



UNIVERSITY  
of ALASKA  
*Many Traditions One Alaska*

# University of Alaska

## *Empower Alaska*

34<sup>th</sup> Legislative Session

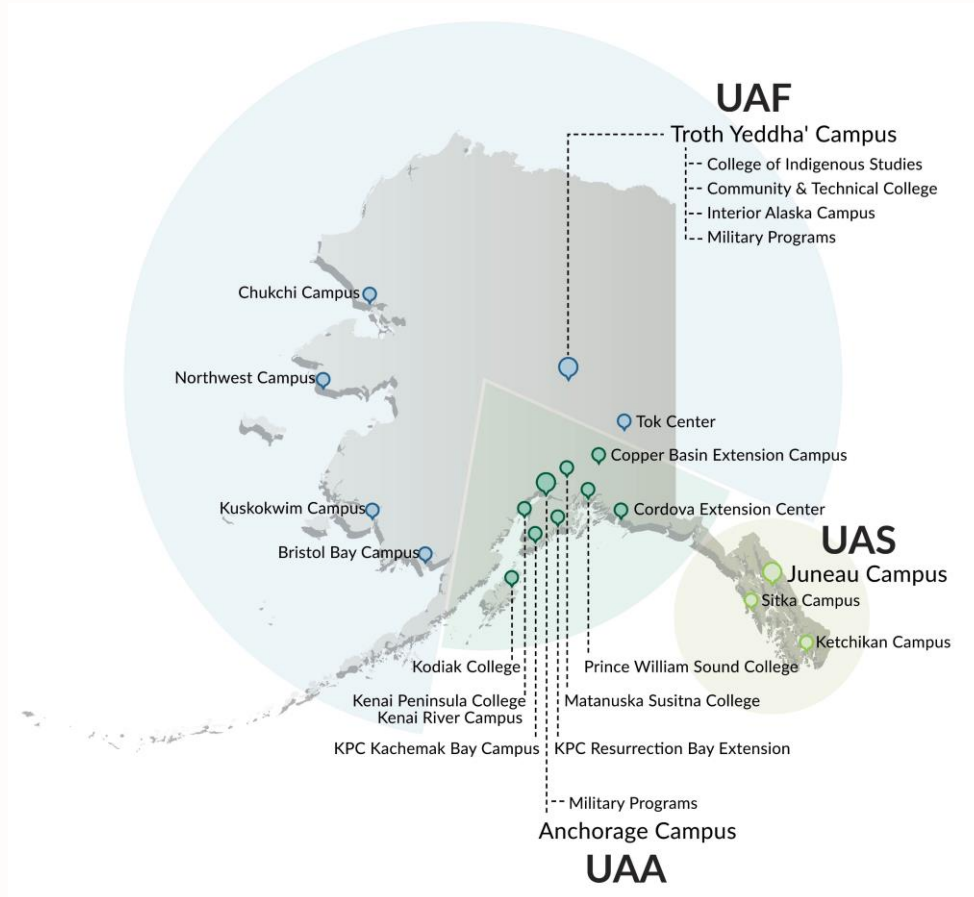
Financial Overview

UA House Finance Subcommittee

February 10, 2025



# University of Alaska Alaska's System of Higher Education



## Empower Alaska

### Pillars

- Financially Responsible and Future-Focused
- State & Arctic Leadership
- Quality Reputation

### University/System Roles

- System Office – Advancing Post-secondary Education by Driving Value to the Universities. Corporate structure required by State Constitution
- UAA – Alaska's Comprehensive, Workforce-Emphasis, Health University: A University of Distinction, Transforming Lives and Communities.
- UAF – Alaska's Research and Arctic University: Creating Excellence Through Transformative Experiences.
- UAS – Alaska's Experiential Learning University: Impacting the World by Offering an Unparalleled Education Rooted in the Natural and Cultural Richness of Southeast Alaska.



# Overview

- Enrollment Highlights
- FY26 Budget Request
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  - FY26 Capital Budget



# Enrollment Highlights

## Enrollment

- UAA reclassified several for-credit courses to non-credit, impacting student headcount and credit hours, effective Fall 2024
- Spring 2025, even with changes, overall student headcount up 1.1%, Student Credit Hour (SCH) registration is expected to increase 4.3%

## Dual enrollment

- In FY24, 4,047 high school students were enrolled in a University course an increase of nearly 13% over FY23

## Retention

- Freshman-to-sophomore retention is at a five-year high, 66.8%, surpassing the national average of 58.7% for public, four-year, open-enrollment institutions
- In fall 2024, APS students seeking a 4-year degrees have an 89.6% retention rate, up from 85.8% in fall 2023

## Teacher Education

- As a major source of Alaska's educators, UA credentialed between 34% and 43% of newly hired teachers in recent years
- UA graduates demonstrate a strong commitment to serving in-state, with nearly 89% remaining in Alaska after completing their programs

## Healthcare

- UAA College of Health up 2.7% from 2,092 to 2,148 total headcount
- WWAMI – Beginning with the entering class of 2025, 30 students a year will be accepted

## Alaska in the national context

- Nationally, Fall 2024 first-time enrollment among 18-years-olds declined 5.8%
- Aggressive out-of-state competition
- The average debt of University of Alaska graduates and the percentage of graduates with debt is below the national and WICHE averages and average wages post graduation are higher



# FY26 Budget Request

FY26 Operating Budget State funding request \$34.5M

- Compensation and other operating costs \$24.1M
- Programs to support Recruitment, Retention & Graduation \$5M; Athletics \$5M; Economic Growth \$0.4M

FY26 Capital Budget

- Deferred Maintenance & Modernization-\$60M (FY26) or \$35M annually
- Priority capital requests \$24.6M (\$144.4M total)
- Capital project receipt authority for externally leveraged funds \$59M
- Research programs and other Governor priorities \$43M



# FY26 Fiscal Summary-BOR vs Gov

(in millions of \$)

	UA Board of Regents' Budget				Governor's Proposed Budget			
	UGF	Designated, Fed, & Other	Duplicated Funds <sup>(4)</sup>	Total	UGF	Designated, Fed, & Other	Duplicated Funds <sup>(4)</sup>	Total
FY25 Base Operating Budget <sup>(1)</sup>	\$331.1	\$525.8	\$62.3	\$919.2	\$331.1	\$525.8	\$62.3	\$919.2
FY26 Operating Budget Changes								
Compensation <sup>(2)</sup>	20.1	7.4		27.5	20.1	7.4		27.5
Cyber Security, Maintenance, Utilities, & Auxiliaries	4.0	17.0		21.0	3.9	17.0		20.9
Recruitment, Retention, and Graduation Support	5.0	4.9		9.9		4.9		4.9
Deferred Maintenance & Modernization								
Other Requests	5.4	23.6		29.0		23.6		23.6
Budget Adjustments <sup>(3)</sup>		39.5	75.5	115.0		39.5	75.5	115.0
FY26 Operating Budget Changes	\$34.5	\$92.4	\$75.5	\$202.4	\$24.0	\$92.4	\$75.5	\$191.9
FY26 Operating Budget Total	\$365.6	\$618.2	\$137.8	\$1,121.6	\$355.1	\$618.2	\$137.8	\$1,111.1

1. Excludes FY25: \$9.7 million UGF multi-year research funding for economic development and workforce training programs; \$200 thousand for the Alaska Center for Energy and Power's working group initiatives; \$14.6 million (\$12.5M HEIF and \$2.1M UA Rcpts) for UAF to achieve R1 status; and \$570.9 for TVEP lapse.

2. UA and UNAC reached a tentative agreement on a new three-year contract. A funding request of \$2.3M UGF (\$3.2M total) has been submitted to OMB. UNAD contract expire in FY25 and no increase has yet been negotiated for FY26. Once a tentative agreement has been reached with a union, a funding request will be made through the appropriate legislative process.

3. Budget Adjustments: Technical Vocational Education Program (TVEP) funding changes will be determined by the State Department of Labor in spring 2025; Statutory Designated Program Receipts (SDPR) are private grants and contracts from sources other than the state or federal government (e.g. corporations, local governments, non-profit entities) that are restricted or designated in purpose.

4. Duplicated funds are funds used for internal charges of services provided by central service departments to other university departments.



# Fiscal Summary-Change in Revenue

(in millions of \$)

Funding Source	Actuals			Projections		
	FY22	FY23	FY24	FY25	FY26	FY25-FY26
General Funds <sup>(1)</sup>	\$273	\$295	\$308	\$331	\$366	\$35
Earned Revenue						
Tuition & Fees Revenue	109	104	106	113	122	9
Other Unrestricted Funds	76	89	101	102	104	2
Unrestricted Earned Revenue	\$185	\$193	\$207	\$215	\$226	\$11
<b>Total Unrestricted Revenue</b>	<b>\$458</b>	<b>\$488</b>	<b>\$515</b>	<b>\$546</b>	<b>\$592</b>	<b>\$46</b>
Federal Funds	166	169	186	202	209	7
Designated & Restricted Funds	95	111	132	147	153	6
<b>Total Designated/Restricted Revenue</b>	<b>\$261</b>	<b>\$280</b>	<b>\$318</b>	<b>\$349</b>	<b>\$362</b>	<b>\$13</b>
Total Revenue	\$719	\$768	\$833	\$895	\$954	\$59
COVID Relief Fund Activity	37	8				
One-time Items		7	14	10		
Budget Reporting-Not Realized Revenue	130	136	159	145		
Actual/Projected Budget	\$886	\$919	\$1,006	\$1,050		

1. Excludes one-time and multi-year operating funds



# Fiscal Summary-State Reports

(in millions of \$)

	Actuals			FY25 Budget			FY26 Budget	
	FY22	FY23	FY24	Budget	Mid-year <sup>(1)</sup>	Year End	UA	Gov
<b>Expenditures</b>								
Personnel Services	\$438	\$462	\$528	\$575	\$280	\$572	\$603	\$603
Other Expenditures	448	457	478	369	241	478	519	508
<b>Total Expenditures</b>	<b>\$886</b>	<b>\$919</b>	<b>\$1,006</b>	<b>\$944</b>	<b>\$521</b>	<b>\$1,050</b>	<b>\$1,122</b>	<b>\$1,111</b>
<b>Revenue</b>								
UGF (base)	\$273	\$295	\$308	\$331	\$331	\$331	\$366	\$355
UGF (project specific one-time)		7	14	10	3	4		
DGF <sup>(2)</sup>	286	300	346	299	207	277	321	321
Federal	166	169	186	192	104	202	216	216
Federal COVID	32	8						
Other <sup>(2)(3)</sup>	129	140	152	112	114	236	219	219
<b>Total Revenue</b>	<b>\$886</b>	<b>\$919</b>	<b>\$1,006</b>	<b>\$944</b>	<b>\$759</b>	<b>\$1,050</b>	<b>\$1,122</b>	<b>\$1,111</b>

1. As of December 2024

2. FY25 includes impact of reporting change for Statutory Designated Program Receipts (Other) previously report as University Receipts (DGF)

3. Includes internal charges for services provided by one UA department to another, required for State reporting





# FY26 Operating Budget

## Compensation \$20.1M (\$27.5M total)

### Salaries and Benefits Increases \$5.9M (\$9.7M total)

- Wage increase for employee groups as required by collective bargaining agreements
- Wage increase (2.75%) for non-union staff
- UA and UNAC reached a tentative agreement on a new three-year contract.
  - A funding request of \$2.3M UGF (\$3.2M total) has been submitted to OMB
- UNAD contract expires in FY25 and no increase has yet been negotiated for FY26
  - Once a tentative agreement has been reached with a union, a funding request will be made through the appropriate legislative process

### Health Care Increases \$14.2M (\$17.8M total)

- In FY26, the university's medical (including dental and vision) plan is expecting an increase in premium costs (\$7M) and under-recovery from FY24 (\$10.8M)
- Cost increases will be included in the FY26 staff benefit rate charged to departments



# FY26 Operating Budget (cont.)

## Fixed Cost Increases

### Cyber Security & Information Technology \$825K (\$2.7M total)

This request will help fund, centrally managed computing contracts for hardware and software maintenance; site licensing; campus software and contract licensing renewals; personnel cost increases to recruit and retain IT professionals; and hardware updates and training across the system to promote network security.

### Facilities Maintenance & Break/Fix Operating Costs \$2M (\$6M total)

Facilities maintenance funding is necessary to preserve capital assets critical to UA's mission. Several years of reduced operating budgets and minimal capital funds have increased the ongoing risk and evidence of costly and disruptive building failures. Funding constraints have put additional strain on UA's operating budget to fund preventative and current facility maintenance needs.

### Utilities Cost Increases \$1.2M (\$2.4M total)

This request covers the projected FY26 utility cost increases at UAA and UAF. Cost increases include utility expenses such as electrical, fuel, water, and sewer; and commodity costs for utility inputs.



# Program Requests

Recruitment, Retention & Graduation Support \$5M (\$9.9M total)

Requests will align with recommendations from EAB's report.

- Marketing, Recruitment, Scholarships
- Advising and Enrollment Management
- Student Enrollment Services
- High Demand Program Expansion and Technology Enhancement
- Campus Safety

Athletics \$5M (\$8M total)

Athletics initiative has community champions and would provide reputational benefits to support future fiscal stability. This request anticipates \$3M of other funding from UAA (\$2M) and UAF (\$1M) through fundraising or internal reallocation.

Economic Growth for Alaska \$375K (\$975K total)

Ensure Alaska's resilience through food security & research field safety and regulatory oversight.



# Recruitment, Retention, Graduation (EAB)

- Jan 28<sup>th</sup> UA Board of Regents (BOR) received a report with recommendations from consultant EAB
- Feb 6<sup>th</sup> BOR met to prioritize recommendations
- BOR budget request includes \$5M to support the recruitment, retention and graduation efforts
  - Marketing, Recruitment, Scholarships
  - Advising and Enrollment Management
  - Student Enrollment Services
  - High Demand Program Expansion and Technology Enhancement
  - Campus Safety



# Legislative Discussion Points

- What is the long-term solution to the UA's outstanding deferred maintenance issues?
  - The major maintenance and modernization fund was a step in the right direction.
- What can be done to help slow rising insurance costs? Can the economics of pooling with the state work?



Questions?



# Appendix



# FY24 Ratification

## UA Receipts (UAR)

\$306.3 Budget Authority

(\$338.8) Actual Expended

(\$ 32.5) Expended in excess of Budget Authority

## \$32.5M Expenditures

- \$5.5M Corporate and non-profit grants and contracts, new restricted revenue was received and expended in accordance with the grant/contract from corporate and non-profit entities.
- \$8.0M Donor gifts through the UA Foundation, largely restricted to specific purposes, \$2M new activity, \$6M accounting change.
- \$1.4M Land Management and Natural Resource Funded activities.
- \$11.4M Unrestricted operations, new unrestricted revenue (tuition, ICR and interest income) expended on fixed cost increases that were requested but not addressed in the state budget process, higher-than-budgeted staff benefit rate, and higher costs associated with employee recruiting and retaining.
- \$6.2M Auxiliary and Recharge operations spending increased, while revenues remained flat. To balance auxiliaries for the state budget process unrestricted fund balance (UFB) is required to be booked as UAR to address the shortfall at fiscal year-end.





# FY25 Supplemental & UA Receipt Authority

## FY25 Supplemental Budget Requests

### Operating

- \$50.5M Statutory Designated Program Receipts (SDPR) - are private grants and contracts from corporations, local governments, non-profit entities, and foundation endowment that are restricted or designated in purpose
- \$25M Federal – add'l budget authority for FY25 federal appropriations bill earmarks and plus ups
- \$82.5M UA Intra-agency Receipts - used to record internal charges of services provided by central service departments to other university departments

### Capital

- \$53M Federal and SDPR - to recognize the current momentum of the fundraising efforts for the UAF Troth Yeddha' Indigenous Studies Center
- \$16.5M (\$3M Federal & \$13.5M SDPR) - UAA Alaska Leaders Archives Consortium Library Renovation Phase 1
- ~\$1.6M University of Alaska Anchorage Residential Campus Roof Repairs (expand scope of existing deferred maintenance funds)

## FY26 Receipt Authority Base Funding

- \$39.8M Statutory Designated Program Receipts (\$28.6M reclassified from UA Rcpts)
- \$20.0M Federal Receipts
- \$75.5M UA Intra-agency



# FY26 Capital Budget

## Priority Capital Projects

- Deferred Maintenance and Modernization - \$60M (FY26) or \$35M annually
- UAF Seward Marine Center-Infrastructure and Shore Side Ship Support Facility Renewal & Replacement (removes \$55M of DM) - \$18M (\$103.3M total)
- UAA Alaska Leaders Archives Consortium Library Renovation Phase 1 & 2 (removes \$13M of DM) \$2.5M (\$37M total)
- UAS Mariculture Program Expansion \$4.1M (\$1.4M received, \$5.5M total)

## FY26 Receipt Authority Only

- UAA Indigenous Gathering Space \$3.5M other funds
- UAF Troth Yeddha' Indigenous Studies Center \$53M fed/other
- UAS Egan Library/Cyril George Indigenous Knowledge Center \$2.5M fed/other

## Research Programs and Other Governor Priorities

- UAF R1 Strategy Continuity \$7.5M
- UAF Alaska Center for Unmanned Aircraft System Integration (Drone program year 4) \$14M
- UAA Alaska Applied Innovations in Artificial Intelligence \$6.5M
- UAF AK Energy Transitions and Carbon Monitoring Research \$10M
- UAF Agriculture and Food Systems for Alaska's Economic Sustainability \$5M