Budget Options Group (BOG) – Options Summary & Analysis

- Avoid cross

The following definitions and metrics are used to interpret components of each idea:

Acronym definitions

- OTO: one-time only
- ATB: across-the-board
- FTE: full-time equivalent employee
- ROI: return on investment
- GF: general fund

Ability to implement by general level (related to scope of decision -making)

1. Chancellor/Campus Level Decision
2. President/UA System Level Decision
3. Board of Regents' Level Decision
4. External Action - change in state or federal law (i.e. Alaska statute, Borough, et0 Tc m.tatBe2j EMC

Option #2:

Idea: Consolidate administrative and support FTEs	
Description: Administrative and support positions are continually a focus for reduction or streaml Many functions across campuses or departments are similar and potentially duplicative and warrant exploration to identify opportunities to create greater efficiencies.	
Cost Statistic:	Each FTE approx $75K-$100K/year
Ability to Implement:	1 – Chancellor/Campus Level Decision
Timeline:	

Option #2:

Idea: Change UAF Athletics program from Division II to Division III Description:

Option #14:

Idea: Evaluate unrestricted fund balance (UFB) principles to evaluate ways to encourage higher value strategic year end procurement/spending vs. use or lose mentality		
Description: Ideally, central administration advises each school or college to have 4-12% UFB at the end of each fiscal year. Department behavior is geared such that if funds are available, year end spend may not be strategic for fear of not receiving those funds in the future. To date, UFB principles have been adjusted to encourage managed "banking" of large unit reserves for future years (if needed); but this may not deter habits to spend out balances at year end.		
Cost Statistic:	$6-8M is typical UFB target ($2M is centrally managed, remainder is $6M)	
Ability to Implement:	1 – Chancellor/Campus Level Decision	
Timeline:	Short-Term	
Analysis (Pro/Con):	• Immediate savings easily administered • May develop models to consolidate certain types of purchases with vendors, i.e. large campus-wide computer/technology refresh purchases annually • May develop models to pool funds and accomplish larger projects rather than asking for new State funding • May find options to encourage strategic year end spending habits that meet unit and central needs • Volume discounts with vendors may be available	• Difficult to change behavior • May require additional central vs. unit controls • Behavior may change in advance of any pull-back so less strategic spend is unknown • Highly dependent on types of year end purchases to determine optimal ways to collaborate or consolidate efforts • If UAF does not allow for prudent UFB in units, units may spend out balances entirely which has a negative institutional impact
Alternative Scenarios:	Creating a year end pull-back may function similarly to an ATB reductio	

Option #16:

Idea: Analyze number of rural campus sites; is there opportunity to convert one or more rural campuses to become Learning Centers operated by one of the other campuses at lower cost (or vice versa)? Can any campus absorb functions of another?	
Description: Each rural campus has a main campus in the largest community in the region and typically several learning centers located in smaller regional communities. Consider enhancing some rural campus sites to serve a larger area or create Learning Centers where full campus support can be reduced	
Cost Statistic:	Dependent on campus operations and locations based on geographic needs: number of students impacted, facilities and employees in each location – further review necessary to arrive as cost estimates
Ability to Implement:	3 –

Option #2:

Idea: Sell or lease Kodiak property	
Description: Kodiak facility (FS916 & FS918)	
Cost Statistic:	There may be ways to move this existing program from the facility, eliminating costs, but preserving program functions. Est. operating costs $800K/year ($400K/SFOS and $400K/central lease obligations)
Ability to Implement:	2-3 – President/UA System Decision or Board of Regents' Action
Timeline:	Short to Long

GREEN INITIATIVES/SUSTAINABILITY OPTIONS: $70K to $620K

Option #1:

Idea: Increase energy audits (building envelopes/sensing lights/utilities/heat sensor headbolts, etc.)	
Description: Energy audits were done in 2011 to selected buildings (10 Fairbanks). These efforts continue to be explored by evaluating other low-efficiency buildings on campus for energy work.	
Cost Statistic:	2011 energy efforts to 10 buildings cost UAF $6M and UAF anticipates approx. 10-year payback on that investment approx. $600K/yr. Assume $800K internal investment in FY15 for a new batch of high priority buildings; ROI may be similar over time; analysis by building needed
Ability to Implement:	1 – Chancellor/Campus Level Decision
Timeline:	Long-Term (to realize savings)
Analysis (Pro/Con):	• Reduced utility footprint •

Option #3:

Idea: Reduce or eliminate volume of internal/inter-campus printed mailings	
Description: Many departments continually receive internal or inter-campus mailings from other departments: brochures, newsletters, announcements, etc. Some departments claim to simply throw them away immediately; they are not useful. Suggestions for greater use of online bulletin board or use of campus list-serves were made.	
Cost Statistic:	Department magnitude varies – more research required
Ability to Implement:	1 – Chancellor/Campus Level Decision
Timeline:	Short-term
Analysis (Pro/Con):	• Encourages internal policy/practice changes to "go green" • Reinforces UAF sustainability efforts • Increases online traffic in targeted areas

Option #2:

Idea: Reduce PERS penalty		
Description: Alaska Statutes require the University contribute to PERS Defined Benefit and Define Contribution plans at a minimum each year of 22% of the University's fiscal year 2008 PERS covered payroll. Additional University contributions of $1.8M, $312K and $208K for Fiscal Years 2013, 2012 and 2011, respectively, were required to adhere to the minimum contribution levels per the statutes. Essentially, those additional contributions are "penalties" the University is paying because we do not have enough people selecting the PERS option. This is a UA item; not specific to only UAF.		
Cost Statistic:	The annual penalty if the ceiling is not met is $1.8M in FY13 for the U system. Of the $1.8M, UAF's portion is $900K.	
Ability to Implement:	3-4 – Board of Regents' Action or External Action: Change in state or federal law (i.e. Borough, etc)	
Timeline:	Mid- to Long-Term	
Analysis (Pro/Con):	• Possible initial savings by maximizing current minimum commitment to PERS based on 2008 salary schedule • Balance between ORP and PERS is critical for optimal cost of each • Savings are UA-wide	• Savings will only be realized up to the ceiling after which University contributions rates will be at 22% and significantly higher than both TERS DC and ORP Tier 3 DC plans • Savings not UAF-specific • May require statutory changes
Alternative Scenarios:	Attempt to incent new hires to select PERS in order to reduce the penalty amount – goal is to balance between	

REVENUE-GENERATING OPTIONS: $645K to $2.625M

Option #1:

Idea: Increase enrollment or improve student retention (via international recruiting, partnering with high schools, advising, create complete online degree programs with eLearning, etc.)		
Description: Increased enrollment leads to increased tuition, fee, housing, and dining revenues. Could also create eLearning incentives for departments by moving entire degree programs online, explore tuition distribution models and cost associated with doing instruction in this way.		
Cost Statistic:	$500k in tuition and fee revenue for each 1% increase in SCH (in FY15, compared to flat enrollment); option assume 1%-5% increase in enrollment from FY13 overall tuition revenues (for an average return)	
Ability to Implement:	1-3 – Chancellor/Campus Level Decision up to Board of Regents' decision	
Timeline:	Mid to Long-Term	
Analysis (Pro/Con):	• Increased enrollment leads to higher revenues without substantial tuition rate increases • Allowing students to complete an entire degree program online can increase enrollment (as opposed to offering only a few classes across all disciplines) • Cost to administer programs online may be lower over time (once established)	• Heavily influenced by external factors (AK HS grad rates, economy) • Initial increase in recruiting costs, especially for international students • Investment in curriculum development, technology and faculty commitment required for eLearning online degree programs
Alternative Scenarios:	• Focus on international/non-resident students (higher rev. per SCH, higher recruiting costs) • Focus on in-state students (meet AK needs, requires coordination with K-12 and workforce needs) • Example: offer online Masters of Business Administration (MBA) through SOM and accept 15 students per "cohort" and create a 2-year online program. The same 15 students complete the program together	
Est. Revenue Target:	Min: $500K per 1% increase in enrollment; net revenue $400K if assuming 20% upfront investment cost ($100K) Y1	Max: $2.5M for 5% increase in enrollment; net revenue $2M if assuming 20% upfront investment cost ($500K) Y1

Option #2:

Idea: Charge small fees for “free” services available on campus to the public (events, trail use, etc.)		
Description: UAF has approximately 880 different events in a given year, ranging from short (2 hours) to long (2 weeks) serving various internal and external stakeholders. Many are free and opportunities exist increase revenues by charging a small fee for those that use the service or attend the event.		
Cost Statistic:	Botanical Garden typically collects $3,500 during summer months (June to September) via donation boxes located in the gardens and entrance. Average use of UAF trails is approx. 1000/month. Example: if half (500 people) gave $2/month for trail use = $12K/yr. There are 880 events on campus per year. NOTE: The Birch Hill Recreation Area is maintained by the Fairbanks North Star Borough (FNSB) and Nordic Ski Club of Fairbanks (NSCF). NSCF has membership fees and in addition solicits donations for trail maintenance. Fanatic $250/year, Devoted $175/year, Enthusiast $100/year, Occasional Use $75/year. The donation goal for Birch Hill is $40K/year; although actual maintenance costs may be higher. Donation boxes are also located near the trails.	
Ability to Implement:	1-2 – Chancellor/Campus Decision or President/UA System Decision	
Timeline:	Short to Mid-Term	
Analysis (Pro/Con):	• Generally a low financial impact to individuals (small fees) • Several events may be ideal and reasonable where a fee to attend is well received and/or expected	• Possible negative community perception to charge public • Collecting funds may be difficult to enforce (depending on event logistics) • Significantly large revenue targets may be difficult to achieve
Alternative Scenarios:	Adding donation boxes to key locations on campus is a relatively simple way to collect funds for areas of popular use, determining which events may be most appropriate to charge a fee for attending,	

Option #3:

Idea: Increase alumni giving and internal campaigns for donations		
Description: Focus on targeting and increasing alumni giving within UAF. Then, consider expanding on this to reach out to local businesses to gain UAF awareness and demonstrate alumni support in the community; this can be a tactic to increase external giving when UAF can show alumni support		
Cost Statistic:	UAF raise alumni giving; it is low at UA compared to other institutions Select an achievable target; ¼ of what it is nationally could generate $1M.	
Ability to Implement:	1 – Chancellor/Campus Level Decision	
Timeline:	Short to Mid-Term	
Analysis (Pro/Con):	• Initial investment to dedicated development officers allows focus on revenue and giving generation • Reaching out to local business can increase community awareness about UAF, its graduates and how they work in this community	• A solid, revised, robust and definitive plan is required since seeking increased giving is a constant UAF goal • Some alumni and local business are opposed to giving
Alternative Scenarios:	Based on overall alumni giving, UAF could seek industry match b reaching out to local businesses and asking them to match alumni giving	
Estimated Revenue Target:	Min: $185K	Max: $350K

Option #4:

Idea: Evaluate opportunities for Kasitsna Bay lease (business plan pending)	
Description: Kasitsna Bay Laboratory is located in Kachemak Bay and is owned by NOAA and operated in partnership with SFOS. Opportunities exist for lab use by external entities for community educational activities. Lab use is available to approved researchers.	
Cost Statistic:	Kasitsna Bay operations approx. $100K/year Minimum and maximum savings targets assume an aggressive plan to maximize facility usage by increasing programming which results in net returns to the institution
Ability to Implement:	2-3 – President/UA System decision or Board of Regents' decisio
Timeline:	

Option #5:

Idea: Offer summer executive programs and/or additional