To:      Chancellors White, Caulfield, and Gingerich (Interim)  
         Provosts Henrichs, Carey, and Hrncir (Interim)  
         Vice Chancellors Burrell, Ciri, and Shier (Interim)  
         Chief Finance Officer Dosch

From: Michelle Rizk, Vice President UA Relations

Date:  7/31/17

Re:     FY18 UA Authorized Budget and Budget Principles

The FY18 Operating Budget Distribution Plan approved by the Board of Regents can be found at http://www.alaska.edu/swbir/budget/budget_planning/. The FY18 budget principles included in the distribution are as follows:

**Compensation Distribution**
The operating budget proposed by the Legislature for the University of Alaska includes FY18 compensation increases for UA Federation of Teachers (UAFT) employees. UAFT was UA’s only previously negotiated union contract requiring legislative funding. UA requested State general funds; however, the legislature proposed funding this increase with UA designated general funds (e.g. student tuition and fee revenue).

The UA Board of Regents approved the operating budget distribution plan that includes the following:
- FY18 contract renewal terms for Local 6070, United Academic Adjuncts (UNAD), Fairbanks Firefighters Association (FFA), and UAFT
- UA non-union employees:
  - No across the board salary increase
  - United Academics (UNAC) contract for FY18 is under negotiation (tentative agreement reached on July 11, 2017)

In addition, the president approved expanding the Personal Holiday benefit to all non-union employees.

**FY18 Budget Reductions**
Final legislation reduced UA’s FY18 operating budget unrestricted general funds (UGF) by $8 million. This reduction was proportionally distributed to the campuses. The universities should be prepared to detail the impacts of this reduction to the board and the legislature.
Strategic Investments
The Strategic Pathways process has identified numerous priorities for improved programs and services. As part of the FY18 budget, the universities should preserve the intent of FY17 Strategic Investments ($17.5M listed in Appendix A). The FY18 Strategic Investment areas presented to the Board of Regents (BOR) to support pathways priorities are included in Appendix B. Below are the brief descriptions from the June 2017 BOR meeting with additional information included in bold. An update on strategic investment areas will be requested as part of the FY19 BOR budget presentation in November.

Student Success/Enrollment ($2.1 million plus university additional investment)
UA will implement aggressive marketing, recruitment and retention programs to increase student enrollment, and improve student outcomes through predictive analytics. UA aims to improve the student experience through increased faculty collaboration, and course and program consistency, across campuses. This investment area will be funded with university unreserved fund balance and/or reallocation.

Research ($1.8 million plus university additional investment)
UA will grow research capacity for academic excellence, and to leverage additional funds. Funding for this investment area is from Statewide Services’ unreserved fund balance. Please submit by August 18th, an expenditure plan for your allocation of Research funding to CFO Dosch.

Workforce & Online Program Development ($1.0 million plus university additional investment)
UA will expand workforce programs (e.g. nursing and teacher preparation) and online program development and delivery. This investment area will be funded with university unreserved fund balance and/or reallocation.

Process Improvement/Automation ($1.1 million)
An investment of $1.1 million annually over the next three years will be made from the Statewide working capital fund to integrate and automate back office systems to improve service, reduce long-term costs, and provide system-wide benefits. The Business Council is tasked with identifying viable projects and has sent a request for proposals to the following areas:
- Information Technology
- Institutional Research
- Human Resources
- Finance
- Student Services

Facilities Maintenance
The facilities maintenance distribution assumed the legislature would eventually pass a capital budget containing at least $5 million for UA deferred maintenance (DM). On July 27th the legislature convened for a third special session and passed a capital budget bill (SB23) containing $5 million in DM funding for UA. Therefore, of the $10 million reallocated to facilities maintenance in FY17, the campuses may allocate $5 million to Strategic Investment areas in FY18. The FY18 funding level for facilities maintenance will remain flat at a minimum of $45.8 million (see Appendix C).
Legislative Intent Language
The Statewide office of Strategy, Planning and Budget will compile and submit the required information on behalf of the University.

(1) “It is the intent of the legislature that cuts or reallocations of unrestricted general funds to the University of Alaska Anchorage, University of Alaska Fairbanks and University of Alaska Southeast, on a percentage basis, not exceed cuts or reallocations of unrestricted general funds to the University of Alaska Statewide Administration.”

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

cc: Budget Offices: Thorngren, Theis, Queen, Vigil, Carlson
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<th>Strategic Investments</th>
<th>Investment Amount (000's $)</th>
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Appendix A
FY18 Strategic Investment Areas

Note: As part of the FY19 Budget Presentation in November, an update on prior strategic investment areas will be provided.

Student Success/Enrollment
Statewide Services
  o Statewide marketing (UA Foundation funds)

University of Alaska Anchorage (UAA)
  o Projects in Student Services and Advancement aimed at student success and enrollment marketing
  o Create Vice Provost for Student Success
  o ANSEP (enrollment) ANSEP project enrolls students in UAA classes
  o Recruitment - contractor support for existing software deployment

University of Alaska Fairbanks (UAF)
  o Digital & Traditional Marketing
  o Articulation Agreements (2+2)
  o Admissions Recruiter
  o Military/VA Coordinator
  o Marketing Online Programs
  o Micro-Targeting Analyst
  o Explore high potential growth areas: BAM or Sports/Recreation & One Health Masters

University of Alaska Southeast (UAS)
  o Finish College Alaska - adult degree completion
  o Stay On Track - support on-time completion
  o Chancellor’s Housing Award - retaining talented students
  o Transfer Student Recruiting - promote transfers from AK campuses and Lower 48

Research
University of Alaska Anchorage (UAA)
  o Research institute support
  o Matching funds

University of Alaska Fairbanks (UAF)
  o MRI lab support
  o CNSM Joint research/education support
  o R&R fund for research equipment & match needs
  o Research institute support

University of Alaska Southeast (UAS)
  o Alaska Coastal Rainforest Center - collaborative research grants
  o Collaborative research with UA partners - EPSCOR, INBRE, BLaST
  o Collaborative research in fisheries and mariculture
FY18 Strategic Investment Areas continued

Workforce & On-line Program Development
University of Alaska Anchorage (UAA)
  o Reshaping Nursing Education Delivery in Alaska
  o Career and Technical Education
  o e-Learning
  o Degree completion initiatives

University of Alaska Fairbanks (UAF)
  o e-Learning Recruiter
  o Convert courses to online
  o Support for Tribal Mgmt. or Allied Health

University of Alaska Southeast (UAS)
  o Alaska College of Education
    o faculty/staff engagement in NWCCU proposal
    o coordinate statewide ‘grow our own’ teacher marketing
    o Innovative hybrid/online classrooms - enhancing innovation, access, quality

Process Improvement/Automation (Administered by the Business Council)
Examples and system-wide benefits
  o Travel system: apply discounts, streamline travel processing and reporting
  o Job form/process automation: reduce time, effort, and errors
  o Automated workflows: saves time and reduces errors
### University of Alaska Facility Funding Calculation Worksheet

**Location** | **Inventory Adj Value (Thousand $)** | **Change in Inventory** | **Inventory Adj Value (Thousand $)** | **Budget** | **Base Budget** | **Base Increment** | **Swap Operating for Capital Funds** | **DM Capital Funds** | **NRF Distribution** | **Target Budget** |
---|---|---|---|---|---|---|---|---|---|---|
**UAA** | | | | | | | | | | |
Anchorage Campus | 1,171,615.2 | 49,902.4 | 1,221,517.6 | | 10,650.5 | 2,638.3 | (1,317.0) | 1,317.0 | 94.0 | 13,382.8 |
Kenai Peninsula College | 75,906.1 | -3,064.6 | 72,841.5 | | 111.0 | 50.0 | | 238.0 | 110.0 | 348.0 |
Kachemak Bay | 12,234.5 | 211.3 | 12,445.8 | | | | 110.0 | | 161.0 | |
Kodiak College | 22,383.0 | -32.9 | 22,350.1 | | 238.0 | 110.0 | | 348.0 | | |
Matanuska-Susitna College | 78,165.8 | -873.4 | 77,292.4 | | | | | | | |
Prince Wm. Sound Com.| 32,406.8 | 308.8 | 32,715.6 | | | | | | | |
**UAA Total** | 1,392,711.5 | 46,451.5 | 1,439,163.0 | | 12,917.5 | 3,248.4 | (1,614.0) | 1,614.0 | 94.0 | 16,259.9 |
**UAF** | | | | | | | | | | |
Ag. & Forestry Exp. Station | 9,492.0 | 85.1 | 9,577.1 | | 186.0 | 50.0 | | | | |
Ag. & Forestry Exp. Station | 17,499.2 | 424.3 | 17,923.5 | | | | | | | |
Ag. & Forestry Exp. Station | 5,903.1 | -3,778.6 | 2,124.5 | | | | | | | |
Kodiak | 15,907.9 | 231.1 | 16,138.9 | | | | | | | |
**CRCD** | 14,499.2 | 250.4 | 14,749.5 | | 176.0 | 323.9 | (217.0) | 217.0 | | 499.9 |
**UAF Total** | 1,851,077.4 | 138,769.0 | 1,989,846.4 | | 20,010.0 | 6,247.6 | (3,137.0) | 3,137.0 | 94.0 | 26,440.6 |
**UAS** | | | | | | | | | | |
Juneau Campus | 187,447.9 | 12,942.0 | 200,389.8 | | 1,866.0 | 504.0 | (249.0) | 249.0 | | 2,384.4 |
**UAS Total** | 238,094.0 | 11,528.8 | 249,622.8 | | 2,376.0 | 504.0 | (249.0) | 249.0 | | 2,894.4 |
**SPS - SW Programs and Services** | | | | | | | | | | |
Statewide | 85,103.6 | 940.5 | 86,044.1 | | 281.0 | | | | | |
SW Land Managed Properties | 51.0 | 880.0 | 931.0 | | | | | | | |
**SW Total** | 85,154.6 | 941.4 | 86,095.9 | | 281.0 | | | | | |
**UA Total** | 3,567,037.5 | 197,690.7 | 3,764,728.2 | | 35,584.5 | 10,000.0 | (5,000.0) | 5,000.0 | 300.4 | 45,884.9 |