

UNIVERSITY OF ALASKA

July 23, 2020

TO: Chancellors Carey (Interim), Sandeen and White

FROM: VP Rizk and CFO Dosch

COPY: President Pitney (Interim) and VP Layer

UA's budget challenges continue to be three-fold: reduction in state support every year since FY15; enrollment declines since FY12 leading to reduced tuition and fee revenue; and disruptions caused by the COVID-19 pandemic. These budget challenges require more frequent and detailed information for the UA Board of Regents (BOR).

As you are refining the FY22 budget plan, please consider the following guidelines (revised from BOR June 4, 2020):

- Plan for reduction of UGF at level of Compact Agreement (\$257M)
- Ensure fund balance $\geq 4\%$ of operating expense by 6/30/22
- Specify \$20M reduction plans by November BOR
- Realize all necessary base reductions by end of FY22
- Include negotiated compensation increases in FY22
- Include tuition proposals from the MAUs for AY22 and AY23
- Include plans for revenue enhancement
- Allocate resources to core mission/high ROI functions from non-core functions
- Commitment to institutional accreditation, accountability to students, and consultation with governance and collective bargaining groups
- Maintenance of viability levels for critical support and compliance functions

FY21 Budget and Financial Management

Chancellors and Statewide will review and update their FY21 budget reductions plans and add context to the periodic Financial Management Report produced by Statewide Finance. The Financial Management Reports will track progress toward meeting FY21 budget targets and align with regularly scheduled BOR meetings.

FY22 Budget Development

In preparing your allocation plan to meet the FY22 budget reduction, please consider how your plan will support the [Board of Regents Goals](#) and how faculty, staff, and student representatives will participate in the process.

FY22 Operating Budget requests should:

- Include specific reductions necessary to meet unrestricted general fund reductions;
- Consider any anticipated changes from other funding sources;
- Assume negotiated compensation increases
- Align with reduction targets and meeting fund balance requirement.

FY22 Capital Budget should:

- Consider deferred maintenance request proposals from MAUs
- Consider other urgent capital needs

Here is an overview of the timeline for preparation, review, and presentation of the FY21 & FY22 budget reduction plans, FY21 Financial Management Reports and FY22 Budget allocation plans.

September Board of Regents Meetings Preparation

- Updates to FY21 Budget Reduction Plans
- First FY21 Financial Management Report (period ending July 2020)
- First review of the FY22 Operating and Capital Budgets
- Draft FY22 budget reductions plans
- AY22/AY23 tuition preview

06/22/20	Executive Council review and discuss draft FY22 budget guidelines. CFO Dosch will work with VC's of Admin on a proposed FY21 Financial Management Report format
07/29/20	Distribute FY21 Financial Management Report template
08/17/20	Executive Council, review and discuss updated FY21 & FY22 budget reduction plans, draft FY22 Budget documents and draft FY21 Financial Management Report
08/24/20	Executive Council, review BOR version of FY21 & FY22 budget reduction plans, FY22 Budget documents, and FY21 Financial Management Report
08/27/20	Post FY22 Budget documents and FY21 Financial Management Report
09/03-04/20	Board of Regents Audit Committee meeting review FY21 Financial Management Report
09/10-11/20	Board of Regents meeting

November Board of Regents Meetings Preparation

- Approve FY22 Operating and Capital Budgets
- Second FY21 Financial Management Report (period ending September 2020)
- FY22 Budget Reductions Plans
- Approve AY22/AY23 tuition rate

10/12/20	Executive Council, review and discuss updated FY22 budget reduction plans, draft FY22 Budget documents and draft FY21 Financial Management Report
10/19/20	Executive Council, review BOR version of FY22 budget reduction plans, FY22 Budget documents, and FY21 Financial Management Report.

10/22/20 Post FY22 Budget documents and FY21 Financial Management Report

10/29-30/20 Board of Regents Audit Committee meeting review FY21 Financial Management Report

11/05-06/20 Board of Regents meeting

January/February Board of Regents Meetings

- Third FY21 Financial Management Report (period ending December 2020)

June Board of Regents Meetings

- Final FY21 Financial Management Report (period ending April 2020)