

University of Alaska

FY15 Budget Legislative Intent Language DRAFT RESPONSE

Rep. Feige

“It is the intent of the legislature that the University of Alaska shall collect data on recent and future graduates so that a performance matrix be established for each degree program offered by the University. Information should include the number of students who graduate, when they are employed in a related field of study and at what salary, what their debt load was upon graduation, and other demographic information.”

Response:

UA Institutional Research and Planning has created a matrix to display all the requested data. Each university is reviewing the data currently available and developing a process to update the data on an annual basis. The next update report will be available around mid-January 2015.

Rep. Reinbold

“It is the intent of the legislature that the University of Alaska carefully review every program and reevaluate and implement benchmarks with

requirement for the Division of Legislative Audit to conduct performance reviews of the University beginning in 2018.

- 4) Implement and conduct rigorous employee evaluations using best practices
Response: Per Board of Regents' policy (P04.07.030) the performance of each employee is evaluated annually. Each of the three universities and UA Statewide have a performance evaluation process in place.
- 5) Strongly consider fiscal impacts during employee labor contract negotiations to help lower costs
Response: UA labor and wage rates are historically below state wage rates. Today they are even well below UA rates for FY11 and earlier. We continue to work labor contracts carefully with regard to wages.
- 6) Attain and implement cost-savings in travel policy
Response: The University of Alaska has focused on limiting travel costs over the last three years by investing in video conferencing and associated equipment to offset travel expenses. Cost avoidance for travel expenses across the entire UA System for FY14 alone was estimated at \$858K. UA travel costs are made challenging given athletic and research needs. When the legislature reduced UA's travel budget by \$1.1M to pay operation and maintenance bills, that decision removed UA's ability to find additional significant travel savings in FY15 that were not already considered. UA will continue to examine travel costs.
- 7) Maximize energy and heating efficiencies in buildings
Response: Beginning in 2011, all three UA universities selected an energy service company through a competitive RFP process to perform energy audits on our campuses across the state. For example, Siemens Corporation was the successful bidder on the UAF projects and completed the Investment Grade Energy Audit. UA routinely evaluates the latest methods for reducing building operating costs during upgrades and uses energy efficiency in selecting new construction designs.
- 8) Sell, lease, or repurpose buildings for maximum utilization
Response:
UAA
UAA sold its interest in the Diplomacy building and will save significant lease costs in FY16 when more UAA offices are consolidated into the UA office building at 1901 Bragaw Street. UAA has also focused on better leveraging of existing space. A prime example of this is the Wendy Williamson Auditorium. UAA recently rehabbed the interior with improved lighting and seating. The upgrades included IT infrastructure upgrades and acoustical improvements, making the auditorium more conducive for academic use. Today, several large classes of 150-200 students are being conducted in this venue, allowing UAA to consolidate courses that had been taught in multiple, smaller sections.

UAF
UAF will demolish the outdated large animal quarters as a part of the upgrade project which remodels the Irving building to accommodate the Vet Med 2+2 program in fall 2015.

Proceeds from the intended sale of Geist Road acreage is planned to benefit the early childhood education program.

UAS

UAS sold the Bill Ray Center and consolidated programs into existing campus space. It is considering sale of the Auke Bay administration building as a means to further consolidate and upgrade space on the core campus.

UA will continue to take aggressive advantage of real estate development opportunities.

Rep. Hughes

"It is the intent of the legislature that the University of Alaska maintain the University of Alaska Anchorage Office of Research and Graduate Studies and the University of Alaska Fairbanks Office of Intellectual Property and Commercialization and continue to explore additional funding opportunities."

Response:

UAA

The UAA Office of Research and Graduate Studies is integral to addressing this issue in UA's Policy, Shaping Alaska's Future, (Theme #4, Issue e o

Senator Fairclough

“It is the intent of the legislature that the University of Alaska submits a Fiscal Year 2016 budget in which requests for unrestricted general fund increments do not exceed the amount of additional University Receipts requested for that year. It is the intent of the legislature that future budget requests of the University of Alaska for unrestricted general funds move toward a long-term goal of 125 percent of actual University Receipts for the most recently closed fiscal year.”

Response:

The University of Alaska believes the purpose of the intent language was to 1) stabilize general fund growth; 2) incent generation of non-general fund revenue; and 3) create programmatic budget constraints that will drive future negotiations as well other potential financial decisions under consideration.

Unrestricted general funds (UGF) definition: As the name indicates, there are no statutory designations or restrictions on funding included in this group. Funding in this group can be (and is) appropriated for any purpose and includes general fund match, general fund, and general fund/mental health.

University receipts definition: Includes interest income, auxiliary receipts, student tuition/fees, indirect cost recovery, and university receipts.

The FY16 request for unrestricted general fund increments (\$14.63M) is very close to the amount of university receipts budgeted (\$14.57M) that covers annual unavoidable (or “must pay”) fixed costs increases. However, with the Board of Regents’ intention to reduce the tuition burden on students and families by voting not to raise tuition in FY16, and with enrollment (student credit hours) being down largely because of the expected decline in Alaska’s high school graduates and part-time students, we project that there will be no additional robust revenue source such as ICR to offset costs. Seeking other significant sources for additional university receipts, the university will have to cover its share of costs mostly through internal reallocation and a diverse array of reductions.

If the state again mandates major real cuts to the unrestricted general fund portion of the budget as it did in FY15, this has the effect of moving the ratio down toward the long-term goal of 125 percent, but does not accomplish that via the spirit and intent to have the State share with the University in covering unavoidable annual fixed cost increases. This objective 1.25 ratio methodology needs to be re-evaluated for applicability in the case of an un-programmed GF reduction or an extended down budget cycle, given UA can be placed in a situation where it has very little control of either the numerator, or the denominator, or both.

UA is also considering revenue enhancement opportunities. As mentioned, UA is working to create economic value from intellectual property through the UAA and UAF Offices of Intellectual Property and Commercialization. Recruiting efforts by UA [(burden(nt ro)5.9(bust))]TJ 0

well prepared students. However, these programs are a significant risk in the current fiscal environment where another series of real operating budget reductions is possible. On that case, UA fixed costs that represent a major share of the reduced baseline budget and will need to be examined for reductions such as pay, benefits, jobs, and facilities across Alaska.

Senator Meyer

“It is the intent of the legislature that the University of Alaska implement a utility surcharge or increase tuition in an amount not to exceed annual revenue of \$2,000,000. This funding and the fuel savings resulting from construction of the new plant shall be used to offset University revenue bond debt service for the University of Alaska Fairbanks Heat and Power Plant.”

Response:

The Governor’s 5 year deferred maintenance plan was concluded in FY15. Recognizing that