UNIVERSITY of ALASKA

Many Traditions One Alaska

Proposed
FY2021 Operating Budget

Board of Regents
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Fairbanks, Alaska

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University of Alaska
Proposed FY2021 Operating Budget
Introduction

The proposed FY2021 operating budget supports ongoing discussions with the Board of Regents, chancellors, faculty, and staff to prepare UA for the future in alignment with the board's goals and objectives. The budget proposal includes a state appropriation ask of $277 million which is a $25 million (8.3%) decrease over FY2020. This reduction is year two of a three-year agreement ("compact") between the Governor and the UA Board of Regents.

With the compact agreement, UA was no longer facing an impossible $136 million state appropriation cut in a single year, but rather a very difficult $70 million cut over three years (beginning in FY2020), on top of $51 million in cuts already taken from the state since 2014. A copy of the compact with the commitments from UA and the Governor can be found here (https://www.alaska.edu/files/bor/2019/2019-08-13-SOA_UA-Compact-Agreement-FY20-22.pdf):

In addition to a reduced state appropriation, the proposed budget includes an investment of $7.1 million to provide general and specific market compensation increases to faculty and staff. Due to the compact with the Governor and the State's constrained fiscal situation, no state funding is being requested. Thus, the universities and statewide services will need to reallocate in FY2021 to cover this increased cost.

Over the last several years, UA has reallocated funds toward Strategic Initiatives focused on: contributing to Alaska's economic development; providing Alaska's trained workforce (focused on educators and health care providers); growing our world-class research; increasing the degree attainment of our students; and finding cost saving efficiencies. The final FY2021 budget distribution will include $5 million of reallocations within each university to further these efforts.

University of Alaska
Proposed FY2021 Operating Budget Summary
(in thousands of $)

	Unrestricted General Funds (UGF)	Designated, Federal and Other Funds	Total Funds
FY2020 Operating Budget	**302,033.5**	**554,649.5**	**856,683.0**
Adjusted Base Requirements			
Compensation		**7,100.0**	**7,100.0**
Internal Reallocation		**(7,100.0)**	**(7,100.0)**
Operating Cost Increases			**-**
Adjusted Base Subtotal	**-**	**-**	**-**
	0.0%	*0.0%*	*0.0%*
Strategic Initiatives	**5,000.0**		**5,000.0**
Internal Reallocation	**(5,000.0)**		**(5,000.0)**
Goal #1: Contribute to Alaska's Economic Development			**-**
Goal #2: Provide Alaska's Skilled Workforce			**-**
Goal #3: Grow Our World Class Research			**-**
Goal #4: Increase Degree Attainment			**-**
Strategic Initiatives Subtotal	**-**	**-**	**-**
	0.0%	*0.0%*	*0.0%*
Budget Adjustments			
Mental Health Trust (MHT)		(15.0)	(15.0)
Technical Voc. Ed. Program (TVEP) [1]			-
General Fund Unallocated Reduction	(25,000.0)		(25,000.0)
Budget Adjustment Subtotal	**(25,000.0)**	**(15.0)**	**(25,015.0)**
Operating Budget Changes	**(25,000.0)**	**(15.0)**	**(25,015.0)**
FY2021 Operating Budget Total	**277,033.5**	**554,634.5**	**831,668.0**
% Chg. Operating Budget	*-8.3%*	*0.0%*	*-2.9%*

1. TVEP is scheduled for reauthorization in FY21, thus funding to UA will be known at a later date.

Compensation

(GF: $0.0, NGF: $7,100.0, Total: $7,100.0) Reallocation

On June 4, 2019, UA Human Resources completed the comprehensive compensation and benefits review study with the intent to optimize our internal equity, retention, and recruitment. Market salary data for faculty, staff and executives was collected and evaluated using CUPA-HR industry information and communicated to employees via individual letters.

A compensation system enables the university to be competitive in recruiting, developing, rewarding, and retaining faculty, staff and student employees committed to excellence on behalf of the university's mission. Key objectives of the study include:

- Ensuring compensation practices are built on a foundation of consistency, equity and transparency.
- Demonstrating good stewardship of resources so that the university is fiscally responsible and sustainable.
- Supporting our recruitment and retention goals by maintaining market competitiveness with peer institutions and labor markets.

At the September 12-13, 2019 UA Board of Regents meeting, the Regents approved the Fiscal Year (FY) 2020 operating budget, which included $3.4M in compensation adjustments related to equity and market. The plan for these adjustments is to bring all university employees that are currently below 90% of the market median up to 90% over the next three years (FY20, FY21, FY22). Since additional funding was not provided by the legislature, the adjustments are to be funded through reallocation at each university.

The $7.1 million funding reallocation requested in the proposed FY2021 budget includes funding to address specific market increases (~$3.2M) as well as general market increases (~$3.9M).

Additional detail on the "Total Compensation Review" can be found here:
https://www.alaska.edu/classification/compensation-review/

Strategic Initiatives

(GF: $5,000.0, NGF: $0.0, Total: $5,000.0) Reallocation

UA will continue to reallocate funds toward Strategic Initiatives focused on: contributing to Alaska's economic development; providing Alaska's trained workforce (focused on educators and health care providers); growing our world-class research; increasing the degree attainment of our students; and finding cost saving efficiencies.

Budget Adjustments

(GF: -$25,000.0, NGF: -$15.0, Total: -$25,015.0)

Mental Health Trust Authority

(GF: $0.0, NGF: -$15.0, Total: -$15.0)

The total FY2021 Mental Health Trust receipt authority funding proposed for UA is $1,666.5, a net decrease of $15.0. The funds will be directed toward the University of Alaska projects and programs in support of initiatives of mutual interest to the Trust, the University and the Alaska Health Workforce Coalition.

Technical Vocational Education Program
(GF: $0.0, NGF: $TBD, Total: $TBD)

This funding, commonly referred to as workforce development, is focused on priority workforce development areas established by the Alaska Workforce Investment Board (AWIB). Legislation for the Alaska technical and vocational education program funding is scheduled for reauthorization in FY2021, thus funding to UA will be known at a later date.

General Fund Unallocated Reduction
(GF: -$25,000.0, NGF: $0.0, Total: -$25,000.0)

This reduction in general fund appropriations is the second of three included in a three-year agreement ("compact") between the Governor and the UA Board of Regents.

Operating Budget
References

Authorized Unrestricted General Fund Budget by Academic Organization (AO)
FY17 - FY21 (Proposed)

(in Thousands of $)

	FY17	FY18	FY19	FY20	FY21 Proposed	Change 4 yrs $	Change 4 yrs %	Change 1 yr $	Change 1 yr %
Anchorage/SBDC	101,150.7	99,482.6	104,044.2	93,554.7	84,504.7	-16,646.0	-16.5	-9,050.0	-9.7
Kenai	6,635.7	6,454.8	6,289.1	6,289.1	6,289.1	-346.6	-5.2	-	-
Kodiak	2,435.2	2,359.4	2,303.3	2,303.3	2,303.3	-131.9	-5.4	-	-
Mat-Su	4,868.8	4,708.2	4,568.7	4,568.7	4,568.7	-300.1	-6.2	-	-
PWSC	2,786.5	2,759.8	2,666.7	2,666.7	2,666.7	-119.8	-4.3	-	-
Fairbanks/FOR	144,011.4	142,293.3	147,534.0	132,969.4	120,644.4	-23,367.0	-16.2	-12,325.0	-9.3
UAF CTC	5,306.5	4,835.8	4,635.8	4,635.8	4,635.8	-670.7	-12.6	-	-
CRCD									
Bristol Bay	1,211.4	1,100.3	1,100.3	1,100.3	1,100.3	-111.1	-9.2	-	-
Chukchi	806.9	757.8	607.8	607.8	607.8	-199.1	-24.7	-	-
Interior Alaska	1,433.6	1,294.5	1,294.5	1,294.5	1,294.5	-139.1	-9.7	-	-
Kuskokwim	2,605.0	2,424.6	2,324.6	2,324.6	2,324.6	-280.4	-10.8	-	-
Northwest	1,319.8	1,211.7	1,161.7	1,161.7	1,161.7	-158.1	-12.0	-	-
Rural College	4,679.6	4,286.3	4,786.3	4,786.3	4,786.3	106.7	2.3	-	-
Juneau	19,486.6	19,330.9	20,796.9	21,209.1	19,309.1	-177.5	-0.9	-1,900.0	-9.0
Ketchikan	2,291.0	2,167.0	2,110.9	1,959.6	1,959.6	-331.4	-14.5	-	-
Sitka	2,890.0	2,606.4	2,526.8	2,265.9	2,265.9	-624.1	-21.6	-	-
Statewide Services Allocation (2)	10,542.6	10,261.6	10,861.6	10,815.7	9,090.7	-1,451.9	-13.8	-1,725.0	-15.9
Statewide Networks Allocation	7,823.9	7,620.3	7,420.3	7,520.3	7,520.3	-303.6	-3.9	-	-
Systemwide Ed/Outreach (1)	848.3	-	-	-	-	-848.3	-100.0	-	N/A
University of Alaska Foundation (2)								-	N/A
Education Trust of Alaska (2)								-	N/A
UA Anchorage	117,876.9	115,764.8	119,872.0	109,382.5	100,332.5	-17,544.4	-14.9	-9,050.0	-8.3
UA Fairbanks	161,374.2	158,204.3	163,445.0	148,880.4	136,555.4	-24,818.8	-15.4	-12,325.0	-8.3
UA Southeast	24,667.6	24,104.3	25,434.6	25,434.6	23,534.6	-1,133.0	-4.6	-1,900.0	-7.5
UA Statewide (1)(2)	19,214.8	17,881.9	18,281.9	18,336.0	16,611.0	-2,603.8	-13.6	-1,725.0	-9.4
UA Enterprise Entities (2)							N/A	-	N/A
Systemwide Component	1,750.0	1,078.2	-	-	-	-1,750.0	-100.0	-	N/A
UA System	324,883.5	317,033.5	327,033.5	302,033.5	277,033.5	-47,850.0	-14.7	-25,000.0	-8.3

Note: The authorized unrestricted general fund budget is the amount of funds approved for receipt and expenditure by the Alaska State Legislature, net of any vetoes by the Governor. Supplemental appropriations and revised programs approved subsequent to the legislative session are generally not included. AO totals and university totals may not add up due to rounding to the thousands of dollars at each reporting level.

(1) In FY16 and FY17 programs were transferred from Systemwide Education and Outreach (SEO) to the University of Alaska Fairbanks (UAF). Effective FY18 SEO no longer exists as a separate allocation.
(2) Effective FY19 the University of Alaska Foundation and the Education Trust of Alaska are transferred out of Statewide Services into a separate unit, Enterprise Entities.

Total Authorized Budget by Academic Organization (AO)
FY17 - FY21 (Proposed)

(in Thousands of $)

	FY17	FY18	FY19	FY20	FY21 Proposed	Change 4 yrs $	Change 4 yrs %	Change 1 yr $	Change 1 yr %
Anchorage/SBDC [1]	271,613.4	270,801.4	269,676.5	259,610.3	250,560.3	-21,053.1	-7.8	-9,050.0	-3.5
Kenai	16,652.8	16,440.0	16,301.6	16,207.7	16,207.7	-445.1	-2.7	-	-
Kodiak	5,921.1	5,839.3	5,600.0	5,564.1	5,564.1	-357.0	-6.0	-	-0.0
Mat-Su	12,290.7	13,339.5	13,315.4	13,381.2	13,381.2	1,090.5	8.9	-	-0.0
PWSC	7,164.0	7,209.1	6,277.1	6,252.4	6,252.4	-911.6	-12.7	-	-
Fairbanks/FOR [1]	423,319.8	408,537.0	410,500.0	391,008.9	378,683.9	-44,635.9	-10.5	-12,325.0	-3.2
UAF CTC	14,003.2	13,518.7	13,205.4	13,305.0	13,305.0	-698.2	-5.0	-	0.0
CRCD									
Bristol Bay	3,986.3	4,061.3	4,052.6	4,052.6	4,052.6	66.3	1.7	-	-
Chukchi	2,302.2	2,335.4	2,185.4	2,185.4	2,185.4	-116.8	-5.1	-	-0.0
Interior Alaska	5,388.8	5,325.0	5,259.0	5,239.0	5,239.0	-149.8	-2.8	-	-
Kuskokwim	6,370.7	6,162.8	6,042.8	5,969.1	5,969.1	-401.6	-6.3	-	-
Northwest	4,309.0	4,880.7	4,930.7	5,030.4	5,030.4	721.4	16.7	-	0.0
Rural College	9,925.4	8,711.2	9,211.2	9,211.2	9,211.2	-714.2	-7.2	-	-
Juneau	42,424.7	42,530.9	43,982.5	44,390.9	42,490.9	66.2	0.2	-1,900.0	-4.3
Ketchikan	5,436.2	5,473.3	5,401.1	5,240.3	5,240.3	-195.9	-3.6	-	-0.0
Sitka	7,956.2	7,655.2	7,563.5	7,299.0	7,299.0	-657.2	-8.3	-	-0.0
Statewide Services Allocation [2]	35,493.6	37,952.9	34,802.2	38,556.3	36,831.3	1,337.7	3.8	-1,725.0	-4.5
Statewide Networks Allocation	17,468.7	17,265.1	17,065.1	17,165.1	17,165.1	-303.6	-1.7	-	-
Systemwide Ed/Outreach [1]	6,018.7					-6,018.7	-100.0	-	N/A
University of Alaska Foundation [2]			3,987.7	4,263.9	4,263.9	4,263.9	N/A	-	-
Education Trust of Alaska [2]			1,625.4	2,749.2	2,749.2	2,749.2	N/A	-	-
UA Anchorage	313,642.0	313,629.3	311,170.6	301,015.7	291,965.7	-21,676.3	-6.9	-9,050.0	-3.0
UA Fairbanks	469,605.4	453,532.1	455,387.1	436,001.6	423,676.6	-45,928.8	-9.8	-12,325.0	-2.8
UA Southeast	55,817.1	55,659.4	56,947.1	56,930.2	55,030.2	-786.9	-1.4	-1,900.0	-3.3
UA Statewide [1][2]	58,981.0	55,218.0	51,867.3	55,721.4	53,996.4	-4,984.6	-8.5	-1,725.0	-3.1
UA Enterprise Entities [2]			5,613.1	7,013.1	7,013.1	7,013.1	N/A	-	-
Systemwide Component	1,750.6	1,079.2	7,563.0	1.0	1.0	-1,749.6	-99.9	-	-
UA System	899,796.1	879,118.0	888,548.2	856,683.0	831,683.0	-68,113.1	-7.6	-25,000.0	-2.9

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University of Alaska
FY19 Revenue by Fund Type and Fund Source
(in millions of $)

Revenue by Fund Type

Revenue by Fund Source

1. Other Restricted and Other Unrestricted Funds includes the following fund sources: State Inter-Agency Receipts, Interest Income, Auxiliary Receipts, University Receipts, Capital Improvement Project (CIP) Receipts, Mental Health Trust Authority Authorized Receipts (MHTAAR), Technical Vocational Education Program (TVEP), and License Plate.

University of Alaska
FY19 Expenditure by NCHEMS Category and Natural Classification
(in millions of $)

Expenditure by NCHEMS Category

Expenditure by Natural Classification

1. Academic Programs & Student Services includes the following NCHEMS categories: Academic Support, Instruction, Intercollegiate Athletics, Library Services, Scholarships, Student Services, and Auxiliary Services.