



30th Alaska State Legislature
House Finance Budget Subcommittee
University of Alaska
FY18 Operating Budget

Chair:

Rep. David Guttenberg
Capitol Room 501
465-4457

Sub-Committee Aide:

Seth Whitten
465-4708

UNIVERSITY OF ALASKA
FY2018 HOUSE FINANCE BUDGET SUBCOMMITTEE
NARRATIVE REPORT
February 23, 2017

SUBCOMMITTEE MEMBERS:

Rep. David Guttenberg, Chair
Rep. Birch
Rep. Johnson
Rep. Knopp
Rep. Kreiss-Tomkins
Rep. LeDoux
Rep. Tuck
Rep. Wool

SUBCOMMITTEE MEETINGS:

The House Finance Budget Subcommittee for the University of Alaska held four meetings with the University during our review of the FY18 budget request.

RECOMMENDATIONS:

The Chair of the House Finance Budget Sub-Committee for the University of Alaska submits a recommended operating budget for FY2018 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$325,033.5
Designated General Funds (DGF)	331,590.4
Other Funds	86,640.4
Federal Funds	143,852.7
Total	\$887,117.0

The Unrestricted General Fund difference from FY15 Management Plan to the FY18 Governor Amended budget is a reduction of \$45.6 million, a decrease of 12.3 percent.

Positions:

Permanent Full-time	4,078
Permanent Part-time	192
Temporary	0
Total	4,270

I submit the following budget amendments to the House Finance Committee for consideration:

1. Reduction of Intercollegiate Athletic Teams to NCAA Minimum; H UOA 1

It is the intent of the legislature that the University of Alaska reduce the number of intercollegiate athletic teams at participating campuses to the minimum required by the NCAA Sports Sponsorship Requirement.

2. Priority of Cuts or Reallocations of Unrestricted General Funds; H UOA 2

It is the intent of the legislature that cuts or reallocations of unrestricted general funds to the University of Alaska Anchorage, University of Alaska Fairbanks and University of Alaska Southeast, on a percentage basis, not exceed cuts or reallocations of unrestricted general funds to the University of Alaska Statewide Administration.

3. Establishing a UGF Spending Level for Intercollegiate Athletics; H UOA 3

It is the intent of the legislature that the University of Alaska fund intercollegiate athletics at both the University of Alaska Anchorage and the University of Alaska Fairbanks at the current level of University of Alaska Fairbanks intercollegiate athletics unrestricted general fund spending.

I submit the following Governor's Operating Budget Amendment to the House Finance Committee for consideration:

1. Alaska Technical and Vocational Education Formula Funding

OTHER INFORMATION:

The Subcommittee discussed a variety of issues during the meetings. Those that I have not put forward for consideration by the House Finance Committee include:

1. Representative Wool's amendment proposal to provide a \$16.3 million increment in UGF that would fully fund the Board of Regents' budget request.

ATTACHED GOVERNOR'S AMENDMENT AND BACKUP:

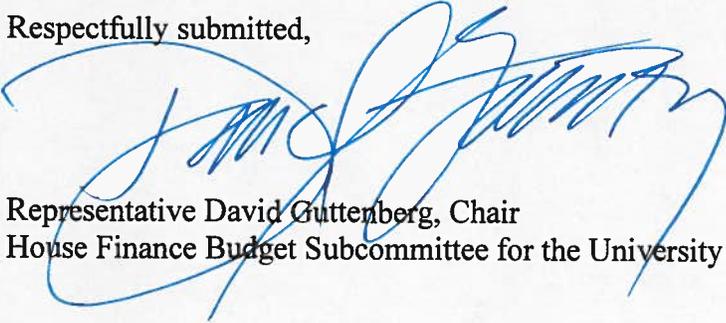
FY18 Operating Amendment – University of Alaska

Change Record Detail – Alaska Technical and Vocational Education Formula Funding

ATTACHED LEGISLATIVE FINANCE DIVISION REPORTS:

FY18 UA House Sub-Committee Allocations Summary (Numbers Only)
FY18 UA House Sub-Committee Amendment Transaction Detail

Respectfully submitted,



Representative David Guttenberg, Chair
House Finance Budget Subcommittee for the University of Alaska

**2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column**

Numbers and Language

Agency: University of Alaska

	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
University of Alaska												
Budget Reductions/Additions - Systemwide												
GA 38 2/15	Dec	-593.5	0.0	0.0	-593.5	0.0	0.0	0.0	0.0	0	0	0
Alaska Technical and Vocational Education Formula Funding												
<p>The Alaska Technical and Vocational Education Program (TVEP), is funded by 0.16 percent of employee contributions to the unemployment insurance trust fund. The taxable wages collected have declined more rapidly than originally anticipated. A reduction in TVEP authority is required in order to not overspend the fund. This is a new item for FY2018. It was not included in the FY2018 Governor request due to timing of updated revenue collection projections.</p> <p>TVEP, established under AS 23.15.830, provides non-competitive grants to institutions that are part of a statewide vocational training system. Institutions provide technical and vocational training programs that align with workforce regional demands.</p> <p>The Department of Labor and Workforce Development (DOLWD) manages the TVEP administration, including projecting available revenue for distribution. DOLWD's proposal for the TVEP distribution in the FY2018 Governor's Budget assumed flat TVEP revenue FY2016 through FY2018. There was a carryforward balance from unspent prior year TVEP distributions at the end of FY2016 that was anticipated to be sufficient to cover reduced revenues in FY2017 and FY2018. Actual revenue collections through the first two quarters of FY2017 indicate taxable wages are declining faster than what was anticipated prior to the start of the fiscal year. An overall adjustment of \$1,319.2 is needed, bringing the total available for distribution to \$11,970.1.</p> <p>The University of Alaska's distribution is set by AS 23.15.835(d), and will receive \$5,386.6, or forty-five percent, of total receipts available. This decreases the University of Alaska's authority by \$593.5 from the FY2017 distribution level.</p>												
L H UOA 1	Dec	-0.6	0.0	0.0	-0.6	0.0	0.0	0.0	0.0	0	0	0
<small>1151 VoTech Ed (DGF) -593.5</small> Move \$0.6 estimate for UA special license plates from language to section 1												

**2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column**

Numbers and Language

Agency: University of Alaska

Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
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University of Alaska (continued)

Budget Reductions/Additions - Systemwide (continued)

H UOA 1 - Move \$0.6 estimate for UA special license plates from language to section 1 (continued)

Offered by Representative Seaton
See 30-GH1855J.8, Wallace, 1-31-17.
This deletes language sec. 16 in HB 57, version J.

Another amendment will add \$1.0 to section 1, the numbers section for University license plate revenue.

1234 LicPlates (DGF) -0.6

H UOA 2 - UA license plate revenue moved from language section to section 1	Inc	1.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0	0	0
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Offered by Representative Seaton
Another amendment deletes language section 16, that included an estimate of \$0.6, in HB 57, version J.
This amendment increases the amount to \$1.0 since amounts in section 1 cannot be estimates.

1234 LicPlates (DGF) 1.0

H UOA 3 - Reduction of Intercollegiate Athletic Teams to NCAA Minimum	Wordage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
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Offered by Representative Guttenberg
It is the intent of the legislature that the University of Alaska reduce the number of intercollegiate athletic teams at participating campuses to the minimum required by the NCAA Sports Sponsorship Requirement.

H UOA 4 - Priority of Cuts or Reallocations of Unrestricted General Funds	Wordage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
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Offered by Representative Guttenberg
It is the intent of the legislature that cuts or reallocations of unrestricted general funds to the University of Alaska Anchorage, University of Alaska Fairbanks and University of Alaska Southeast, on a percentage basis, not exceed cuts or reallocations of unrestricted general funds to the University of Alaska Statewide Administration

**2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column**

Numbers and Language

Agency: University of Alaska

	<u>Trans Type</u>	<u>Total Expenditure</u>	<u>Personal Services</u>	<u>Travel</u>	<u>Services</u>	<u>Commodities</u>	<u>Capital Outlay</u>	<u>Grants</u>	<u>Misc</u>	<u>PFT</u>	<u>PPT</u>	<u>TMP</u>
University of Alaska (continued)												
Budget Reductions/Additions - Systemwide (continued)												
H UOA 5 - Establishing a UGF Spending Level for Intercollegiate Athletics Offered by Representative Guttenberg It is the intent of the legislature that the University of Alaska fund intercollegiate athletics at both the University of Alaska Anchorage and the University of Alaska Fairbanks at the current level of University of Alaska Fairbanks intercollegiate athletics unrestricted general fund spending.	Wordage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
* Allocation Total *		-593.1	0.0	0.0	-593.1	0.0	0.0	0.0	0.0	0	0	0
** Appropriation Total **		-593.1	0.0	0.0	-593.1	0.0	0.0	0.0	0.0	0	0	0
*** Agency Total ***		-593.1	0.0	0.0	-593.1	0.0	0.0	0.0	0.0	0	0	0
**** All Agencies Total ****		-593.1	0.0	0.0	-593.1	0.0	0.0	0.0	0.0	0	0	0

Column Definitions

HSub Amends (House Subcom Amendments) - House Finance Subcommittee Amendment Proposals submitted to the House Finance Committee.

Supporting Documents H UOA 1 Page 1 of 2

30-GH1855J.8
Wallace
1/31/17

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 57(FIN), Draft Version "J"

1 Page 57, line 27:

2 Delete "sec. 21(q)"

3 Insert "sec. 20(q)"

4

5 Page 59, lines 27 - 31:

6 Delete all material.

7

8 Renumber the following bill sections accordingly.

9

10 Page 75, line 6:

11 Delete "21 - 23"

12 Insert "20 - 22"

13

14 Page 75, line 12:

15 Delete "19(i), and 28"

16 Insert "18(i), and 27"

17

18 Page 75, line 13:

19 Delete "Section 30"

20 Insert "Section 29"

21

22 Page 75, line 14:

23 Delete "secs. 31 and 32"

Supporting Documents H UOA 1 Page 2 of 2

30-GH1855J.8

1 Insert "secs. 30 and 31"

**2017 Legislature - Operating Budget
Allocation Summary - House Structure**

Numbers and Language

Agency: University of Alaska

Allocation	[1] 18Gov	[2] HSub Rec	[2] - [1] 18Gov to HSub Rec	
University of Alaska				
Systemwide Reduction/Addition	-10,249.4	-10,842.5	-593.1	5.8 %
Statewide Services	35,493.6	35,493.6	0.0	
Office of Info Technology	17,468.7	17,468.7	0.0	
Systemwide Education/Outreach	2,574.0	2,574.0	0.0	
Anchorage Campus	268,518.2	268,518.2	0.0	
Small Business Development Ctr	3,010.2	3,010.2	0.0	
Kenai Peninsula College	16,652.8	16,652.8	0.0	
Kodiak College	5,921.1	5,921.1	0.0	
Matanuska-Susitna College	12,290.7	12,290.7	0.0	
Prince William Sound College	7,164.0	7,164.0	0.0	
Bristol Bay Campus	3,986.3	3,986.3	0.0	
Chukchi Campus	2,302.2	2,302.2	0.0	
College of Rural & Comm Dev	9,925.4	9,925.4	0.0	
Fairbanks Campus	271,673.6	271,673.6	0.0	
Interior Alaska Campus	5,388.8	5,388.8	0.0	
Kuskokwim Campus	6,370.7	6,370.7	0.0	
Northwest Campus	4,309.0	4,309.0	0.0	
Fairbanks Organized Research	155,090.9	155,090.9	0.0	
UAF Community and Tech College	14,003.2	14,003.2	0.0	
Juneau Campus	42,424.7	42,424.7	0.0	
Ketchikan Campus	5,436.2	5,436.2	0.0	
Sitka Campus	7,956.2	7,956.2	0.0	
Appropriation Total	887,711.1	887,118.0	-593.1	-0.1 %
Agency Total	887,711.1	887,118.0	-593.1	-0.1 %

**2017 Legislature - Operating Budget
Allocation Summary - House Structure**

Numbers and Language

Agency: University of Alaska

<u>Allocation</u>	<u>[1] 18Gov</u>	<u>[2] HSub Rec</u>	<u>[2] - [1] 18Gov to HSub Rec</u>	
Funding Summary				
Unrestricted General (UGF)	325,033.5	325,033.5	0.0	
Designated General (DGF)	332,184.5	331,591.4	-593.1	-0.2 %
Other State Funds (Other)	86,640.4	86,640.4	0.0	
Federal Receipts (Fed)	143,852.7	143,852.7	0.0	

Column Definitions

18Gov (FY18 Governor Request) - Includes FY18 Adjusted Base plus the Governor's operating budget bill requests for increases (increments), decreases (decrements), fund source changes, and language transactions submitted by the Governor on December 15, 2016.

HSub Rec (Subcommittee Recommendations) - House Finance Subcommittee Recommendations to the House Finance Committee.