

Chancellor's Forum on the Budget and Potential UA Restructure

September 5, 2019

UA operating budget impacts

- Governor and Board of Regents agree to 'compact' reducing UA budget \$70M over 3 years.
- President Johnsen plans to internally reallocate funds for compensation (equity & market), Title IX, and strategic investments.
- Cuts and reallocations bring the FY20 impact to \$34.1M this year for all of UA and \$95.5M over the next three years.
- The President's expressed goal is to reduce administrative costs and increase investment in academics and student services.

Immediate financial impact to UAS

- UAS general funds in FY20 remain the same as last year because we are in a separate appropriation; **however:**
- Our proportional share of the \$25M UA cut (7.8% or \$1.94M) will be charged to UAS using a reimbursable service agreement (RSA).
- The total UAS impact for the current year is \$2.59M.
- UAS has submitted a plan to the president:
 - 48% (\$1.25M) will come from academics and student services
 - 52% (\$1.34M) will come from other areas
 - Eight positions will be eliminated, mostly through attrition
 - Additional reductions will impact facilities maintenance, administrative areas and information technology as well as other areas.

Future financial impacts and planning

- We don't know what the impact will be in FY21 and FY22, but it will likely be comparable to the current cut (\$2.59M)
- UAS leadership will develop plans in consultation with the Strategic Planning and Budgeting Advisory Committee
- The BOR will be approving the FY21 budget plan at their November meeting.

Academic reviews and restructure

- The BOR has directed that UA develop a revised organizational structure that 1) consolidates and standardizes administrative areas (e.g. HR, IT, procurement), 2) prepares a strategic approach to combining duplicative colleges and schools, consolidating research institutes, and enhances integration of community campuses, and 3) includes a plan for Board approval to transition to a single institutional accreditation over the 2019-2020 academic year
- The BOR will review progress on these steps at its September 12-13 meeting.
- The President will recommend to the BOR that expedited UA-wide program reviews be conducted prior to the BOR's November 7-8 meeting to inform the Board's thinking about a possible single accredited University of Alaska.
- UA leadership is consulting actively with NWCCU about requirements of maintaining accreditation if the BOR approves a shift to a single accreditation. A major topic with any restructure is how to minimize impacts on students.

Potential impacts on students

- We do not expect any major impacts on students in Fall 2019 and Spring 2020 semesters.
- No additional tuition increases will occur this year. However, increases in subsequent years are likely.
- NWCCU accreditation requires that students have every reasonable opportunity to complete their program even with substantive changes or restructure.

Timeline

- June 10: Legislature passed budget with two appropriations and a \$5M cut.
- June 28: Gov. vetoed to \$136M (41% of GF)
- July 12: Legislature failed to override vetoes
- July 17: Moody's significantly downgraded UA
- July 22: BOR declared financial exigency
- July 29: Legislature passed revised operating budget (\$25M UA reduction)
- July 30: BOR approved admin consolidation and planning for single accreditation
- Aug 13: BOR and Gov. signed multi-year compact
- Aug 19: Gov. signed revised budget (\$25M reduction in UA GF)
- Aug 20: BOR terminated financial exigency (effective Aug 19)

Upcoming

- Sept 9, 4-6pm: BOR public testimony
- Sept 12/13: Full BOR meeting in Anchorage
- Nov 7/8: Full BOR meeting in Fairbanks