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To: Vice Chancellors Spindle, Burrell, and Ciri
Chief Finance Officer Dosch

From: Michelle Rizk, Vice President UA Relations

Date: 8/30/16

Re: FY17 UA Authorized Budget and Budget Principles

The FY17 Operating Budget Distribution Plan approved by the Board of Regents can be found at http://www.alaska.edu/swbir/budget/budget_planning/. The FY17 budget principles to include in the distribution follows.

Compensation Distribution

The operating budget proposed by the Legislature for the University of Alaska includes FY17 salary and benefit increases for union represented employees and benefit increases only for other employees.

The UA Board of Regents approved the operating budget distribution plan which includes the following:

- FY17 contract renewal amounts for Local 6070, United Academics (UNAC), United Academic Adjuncts (UNAD), and UA Federation of Teachers (UAFT)
- Two and a half percent (2.5%) salary increase (1.5% grid increase and 1% step movement) for UA staff.
- Fairbanks Firefighters Association (FFA) contract for FY17 is under negotiation.
- No across the board salary increases for executives.

Strategic Investments & Reductions

Forgone mid-year tuition revenue, \$9 million – distributed based on actual tuition collected in FY15.

Leadership cost reductions, \$1.5 million – we will be scheduling meetings next month with your campus leadership to discuss.

Facilities

- Deferred maintenance, \$10.0 million – distributed based on age, size, and value methodology formula. See Capital Projects section below for special set-up requirements. Note: This distribution assumes the FY16 funding level for facilities maintenance (FY16 \$35.8 million) will be preserved and therefore would not replace existing funding going toward facility maintenance.

- UAF engineering building, \$3 million – distributed funding \$2.2 million for debt service and \$800 thousand for operating costs.

Student Success

- Recruitment and retention, \$.5 million – hold funding pending enrollment summits in September.
- Degree completion, \$.5 million – hold funding pending enrollment summits in September.

Research

- Grow competitive capacity, \$.5 million – Administered by Statewide. VP White is currently developing a process.
- Institute of Social and Economic Research (ISER), \$.25 million – VP White worked with UAA directly on the funding proposal requirements. No proposal yet from ISER.
- Alaska Center for Energy & Power (ACEP), \$.25 million - VP White will worked with UAF directly on the funding proposal requirements. Funding transferred.

K-12 Partnership

- Alaska Native Science and Engineering Program (ANSEP), \$.75 million – VP White worked with UAA directly on the funding proposal requirements. Funding transferred.
- K-12 outreach mentoring, \$.75 million – VP White worked with UAF directly on the funding proposal requirements. Funding transferred.

Compliance

- Title IX Staff & Programs, \$.5 million - distributed funding as included in FY17 budget request “UA Title IX Compliance Coordinators”: UAA \$200K, UAF \$205K, UAS \$95K.

Development

- Development, \$.5 million – Interim Foundation President Riebe worked with campus development teams to come up with a proposal. Partial funding has been distributed to UAA and UAS. UAF is still working with the Foundation on their proposal.

Legislative Intent Language

The Statewide Strategy, Planning and Budget Office will compile and submit the required reports on behalf of the University.

The FY17 operating budget bill includes the following intent language for all state agencies:

It is the intent of the legislature that agencies restrict transfers to and from the personal services line. It is the intent of the legislature that the office of management and budget submit a report to the house and senate finance committees on January 15, 2017, that describes and justifies all transfers to and from the personal services line by executive branch agencies during the first half of the fiscal year ending June 30, 2017, and submit a report to the house and senate finance committees on October 1, 2017, that describes and

justifies all transfers to and from the personal services line by executive branch agencies for the entire fiscal year ending June 30, 2017.

The FY17 operating budget bill includes the following intent language for the University of Alaska. Our office will be working with the campuses on any specific information needed to prepare the intent language responses due to OMB on October 10th. Initial suggested response source(s) are listed below each intent language item.

(1) "It is the intent of the legislature that the Board of Regents of the University of Alaska return to the legislature with a specific plan for consolidation that includes specified timelines for anticipated results by the end of the 2016 calendar year; the plan would include, but would not be limited to, the university restructuring to one administrative unit with one accreditation."

Initial response: Dana Thomas report on accreditation, Strategic Pathways

(2) "It is the intent of the legislature that the University of Alaska prioritize and streamline its Personal Services within the Statewide Services Allocation."

Initial response: Statewide Transformation, Strategic Pathways

(3) "It is the intent of the legislature that the University of Alaska conduct a comprehensive and transparent cost-to-revenue analysis, which does not include student fees or appropriations from the State of Alaska's General Funds as revenue, for all of its intercollegiate athletics programs; furthermore, the university is to report back to the legislature with its findings by the fifteenth day of the 2017 Legislative Session."

Initial response: Strategic Pathways

(4) "It is the intent of the legislature that the University of Alaska better utilize community buildings, school district buildings, and other facilities in close proximity to its existing "brick and mortar" campuses and satellite facilities that have low utilization rates of face-to-face classes only if the restructuring results in a decreased total cost; furthermore, the university is to report back to the legislature with its general plan to increase its use of "co-location" by the fifteenth day of the 2017 Legislative Session."

Initial response: Properties transitioning 1-pagers, Strategic Pathways

(5) "It is the intent of the legislature that the President of the University of Alaska make it one of his very highest priorities to improve student retention and graduation rates."

Initial response: Enrollment Summit, President's Performance Goals, Strategic Pathways

(6) "It is the intent of the legislature that the University of Alaska increase contributions from alumni and private industry by a combined twenty percent, as well as seek out productive public-private partnerships in an effort to increase self-supporting revenue and achieve a balanced, sustainable budget."

Initial response: President's Performance Goals, Strategic Pathways

(7) *“It is the intent of the legislature that the University of Alaska increase its incoming enrollment for the Alaska Performance Scholarship and UA Scholars Program recipients by five percent.”*

Initial response: Enrollment Summit, Strategic Pathways

(8) *“It is the intent of the legislature that the University of Alaska further develop and improve upon its utilization of its land grants in order to generate additional revenue; furthermore, the university will create a comprehensive plan to expand its land grants as they relate to generating revenue and present it to the legislature no later than the fifteenth day of the 2017 Legislative Session.”*

Initial response: Statewide Transformation, Land Deficit Initiative, Strategic Pathways

(9) *“It is the intent of the legislature that the University of Alaska focus FY17 UGF budget reductions on (1) non-core mission programs and services; and (2) reduced personal services for all employees across the board or through furloughs.”*

Initial response: Statewide Transformation, Strategic Pathways

Capital Projects

Related to the \$10 million included in the operating budget distribution for deferred maintenance, please set up the Banner funds as follows:

- Operating Budget: set up in a general holding account using revenue code of 9210 and expense transfer code 8581.
- Capital Budget: fund code in the 59XXXX series using revenue code 9981
- Collocation Code: Fund 59XXXX should be attached to a ten-digit collocation code in Banner using FTM2CLF. FY17 collocation code 1020171004
- Collocation Code Structure: Project Type (two-digit) + Fiscal Year (four-digit) + State Fund Code (four-digit) Example: 10=DM/R&R; 2017=Fiscal Year; 1004=General Funds

In order to reduce/eliminate the need for special reports and to save everyone time in accurately reporting DM/R&R investments at individual campuses, a separate Banner fund must be set up for projects occurring at different campuses. A single Banner fund for projects occurring at several campuses becomes cumbersome to track and/or does not give an accurate picture of which campus the funding is benefiting.

If you have any questions or concerns, please feel free to contact me.

cc: Vice President White
 Provosts: Gingerich, Henrichs, and Carey
 Budget Offices: Thorngren, Theis, Queen, Felkl, Vigil, Carlson