	MAUs submit prioritized FY12 Budget Request and 3-5 year Planning Horizon considerations to the Statewide Budget Office
August 6th (tentative)	Face-to-Face MAU Budget Request Briefing
August	Meetings with various councils, President's cabinet and planning groups (when appropriate) to discuss FY12 Systemwide Priorities

Process Considerations

Integration of Performance Reporting: As a part of the FY12 operating request submission process, each MAU will be required to provide:

- The quantitative positive impact of the request on each of the system wide performance measures, or for replacement funding requests the quantitative positive impact of the current program on each measure; and
- What MAU strategy specific sub-metric(s) will be tracked to measure intermediate progress toward moving common, system wide metric goals. For example, a budget request for a new high-demand program might propose tracking applications and enrollment in the program as a preliminary indicator of eventual increases in high demand graduates.

Many strategy specific sub-metrics could be appropriate to report in the MAU performance evaluations. The information submitted will be used to note the impact of the Governor's proposed budget on the system wide performance measures in relation to the Board of Regents' request.

Each MAU will control the distribution of its FY12 performance funding pool, to be used in support of performance-related strategies. One percent of general funds is the expected funding pool size, although annual circumstances will dictate the exact amount chosen by the MAU for internal reallocation. These

performance funds should be allocated to appropriate strategic investments and reported as part of the overall performance and accountability process. It is important to note that, although performance awards are MAU-based, accountability reporting for performance funding distributions and strategy success will continue to be required in the future.

In the FY12 budget and planning process, MAU performance evaluation and reporting requirements are based on the State of Alaska's requirements. In addition, the university will continue external reporting of the new Non-Credit Instruction performance measure¹, approved in 2007. MAU performance evaluation submissions to Statewide Planning and Budget will be used in conjunction with MAU increment request detail to compile final performance evaluations submitted to the state. The system and MAU performance evaluations will be updated to reflect the BOR approved FY12 request, as well as, the Governor's proposed FY12 budget.

Process: Each MAU must submit all requests related to their campuses on a spreadsheet provided by Statewide Budget.

Fixed Costs/Administrative Requests: Fixed Costs/Administrative Requests will be developed using systemwide standards. Information Technology (IT) and business process improvement initiatives will be vetted through the Information Technology Executive Council (ITEC), and Business Council (BC) respectively. No request range will be set on these requests, however, it is important to know that few administrative increases are funded and the need to reallocate to address these improvements is predictable. As part of the fixed cost review process, each MAU should submit an anticipated funding plan for the operating costs for new facilities that have been funded through the capital budget.

Expected Outcomes: Each Chancellor will prepare a 1 to 3 page summary (instructions below) for the MAU of expected outcomes that will recognize MAU priorities and compelling advantages, particularly those that align most directly to systemwide strategic areas, the system performance goals, the BOR strategic plan goals, and will help align the internal MAU budget process with the systemwide process.

Chancellor's Expected Outcomes Document Instructions

Guiding Principles

- This document demonstrates the alignment of the MAU's key goals to the systemwide priorities.

Timeline

Please submit this document to Statewide Planning and Budget as part of the Spring Operating Review.

Areas to address

- The BOR strategic plan goals including system performance measures
- Specific MAU strategy measures (i.e. Anchorage requested external sponsored program expenditures in addition to external sponsored research, Fairbanks wanted Bacc. retention rates, and specific external research measures)
- MAU 3-5 year outlook
- Identify planning assumptions, environmental scan, key internal and external conditions

¹ See <http://www.alaska.edu/swbir/performance/metrics/Non-CreditMetric.pdf> for more information on the non-credit instruction performance measure.