



University of Alaska

Budget 101

(Sept. 2023)

Prepared by: UA System Office of Strategy, Planning and Budget



Overview

- Roles & Responsibilities
- Budget Cycle
- Basic Terminology
- Revenue
- Expenditure
- Published Information



Roles & Responsibilities

UA Roles & Responsibilities

Chancellor

- Lead university operations to reach respective strategic goals based on Board approved mission statement.
- Participate in annual budget development process.
- Participate in periodic financial management reviews.

System Office

- Coordinates annual budget development process:
 - Budget development guidelines
 - Budget request to the Board of Regents, Governor and Legislature
 - Budget advocacy throughout the legislative process
 - Budget implementation
- Corporate fiduciary responsibility including financial reporting to the State of Alaska.

Board of Regents

- Aug/Sept meeting: preview/discuss operating and capital budgets for upcoming year.
- Oct/Nov meeting: approve budget requests prior to submission to the governor (P05.01.010.A).
- May/June meeting: accept state appropriations to the university and approve budget distribution plans (P05.01.040). Review/discuss budget development guidelines.

State Roles & Responsibilities

State University

- The University of Alaska is hereby established as the state university and constituted a body corporate. It shall have title to all real and personal property now or hereafter set aside for or conveyed to it. Its property shall be administered and disposed of according to law. (Article VII Section 2)

Governor

- UA regents are appointed by the governor, subject to Legislative confirmation (Article III Section 26).
- Office of Management and Budget (OMB) serves as the governor's budget office.
 - Reviews budget requests from UA and proposes annual operating and capital budgets to the Legislature.
 - Monitors funds spent in relation to budgets.
- Legislature sends bill to the Governor, who has 20 working days (excluding Sundays) to review the bill and exercise line-item veto power. If no action is taken by the Governor the bill becomes law.

Legislature (House of Representatives and State Senate)

- UA regents are confirmed by a majority of the members of the legislature in joint session. (Article III Section 26)
- Legislative Finance Division serves as the budget office for the Legislature.
- State funding and receipt authority are appropriated through various budget bills.
 - UA requires sufficient receipt authority to expend earned revenues (e.g federal funds, tuition/fee revenue).

UA System Offices

UA Office of Strategy, Planning and Budget https://www.alaska.edu/swbudget/budget_planning/

- Serves as a liaison between UA and the State of Alaska (SoA) regarding the operating and capital budgets (requests, appropriations, expenditures, positions, etc.).
- Main point of contact for the State Office of Management and Budget (OMB) and Legislative Finance.
- Collects, compiles and analyzes data regarding university budget, actuals, programs and historical information. Final publications are posted on the department website.
- Coordinates the process to guide, review, evaluate and ultimately propose the UA operating and capital budgets to the UA Board of Regents (BOR) for approval and Governor/SoA for appropriation.
- Coordinates the development of the budget request and distribution plan for the entire UA System.

UA Government Relations <https://www.alaska.edu/govrelations/>

- Serves as the university's primary liaison to state policymakers and the Alaska legislature.
- Develop engagement strategies critical to moving the university's budget and policy priorities through the legislative process.
- Work to educate policymakers about UA's mission, impact and value, to elevate understanding and generate support.
- Work closely with Alaska's congressional delegation to represent UA's funding interests and policy goals in Washington D.C.



MAU Budget Offices

Provide daily guidance and operational assistance to departments regarding budget and financial compliance and reporting.

UAA Budget Office

- uaa_budget@alaska.edu
- <https://www.uaa.alaska.edu/about/administrative-services/departments/budget-office/>

UAS Budget Office

- uas_jybudget@uas.alaska.edu
- <https://uas.alaska.edu/budget/index.html>

UASO Budget Office

- kajames6@alaska.edu
- <https://www.alaska.edu/controller/statewide-mau-budget/>

UAF Budget & Cost Records

- uaf-budget@alaska.edu
- <https://www.uaf.edu/finserv/finance-accounting/contact-us.php>

UAF Office of Management & Budget

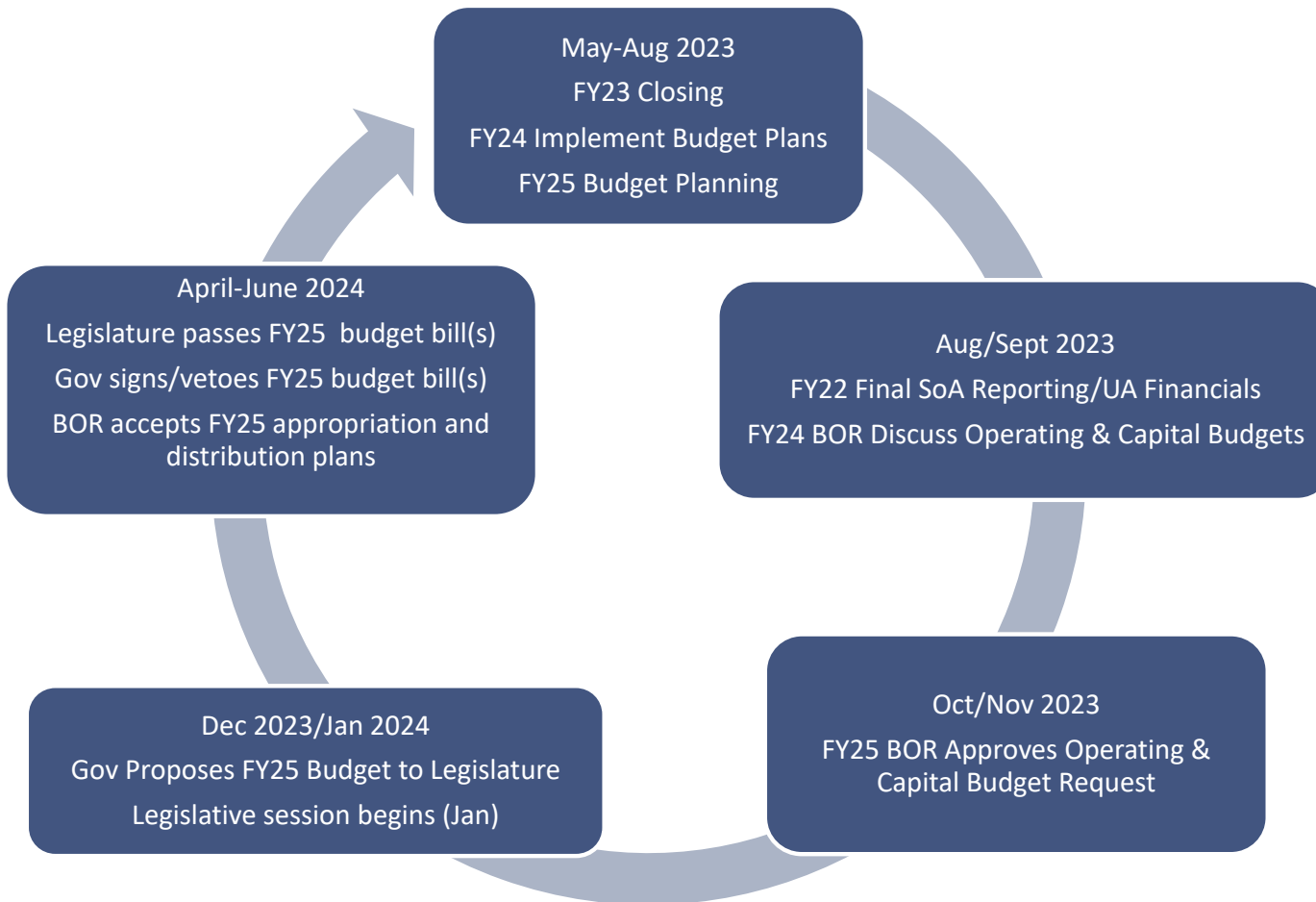
- uaf-omb@alaska.edu
- <https://www.uaf.edu/finserv/omb/contact/index.php>



Budget Cycle



Budget Cycle



Basic Terminology



Key Budget Terminology

Fiscal Year

UA & State of Alaska operate on a fiscal year that runs from July 1 to June 30

Operating Budget

An operating appropriation is a statutory authorization to spend a specific amount of funds for a stated purpose. Appropriations to specified State agencies are often subdivided into allocations in the "numbers section" of an appropriation bill. Other, more specific, operating appropriations are stated in the "language section" of a bill. Funds may not be spent without an appropriation made by law.

Capital Budget

Multi-year funds that are good for the life of the project, with annual review beginning five years after appropriated. Generally used for facility construction, maintenance, or repairs. But, can also be for specific research or one-time investment (e.g. upgrading UA's student IT system).

Appropriation

Statutory authorization to spend a specific amount of money for a stated purpose. Appropriations are often subdivided into allocations in the appropriations bill. Funds may not be spent without an appropriation made by law. Funds may not be transferred across appropriations.

Allocation

A subunit of appropriations in appropriation bills. Allocations are expenditure guidelines for a stated purpose or program.

Reimbursable Services Agreement (RSA)

An agreement or contract between two state agencies (or between appropriations within one agency) where one agency provides a service and the other agency pays for the service.

Position Control Number (PCN)

A six or seven-digit code identifying a budgeted position.



UA Financial Data

UA financial codes organize specific information (the accounting string) at the transaction level within our system of record (Banner) to identify the transaction from various perspectives. The accounting string is sometimes referred to by the acronym FOAPAL representing fund, organization, account, program, activity and location codes.

- **Fund**: Categorizes the transaction based on the funding source (6 numeric digits).
- **Organization**: Categorizes the transaction-based organizational structure. Can be rolled-up for higher level reporting. The lowest level is 5 numeric digits.
- **Account**: Places the transaction in a revenue or expense category in alignment with UA's accounting manual.
- **Program**: Classifies the transaction relating to budget appropriation, allocation, and NCHEMS expenditure category.
- **Activity**: Designates the purpose of an expense incurred; like a job code, project code, or for event reporting.
- **Location**: The physical location of the institution's financial manager.

State Budget System (SBS) Codes

For reporting purposes, the State of Alaska accounting system uses SBS codes to group transactions. Revenues are based on state fund code definitions. Expenses are based on the natural classification structure.

Revenue (Fund Codes)

- 1002 Federal Receipts
- 1003 General Fund Match
- 1004 State General Fund
- 1007 State Inter-agency Receipts
- 1037 General Fund Mental Health Trust
- 1048 University Receipts
- 1061 Capital Improvement Project Rcpts
- 1092 Mental Health Trust Authority Authorized Receipts (MHTAAR)
- 1151 Technical Vocational Education Program (TVEP)
- 1174 UA Intra-agency Rcpts

Expense

- 71000 Personal Services
- 72000 Travel
- 73000 Contractual Services
- 74000 Commodities
- 75000 Capital Outlay
- 77000 Grants/Benefits (student aid)
- 78000 Miscellaneous (debt service)

Additional detail can be found in the annual Operating and Capital Budget publication (aka Yellowbook) Appendix C https://www.alaska.edu/swbudget/budget_planning/



Revenue



Revenue Types

Unrestricted (fund type 10)

- There are no statutory designations or restrictions on funding from this source.
- Funds are available for use within the current fiscal year.

Auxiliary (fund type 30)

- Unrestricted funds of enterprises that furnish services directly or indirectly to students, faculty, or staff.

Designated (fund type 15)

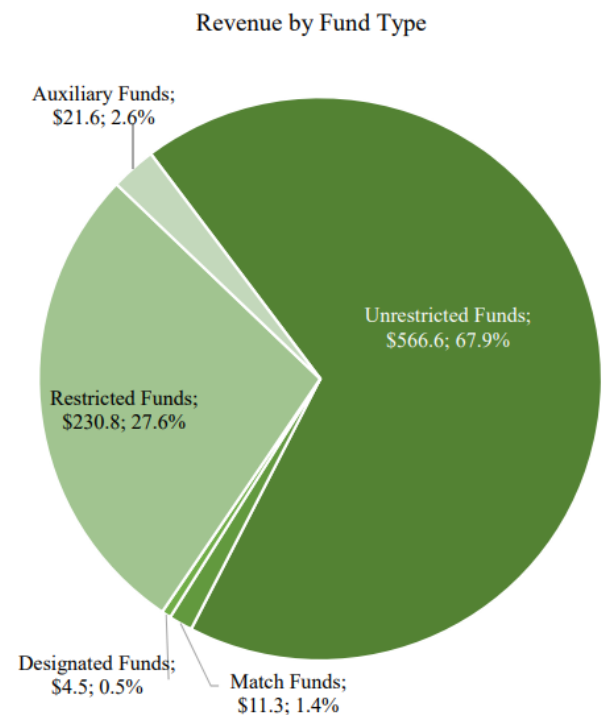
- Unrestricted current funds that have an internal restriction.

Match (fund type 14)

- A hybrid fund type between unrestricted and restricted; while they are an integral part of restricted program management, the funding for them derives from unrestricted sources.

Restricted (fund type 20)

- Funds are limited to a specific purpose or project by the provider as a condition of receiving the funds.



FY21 Revenue by Fund Type (in millions of \$)

Revenue Sources

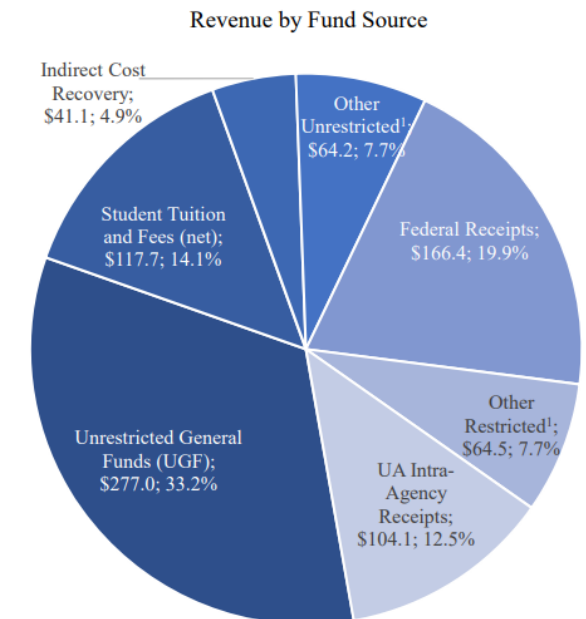
State fund groups (Unrestricted General Funds, Designated General Funds, Federal Funds, and Other Funds) are used to summarize budget activity and indicate the level of discretion over the use of the funding.

Unrestricted (available for use in the current fiscal year)

- Unrestricted General Funds (UGF)
- Tuition & Fees (DGF)
- Interest Income (DGF)
- Indirect Cost Recovery (DGF)
- Auxiliary Receipts (DGF)
- UA Receipts (DGF)
- State Inter-agency Receipts (other)
- Mental Health Trust Funds (UGF or other)
- Technical Vocational Education Program (TVEP) (DGF)
- UA Intra-agency Receipts (other)

Restricted (limited to a specific purpose or project)

- Grant Funds (received from an outside agency)
 - Federal Funds (Fed)
 - UA Receipts (DGF)



FY21 Revenue by Fund Source (in millions of \$)



FY19-FY23 Operating Revenue & Budget Summary (in millions of \$)

Funding Source	Actuals					Projected	
	FY19	FY20	FY21	FY22	FY19-FY22	FY23	FY22-FY23
General Funds	\$327	\$302	\$277	\$273	(\$54)	\$289	\$16
Earned Revenue							
Tuition & Fees Revenue	131	123	118	109	(22)	105	(4)
Other Unrestricted Funds	77	82	79	89	12	90	1
Unrest. Earned Rev.	\$208	\$205	\$197	\$198	(\$10)	\$195	(\$3)
Total Unrestricted Revenue	\$535	\$507	\$474	\$471	(\$64)	\$484	\$13
Federal Funds	123	125	141	166	43	171	5
Designated & Restricted Funds	93	81	74	82	(11)	81	(1)
Total Revenue	\$751	\$713	\$689	\$719	(\$32)	\$736	\$17
Federal Covid Relief Fund Activity		7	47	37	37	8	(29)
One-time Items						30	30
Budget Reporting-Not Realized Revenue ¹	138	137	96	39	(99)	117	78
Management Plan Budget	\$889	\$857	\$832	\$795	(\$94)	\$891	96

1. Permission to expend revenue received

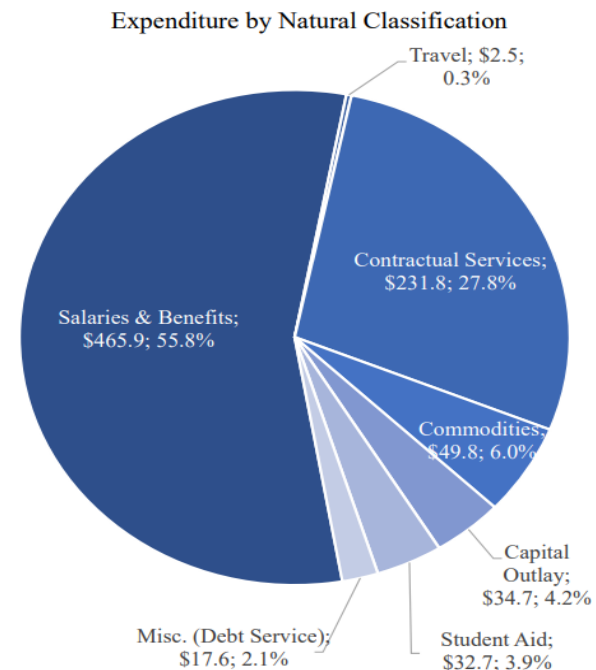
Expenditure



State Expenditure Types

The State of Alaska requires agencies to report actual and budgeted expenditures in the following categories (Natural Classifications):

- Personal Services
- Travel
- Contractual Services
- Commodities
- Capital Outlay
- Grants/Benefits (student aid)
- Miscellaneous (debt service)



FY21 Expenditure by Natural Classification (in millions of \$)

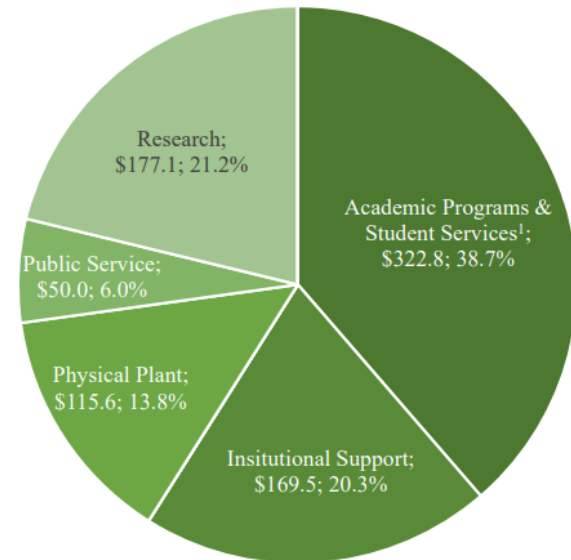


UA Expenditure Types (NCHEMS)

Through the use of defined program codes, the University of Alaska classifies all expenditures into standardized categories that are nationally recognized and utilized by most higher education institutions. These categories were published by the National Center for Higher Education Management Systems (NCHEMS):

- Academic Programs & Student Services
 - Academic Support
 - Instruction
 - Intercollegiate Athletics
 - Library Services
 - Scholarships
 - Student Services
- Research
- Public Service
- Auxiliary Services
- Institutional Support
- Physical Plant

Expenditure by NCHEMS Category



FY21 Expenditure by NCHEMS category (in millions of \$)

Additional detail can be found in the Accounting & Administrative Manual – Program Code Definitions:
<https://www.alaska.edu/controller/acct-admin-manual/account-codes/>



Published Information



UA Strategy Planning & Budget

- https://www.alaska.edu/swbudget/budget_planning/
- **Board of Regents Budget Documents**
Annual operating and capital budget requests (Oct/Nov) and budget distribution plans (May/June) approved by the Board of Regents.
- **Operating and Capital Budget Requests (aka Redbook)**
Annual operating and capital budget requests with introduction by the President and including additional supplemental information and context.
- **Authorized Operating & Capital Budgets (aka Yellowbook)**
This publication presents the UA's actual and budget information in accordance with the State of Alaska reporting requirements. This report includes revenue by funding source and expenditures by NCHEMS and the natural classification (state categories).
- **Facilities Inventory**
A comprehensive listing of physical assets owned and operated by UA. Information includes: age, gross square footage (GSF), facility investment value (including capitalized improvements), and facility investment value adjusted to the current year.
- **Budget Development Documents**
Budget development guidelines and calendar. Operating and capital budget process documents.

UA Finance Department

- <https://alaska.edu/fund-accounting/>

- **Audited Financial Statements**

The annual independent audit comprises of a comprehensive, systemic review of the University's financial position, activities and processes. This includes an opinion from independent auditors that the financial statements of an entity are presented fairly, in all materials respects, and are in accordance with Generally Accepted Accounting Principles (GAAP). These statements are submitted to the State of Alaska Department of Administration.

- **Single Audit (2 CFR 200)**

This audit is administered by the University and focuses on the stewardship of federal funds. Audit participation is required for continued participation in various major federal programs including Federal Student Aid and research programs funded by agencies such as the National Science Foundation (NSF), the National Air and Space Administration (NASA) and the National Institutes of Health (NIH). The results demonstrate a reliable internal control system and compliance with federal rules and regulations. This review summarizes the UA system's performance with daily checks and balances, supervisory practices, external relationships with federal authorities and accounting, budgeting and cash management.



UA Institutional Research (IR)

On a regular basis each university and the system office IR units provide a wide variety of information related to UA finances, enrollment, employment and facilities.

- UAA Office of Institutional Research
<https://www.uaa.alaska.edu/academics/office-of-academic-affairs/institutional-effectiveness/departments/institutional-research/>
- UAF Planning, Analysis and Institutional Research
<https://www.uaf.edu/pair/>
- UAS Institutional Effectiveness
<https://uas.alaska.edu/ie/index.html>
- System Office UA Data Strategy and Institutional Research
<https://www.alaska.edu/ir/index.php>

State of Alaska

- **Legislative Finance Division (LFD)**

<http://www.legfin.akleg.gov/index.php>

State office providing non-partisan budgetary and fiscal analysis to the Alaska Legislature. LFD supports finance committees during the development of the State's budget by providing accurate, relevant and objective information and analysis to aide lawmakers as they make budgetary decisions. To inform constituents regarding the state's finances, LFD provides a wide range of reports and process documents. Budget Handbook: <http://www.legfin.akleg.gov/Other/BudgetHandbook20.pdf>

- **Office of Management & Budget (OMB)**

<https://omb.alaska.gov/>

Ensure the investment of state resources produce results that advances the Governor's priorities. OMB prepares the annual capital and operating budget and provides a budget submission timetable for executive branch agencies; coordinates the development of the Governor's budget and general appropriations budget bill; and reviews and approves proposed changes to agencies' plans to implement the budget appropriations.

- **SoA Comprehensive Annual Financial Reports (CAFR)**

<http://doa.alaska.gov/dof/reports/annualreport.html>

A detailed presentation of the State's activities and balances for each fiscal year, which includes the UA. CAFR contains the independent auditor's report, management's discussion and analysis, government-wide financial statements, fund financial statements, notes to the financial statements and required supplementary information.

National Organizations

- **Integrated Postsecondary Education Data System (IPEDS)**
<https://nces.ed.gov/ipeds/>
Provides analysis of postsecondary education throughout the United States. All higher-education institutions that receive Title IV funding are required to report institutional information to IPEDS, such as graduation rates, enrollment, and employment data.
- **State Higher Education Executive Officers Association (SHEEO)**
<https://shef.sheeo.org/>
SHEEO coordinates the annual State Higher Education Finance (SHEF) survey and Grapevine report. SHEF is a national survey designed to compare higher education finance statistics between states and over time. The Grapevine report analyzes annual higher education finance trends. Their website includes a report archive and state finance profiles. Student enrollment trends are also included in these reports.
- **Gordian (formerly Sightlines)**
<https://www.gordian.com/>
Gordian is an independent consultant that evaluates facility services for many universities nationwide. Gordian (formerly Sightlines) has been providing UAA, UAF & UAS with facility management services for over 15 years. Reports cover metrics such as campus density, building age, space risk, system life cycle needs, funding and investment profiles.