

# UAA FY17 Budget Fact Sheet #2



UNIVERSITY of  
ALASKA ANCHORAGE™

April 7, 2016

## UAA FY17 Budget Contingency Planning as of April 7, 2016

At the April Board of Regents meeting, President Jim Johnsen delivered a presentation on university contingency planning, based on the pending, but still unknown, FY17 financial support from the state of Alaska. The target reduction for UAA is \$19-\$28 million.

President Johnsen's [UAA slides](#) are posted in the right hand column of the [UAA FY17 Budget website](#). You'll find more detail in that report under each of these items:

- Academic College and Community Campus: target reduction \$7.7 million; positions impacted 151
- Academic Infrastructure (Provost/Library): target reduction \$1.8 million; positions impacted 2
- Student Affairs: target reduction \$1.3 million; positions impacted 23
- University Advancement & Chancellor's Office: target reduction \$500,000; positions impacted 15
- Administrative Services: target reduction \$3.9 million; positions impacted 22
- Tuition and fee increases beyond the 5 percent already approved for FY17
- UAA-wide Broad Level Plan: target reduction \$9.1 million

## UAA budget forum April 15 1:30 p.m. LIB 307

Chancellor Tom Case and the Cabinet are committed to continuing the budget conversation with the campus community as the budget evolves. Please join us at the next budget forum on Friday, April 15 at 1:30 p.m. in Library 307.

[UAA FY17 Budget website](#)

[UA Budget website](#)

[Capitol Report](#)

## Strategic Pathways Forum April 12, Student Union South Cafeteria

UA President Jim Johnsen will hold open forums for UAA governance groups, faculty and staff, and students to discuss Strategic Pathways and other issues facing the university on Tuesday, April 12, in the Student Union South Cafeteria. For those who cannot attend in person, the call-in number is 866-832-7806, PIN 4590183.

- Governance Groups: 1-2:15 p.m.
- Students: 2:30-3:45 p.m.
- Faculty and staff: 4-5:15 p.m.

## UA and UAA operating budgets

UA received \$350 million in general funds from the state of Alaska in FY16 on a total operating budget of \$916 million. The Board of Regents requested \$377 million for FY17, an increase of \$27 million for fixed costs like salaries and benefits, utilities and maintenance and targeted investments in key areas such as library journal subscriptions.

The **House** has passed a UA operating budget of \$300 million, or a 14.6 percent reduction in state support. For UAA, this means a \$24.2M budget gap.

The **Senate** has passed a UA operating budget of \$324.9 million, or a 7.4 percent reduction in state support. For UAA, this means a \$15.2 million gap.

The governor's proposal of \$335 million, a 4.5 percent decline in state support, did not fund all fixed costs or federal mandates in Title IX and disability support. All budgets since the governor's have included half the compensation increases for union employees, but not for non-union employees. UAA has committed to funding compensation for union and unrepresented employees, even if no funding is forthcoming from the state to pay those increases.

The Legislature [named a conference committee](#) to resolve the budget difference between House and Senate. Members include Senators Pete Kelly, Anna MacKinnon and Lyman Hoffman, and Representatives Mark Neuman, Steve Thompson and Les Gara.

The Senate budget includes \$100 million in unallocated cuts. If adopted, the governor must allocate those cuts to state agencies, potentially including the university, in the weeks or months after the session ends.

**NUMBERS IN FLUX:** To recap, 90 percent of UAA's budget comes from state general funds and tuition. Research investment, philanthropy and business enterprises like parking services and the bookstore also contribute. The FY17 UA budget will be in play until at least the end of this legislative session, and perhaps even a few weeks longer.

On April 7, President Jim Johnsen presented the BOR with a budget contingency plan that can accommodate a shortfall at UAA of between \$19-28 million.

**HOW WE HANDLED FY16 CUTS:** UAA is now in its third year of budget trimming. The first two years brought \$19.5 million in reduced support. UAA chose to protect its academic core: Administration took two-thirds of the reduction, and academics shouldered one-third.

A UAA Institutional Effectiveness report shows that staffing levels at UAA have been flat or declining for five years (FY12-FY16). Personnel reductions for FY16 include 17 layoffs, 92 retirements or vacancies and 94 reduced assignments, for a total reduction of 113 FTEs. UAA's total workforce in FY16 is 3,396.

**EFFECT ON TUITION:** The UA Board of Regents voted in November 2015 to increase tuition for FY17 by 5 percent. The UA Regents discussed other tuition increases when they met in Anchorage on April 7-8, 2016. More discussion to follow.

Additional factors compressing tuition support to UAA's budget are Alaska's low college-going rate, along with an ongoing demographic dip in Alaska 18 year olds, which hits bottom in 2016/17 before beginning a slow climb.

**NEW BUILDINGS AT UAA:** Two budgets keep the university going. The operating budget pays for the day-to-day work at UAA. Capital budgets construct new buildings. UAA's newest buildings were a decade in the planning and building process and are not a part of its operating budget. UAA's current capital budget is focused on maintenance.

**STRATEGIES FOR THE FUTURE:** So what does survival look like? There is belt-tightening, which will affect every campus. And there is urgency for nimble restructuring with the paramount goal of good outcomes for students and continuing service to the state.

**Belt-tightening:** UAA has been trimming since FY14. We will continue to look at reduced contracts, furloughs, layoffs and non-retention as well as program and facility closures. Because of the legislative timetable and the urgency of the state budget crisis, we are unable to announce decisions yet. We expect clarity within a few weeks and will offer personnel and program information as quickly as we can.

**Nimble restructuring:** UA President Jim Johnsen has launched [Strategic Pathways](#), a thinking-outside-the-box exercise to maintain and improve quality education for students and deliver excellent service to the state, while living within a sustainable budget. Johnsen had envisioned a several-year strategic process; state budget realities may expedite some decisions.

UAA has already embarked on LEAN, a problem-solving process with the core goal of maximizing customer service while minimizing waste.

The Chancellor's Cabinet endorsed LEAN in early February. Campus leaders are volunteering for ongoing LEAN training. A one-year goal is to realize \$500,000 in value by February 2017 through cost and time savings, and revenue generation. Another is to have LEAN influence within every major department to help teams reduced by budget cuts redesign their work on the LEAN model.