University of Alaska
Board of Regents

FY 2020 Budget

June 19, 2019
Overview

• Purpose
• Budget Update
• Action Items
• Next Steps
• Appendix
Purpose

• Budget Update

• Action Items
  • Acceptance of the FY20 Operating Budget Appropriation and Approval of Distribution Plan (if budget approved by the Governor)
  • Acceptance of the FY20 Capital Budget Appropriation and Approval of Distribution Plan (if budget approved by the Governor)
  • Approval to Apply Internal Contingency Funds and/or Receive Advances from the Office of Management and Budget
Budget Update

• Status
  • FY 2019 operating budget = $327 million
  • Governor’s proposed FY 2020 operating budget = $193 million
  • FY 2020 operating budget approved by the Legislature = $322 million
  • FY 2020 capital budget approved by the Legislature = $5 million (deferred maintenance)
  • UA Strong advocacy

• Contingency
  1. What if the Governor concurs with budget approved by the Legislature?
  2. What if the Governor vetoes the budget, i.e., cuts deeper than the Legislature?
  3. What if there is no approved budget by July 1?
Action Items

• Acceptance of the FY20 Operating Budget Appropriation and Approval of Distribution Plan (if budget approved by the Governor)

• Acceptance of the FY20 Capital Budget Appropriation and Approval of Distribution Plan (if budget approved by the Governor)

• Approval to Apply Internal Contingency Funds and/or Receive Advances from the Office of Management and Budget
Next Steps (Contingency 1)

• What if Governor concurs with the budget approved by the Legislature or vetoes a modest amount more?
  • Implement proposed reductions as in Case I or II (see Appendix)
  • Invest in BOR priorities (as reviewed with BOR, 6/6/2019)
Next Steps (Contingency 2)

• What if the Governor vetoes the budget and cuts much deeper than the Legislature?
  • Implement reduction strategy (Case III or IV) in light of:
    • UA values
    • Core mission
    • Strategic Pathways (lead campus)
    • UA Goals 2025 (strategic initiatives)
    • UA 2040 (long term vision)
    • Accreditation (teach out)
  • Consider financial exigency
    • Shortens timeline for savings to be achieved (from 1+ year to 2 months)
    • Instructional Programs terminated rapidly with limited capacity to teach out
    • Negative impact on reputation, recruitment, and retention
  • Invest in strategic priorities (at reduced level)
  • Consider use of “one time” funds, facility maintenance, and debt
  • Return to BOR with specific plan
Next Steps (Contingency 3)

• What if there is no approved budget by July 1?
  • Suspend operations not deemed to be mission critical (based on State approved “tiers”):
    • Tier 1: Immediate threat to public health, safety, and security
    • Tier 2: Constitutional and federal mandates – severe impacts on public health and welfare and economic stability within a short period of time
    • Tier 3A: Constitutional and federal mandates – support functions requiring ongoing action but reduced staffing
    • Tier 3B: Constitutional and federal mandates – ancillary operations which may be suspended or delayed temporarily
  • Furlough employees affected by reduced or suspended operations
  • Use funds advanced by OMB or one time funds to fund continuing operations
Discussion
Appendix
## Budget “Cases”

In addition to state cuts, we would continue cutting deeper to invest in priorities. We would reallocate less and fund fewer priorities as the state cut increases.

<table>
<thead>
<tr>
<th>FY20 BOR Request</th>
<th>Revenue</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Title IX Enhancement</td>
<td>$1.8M</td>
</tr>
<tr>
<td></td>
<td>Strategic Initiatives</td>
<td>$10M</td>
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<tr>
<td></td>
<td>Compensation</td>
<td>$12M</td>
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<tr>
<td></td>
<td>Fixed Costs ($5M fac. maint.)</td>
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<tr>
<td></td>
<td>Investment in Priorities</td>
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<tr>
<td></td>
<td>Tuition rate</td>
<td>Up 5% in fall (already set for AY20)</td>
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<tr>
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<td>Enrollment</td>
<td>Down 5%?</td>
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<tr>
<td></td>
<td>Research</td>
<td>Flat</td>
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<td></td>
<td>Philanthropic support</td>
<td>Flat</td>
</tr>
<tr>
<td></td>
<td>Net revenue</td>
<td>Down</td>
</tr>
<tr>
<td></td>
<td>Productivity SFTE/FFTE</td>
<td>Increase</td>
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</table>
|                  | Structure / Functions | • Build on work to enhance our seamless student experience*  
• Consolidate selected administrative functions  
• Implement BOR Task Force decisions  
• Program reviews, reductions, discontinuation | • Build on work to enhance our seamless student experience*  
• Consolidate administrative functions  
• Implement BOR Task Force decisions  
• Program reductions, discontinuation |
| Personnel Reduction (est'd) | $24M (~240 FTE) | $27M (~270 FTE) | $35M (~350 FTE) | $37.5M (~375 FTE) |
| Financial Exigency | Unlikely | Possible | Likely | Yes |
| Unallocated Reduction | $5M | $5M | $10M | $12.5M |
| TOTAL (Cut + Investment) | $29M | $32M | $45M | $50M |
## Title IX Enhancement

<table>
<thead>
<tr>
<th></th>
<th>BOR</th>
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<tr>
<td></td>
<td>Unallocated reduction</td>
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<td>$30M</td>
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<tr>
<td></td>
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<td>~$32M</td>
<td>~$45M</td>
<td>~$50M</td>
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### UAA
- **$337k**
  - Investigator - Office of Equity and Compliance
  - Senior Employee Relations Specialist - Human Resource Services*
  - Student Conduct Officer & Clery Act Specialist - Dean of Students Office
  - ADA Compliance Educator - Disability Support Services
  - Protection of Minors Specialist - Environmental Health, Safety and Risk Management

### UAF
- **$663k**
  - Title IX Investigators
  - Title IX Market Adjustment - High Demand Compliance Positions
  - HR Senior Employee Relations Professional
  - Diversity & Equal Opportunity Training Program (Green Dot & Bystander Initiatives)
  - Diversity Inclusion Support
  - Professional Counselor (Student Health & Counseling)

### UAS
- **$97k**
  - Title IX Deputy Coordinator

### UASW
- **$285k**
  - Contract with Organizational Culture Expert
  - Project Manager - Grow Culture of Safety and Respect
  - Maxient Coordinator/Administrator
  - Systemwide HR Employee Experience Survey

### Total
- **$1.4M**
- **$1M**

* Included in HR re-design reallocation
Here are the strategic initiatives we would fund at each budget level. We would reallocate less and fund fewer initiatives as the state cut increases.

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<thead>
<tr>
<th>BOR</th>
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**UAA**
- $3.0M
  - Educational Attainment (Diversity Action Plan, Prof Education, Enrollment Services)
  - Workforce development (Nursing Expansion)
  - Economic Development (ANSEP match)
- $2.6M
  - Educational Attainment (Diversity Action Plan, Prof Education, Enrollment Services)
  - Workforce development (Nursing Expansion)
  - Economic Development (ANSEP match)
- $2.2M
  - Educational Attainment (Diversity Action Plan, Prof Education, Enrollment Services)
  - Workforce development (Nursing Expansion)
  - Economic Development (ANSEP match)
  - Economic Development (ANSEP match)
- $1.3M
  - Educational Attainment (Enrollment Services)
  - Workforce development (Nursing Expansion)
  - Economic Development (ANSEP match)

**UAF**
- $3.4M
  - Economic Development (Industry Response Capacity)
  - Educational Attainment (Marketing, Middle College, Rural Student Support, Completion)
  - Workforce development (Growing Rural Alaska Teachers, Educators Rising, High Demand Health)
  - Research (One Health, Strategic Investments)
- $3.0M
  - Economic Development (Industry Response Capacity)
  - Educational Attainment (Marketing, Middle College, Rural Student Support, Completion)
  - Workforce development (Growing Rural Alaska Teachers, Educators Rising, High Demand Health)
  - Research (One Health, Strategic Investments)
- $2.6M
  - Economic Development (Industry Response Capacity)
  - Educational Attainment (Marketing, Middle College, Rural Student Support, Completion)
  - Workforce development (Growing Rural Alaska Teachers, Educators Rising, High Demand Health)
  - Research (One Health, Strategic Investments)
- $1.7M
  - Economic Development (Industry Response Capacity)
  - Educational Attainment (Marketing)
  - Workforce development (Growing Rural Alaska Teachers, Educators Rising, High Demand Health)
  - Research (One Health, Strategic Investments)

**UAS**
- $0.7M
  - Educational Attainment (Financial Aid)
  - Workforce development (AKCOE, Teacher Ed Student Teaching Stipend)
- $0.7M
  - Educational Attainment (Financial Aid)
  - Workforce development (AKCOE, Teacher Ed Student Teaching Stipend)
- $0.6M
  - Educational Attainment (Financial Aid)
  - Workforce development (AKCOE, Teacher Ed Student Teaching Stipend)
- $0.6M
  - Educational Attainment (Financial Aid)
  - Workforce development (AKCOE, Teacher Ed Student Teaching Stipend)

**UASW**
- $0.7M
  - Seamless Student Experience Initiatives
  - On-Line program development (Arctic)
- $0.7M
  - Seamless Student Experience Initiatives
  - On-Line program development (Arctic)
- $0.6M
  - Seamless Student Experience Initiatives
  - On-Line program development (Arctic)
- $0.4M
  - On-Line program development (Arctic)

**TOTAL**
- $7.8M
- $7M
- $6M
- $4M
## Compensation

Here are the components of the compensation plan we propose to fund. We would reallocate less and fund less compensation as the state cut increases.

<table>
<thead>
<tr>
<th></th>
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### Investment in Priorities

- Equity (1)
- Specific Market (2)
- General Market (3)
- Pension Cap (4)
- Benefits

<table>
<thead>
<tr>
<th></th>
<th>^$29M</th>
<th>^$32M</th>
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<td>• Equity (1)</td>
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<td>• Specific Market (2)</td>
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<td>• General Market (3)</td>
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<td>• Pension Cap (4)</td>
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<tr>
<td>• Benefits</td>
<td>$1.9M</td>
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### Notes:

1. Must implement.
2. Partial closure of gap for individual employees below .9 of the market median, over 3 years.
3. 1% to address general market increases.
4. Partial progress on gap between UA cap and IRS cap.
5. Partial closure gap for individual employees below .9 of the market median, over 5 years rather than 3 years.
### Fixed Costs

Here are the fixed costs we propose to fund.
We would reallocate less and fund less fixed costs as the state cut increases.

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<td>• Campus Safety &amp; HR Training*</td>
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