# UAF SPRING

## 21 UNRESERVED FUND BALANCE (UFB) ANALYSIS

For FY21, UAF expects an unrestricted (F1) unreserved fund balance (UFB) at $11.5M. The projected F1 UFB represents 3.2 percent of UAF's total projected unrestricted and restricted revenues ($357.7M), not including recharge, leasing, and enterprise funds, CIP, UA Intra-Agency Transfers, and prior-year UFB, and this value reflects UAF's commitment to increase the annual fund balance per Statewide directive in FY20. UAF estimates $7.8M for service center and leasing funds (F7, FE, FL), an increase of nearly $

## 2. CURRENT FISCAL YEAR PRACTICES FOR REVENUE DISTRIBUTION WITHIN THE CAMPUS

UAF distributes tuition and indirect cost recovery (ICR) on a consistent basis at the campus level.

*Tuition*

Effective fall 2019 (fall 2020 for community campuses), UAF transitioned from variable tuition distribution plans to a “un

Figure 2 ð FY21 UAF revenue comparison of current projection to original projection (based on allocated receipt authority), in thousands.

FY21 January overall revenue projections are 2.7 percent more than original estimates. The project ` j

## 6. DEBT STRATEGIES AND PLANS

UFB remains a critical resource to bridge the institution for academic program teach-out requirements, or until actions taken to base create savings. Throughout the budget planning process, UAF will continue to serve its students and use strategic planning goals and NWCCU accreditation themes to guide actions.

## 8. GRANTS AND CONTRACTS ACCOUNTS RECEIVABLE ANALYSIS

The Office of Grants and Contract Administration (OGCA) is responsible for management of extramural funding including restricted accounts receivable. The balance of the restricted accounts receivable is the combination of both billed, unbilled expenditures and prepayments.

For the purpose of this report, OGCA is using 0-30 day receivable data starting in FY18 and ending with FY21 Q2 ( ). At this time, OGCA continues to reduce, monitor and analyze accounts receivable and to address inaccuracies.

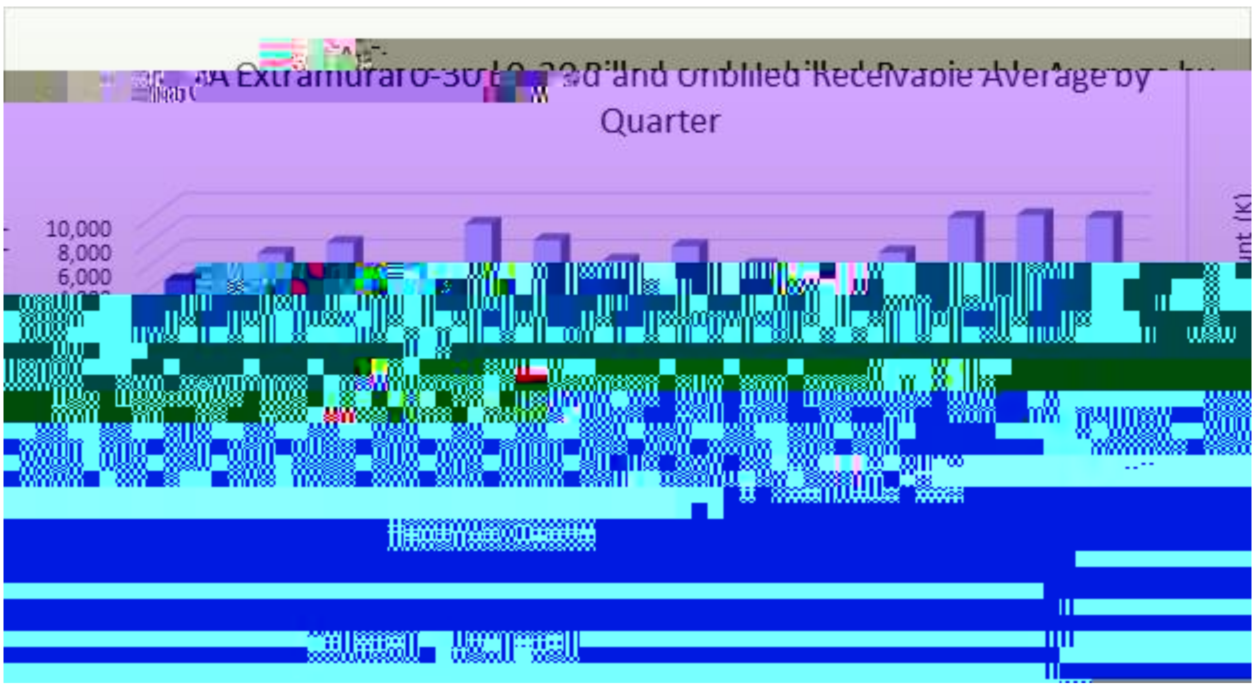


Figure 4 - OGCA 0-30 Billed and Unbilled Receivables Average by Quarter

A combination of internal and external factors influence UAF's restricted accounts receivable. Internally, OGCA has to work within the parameters of the UA's financial system. The system has a specific time frame when billing is allowed. Externally, some funding agencies' terms and conditions require quarterly billing instead of monthly billing. Also, COVID-19 caused a delay in billing patterns. While the data was not required for this report, OGCA has noted in FY21 Q3 unbilled expenditures have decreased by $1.5M. This characterizes the cyclical patterns observed in previous years.

Although it appears there is an increase in the unbilled expenditures, year to year comparisons for FY19 Q1 and FY21 Q1 show unbilled expenditures have increased by less than 10 percent. In addition,

The PFD garnishment process begins in April of each year. Students with delinquent balances greater than 180 days and $50 are eligible to have their PFDs garnished. UAF receives PFD garnishment payments in batches beginning in October of each year.

Please Note: PFD garnishment was down because there were limitations on how much of the July PFD could be garnished. UAF could only garnish that which was not garnished last year (not new debt) because debtors/PFD recipients had not been through the Notice/Appeals process - the early dividend compressed the normal timeline thus due process could not be accomplished.

| PFD Year | MAU | NOD Adjusted | ITC Adjusted | PFD Received | % Received |
|---|---|---|---|---|---|
| 2020 | F | $656,517.54 | $653,214.76 | $33,627.11 | 5% |
| 2019 | F | $640,121.32 | $632,574.70 | $316,485.42 | 49% |
| 2018 | F | $677,549.10 | $660,478.06 | $324,216.82 | 49% |
| 2017 | F | $666,809.63 | $657,969.56 | $265,845.70 | 40% |

Figure 5 ð PFD Garnishment Comparison by year.

### *Write Offs*

After exhausting collection efforts, and when the account balance is beyond the six-year statute of limitations, UAF writes off the debt (WO). Staff place a WO hold on the student's account, which prevents access to registration, transcripts, and graduation. The Associate Vice Chancellor for Financial Services approves all WO balances greater than $200. Bursar processes WO activity quarterly, with the exception of bankruptcies or deaths, which occur immediately upon notification. UAF expects WO amounts to stabilize and decrease in the coming years due to the improved collections process, which includes a faster turnover and improved reports, payment plans, and student outreach.

### *Allowance for Doubtful Accounts (ADA)*

In FY18, UAF refined its method for funding its allowance for doubtful accounts (ADA) using a calculated percent of total by campus, and distributes the ADA adjustment in a prorated fashion. This manages the university's liability while creating a direct campus connection to the decision process related to retention of students with delinquent accounts.

| | Total | Allowance | Net | % to Gross |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Figure 6 ð AR Fiscal Year-End Comparison.

considerably from M&R expenditures on an annual basis, to be more visible and separate from those expenditures connected directly with the operating cycle. This process began in FY19 through the creation of the "Residence Life Capital" fund. However, the intended transfer to offset capital expenditures that year did not occur due to staff turnover, so it carried a deficit fund balance. This also happened in FY20 due to confusion over the correct process to use for recovering the M&R fund balance. UAF intends to transfer that funding from the associated R&R fund (703010) in FY21, which will erase that budget deficit, and it needs support from UA Statewide to ensure that future year transfers can occur on a regular basis.

In addition, Residence Life operations are at risk as enrollment declines. Aside from the tremendous pressure the COVID-19 pandemic placed on the operation (both in terms of revenue and shift in perceptions about acceptable housing accommodations), the long-term health of the organization faces threats from declining demand and aging infrastructure. Public private partnership opportunities are being considered as part of modernizing the UAF residential facilities. The operation's fund balance declined by substantial margins (>20 percent) in each of FY19 and FY20 notwithstanding debt relief actions taken by UAF. UAF expects the fund balance to recover slightly (12 percent) in FY21, though these gains are one-time in nature. It is a strong possibility that UAF may need to further subsidize this operation until it can modernize and increase demand for housing.

## 12. RECHARGE, ENTERPRISE, LEASE, & CAPITAL FUND DEFICITS GREATER THAN -$100K

*Recharge and Enterprise Funds*

| | CFOS Ocean Gliders | CFOS Small Coastal Vessels | ACEP Test Facility | IAB Toolik Field Station | GI HAARP |
|---|---|---|---|---|---|
| **FY21** | | | | | |
| Beg Fund Balance | (258.8) | (71.7) | (736.3) | 25.7 | (2,991.0) |
| Revenue | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Expenditures | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Net Operations | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Transfers | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Figure 8 ð UAF Recharge and Enterprise projected fund balances greater than negative $100K.

The following recharge and enterprise funds are expected to have deficit fund balances greater than negative $100K at June 30, 2021: CFOS Ocean Gliders, CFOS Small Coastal Vessels (SCV), IAB Toolik Field Station (TFS), Alaska Center for Energy and Power (ACEP) Test Facility, and GI's High-frequency Active Auroral Research Program (HAARP).

The College of Fisheries and Ocean Sciences operates several recharge centers. The Ocean Gliders center started in 2014 as an effort to provide a standard mechanism to fund and maintain the increasingly crucial subsurface gliders owned by UAF. Researchers who use this equipment have found that the recharge process is difficult for them to manage within the context of the few grants that support and use the equipment, and they decided to shut down the center. The net balance of the center is approximately $110,000, and CFOS will subsidize the fund to close it out by the end of FY22.

The CFOS SCV center is a recent startup that gained significant demand through the 2019 field season. COVID-19 restrictions during the 2020 field season eliminated most revenue opportunities, and UAF is considering options to recover revenue for the center. CFOS expects to resume normal operations when UAF moves into later stages of pandemic recovery.

The IAB TFS deficit is largely due to COVID-19. During the pandemic, TFS is operating with minimal staff on site due to limited use of the site, and UAF hopes to recover some fixed costs through lost revenue. In addition, the center operates on a calendar year business model: the bulk of expenses occur at the beginning of the field season (April/May) and TFS invoices users throughout the summer and fall. As such, a deficit often exists each June 30. If NSF decided to shut down Toolik, demobilization efforts could occur during the final field season to ensure that the center covers all expenses internally. TFS is a low-risk funding model for UAF and IAB.

| FUND | FUND TITLE | FUND BALANCE | REVENUE | EXPEND. | RSRV.ENC. | TRANSFERS | AVAILABLE BALANCE |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 571403 | UAF FY18 [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 571423 | UAF FY20 Regulatory Compliance | - | 210,602 | 210,602 | 138,084 | - | (138,084) |
| 571424 | UAF FY20 Exter Infrastructure/Signs | - | 309,457 | 309,457 | 281,497 | - | (281,497) |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 590168 | UAF Steam Line Rupture Repair | (140,895) | - | - | - | - | (140,895) |
| 590281 | UAF ELIF Duckering Renovations | (?9,310) | - | 1?,2?? | 69,767 | - | (145,333) |

Figure 9 ð UAF Capital fund balances greater than negative $100K.

As all capital funds use the fund type '91' systemwide and there is not a standard, logical fund rollup structure in place, it is difficult to separate funds as belonging to each university. For this exercise, UAF filtered funds by available balance (including encumbrances and transfers), then limited the list to those with a bank code of 'FC'.

Facilities Services Design and Construction (DDC) closely manages capital funds and meets with the Vice Chancellor for Administrative Services regularly to ensure a sound funding plan is in place for all projects. All '571' projects are fully balanced aside from outstanding encumbrances. At such time these encumbrances post as expenses, DDC will move revenue from related funds to balance.

The Bragaw Office purchase is an Anchorage activity associated with the 'FC' bank code. However, this fund balance is intentional and will slowly rise to zero as scheduled annual payments from operating funds occur.

UAF has two '590' projects, ELIF Duckering Renovations and Steam Line Rupture Repair with a deficit balance. Insurance should cover incurred costs for the steam line. DDC continues work on finalizing coverage for those projects, and UAF will cover any remaining expense from operating funds, as needed. The Duckering renovations related to ELIF construction will receive funding support from UAF Central as part of closing out the bond funding for the ELIF project.