



University of Alaska

Empower Alaska

33rd Legislative Session

Financial Overview

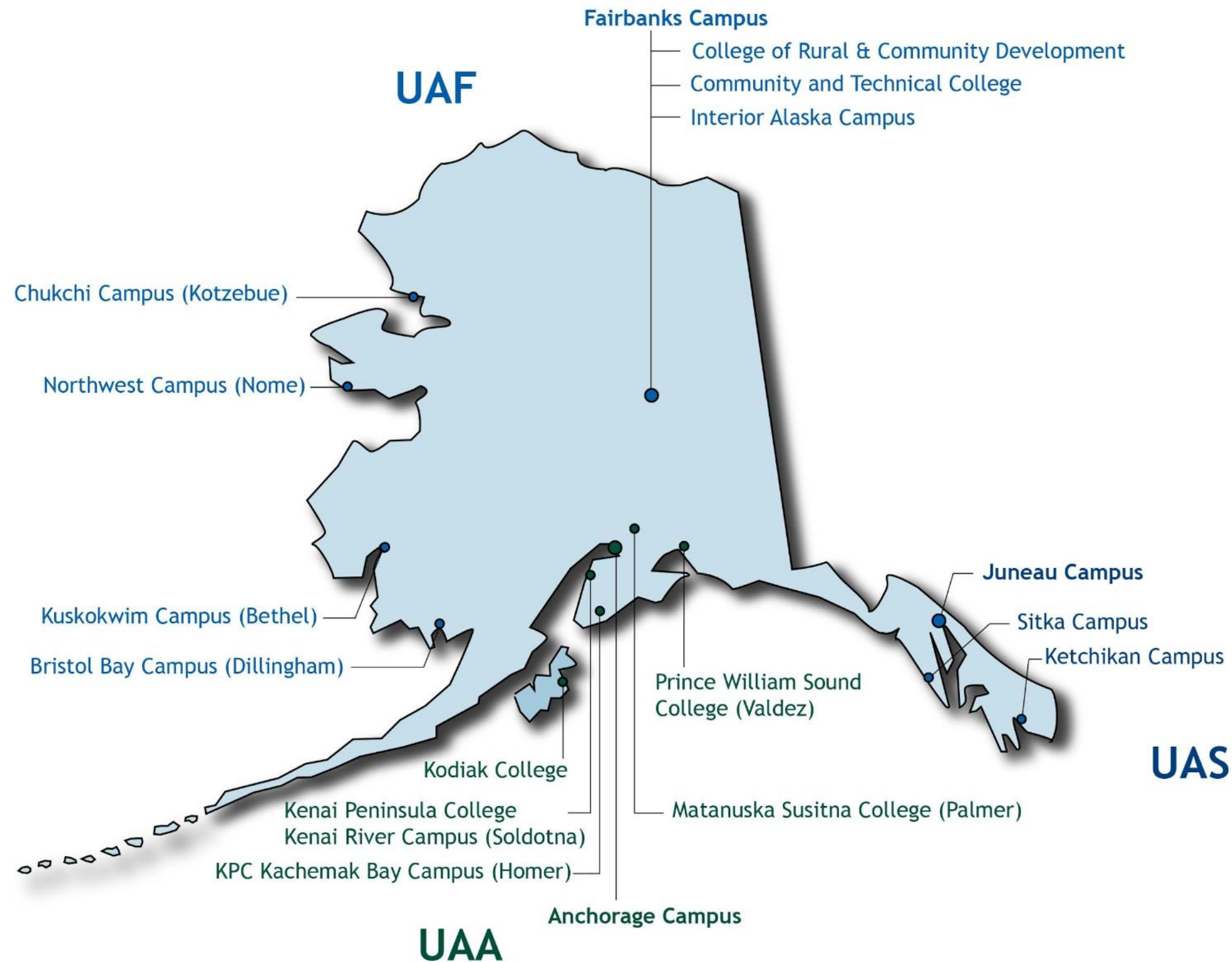
Senate Finance Subcommittee

March 29, 2023



UNIVERSITY
of ALASKA
Many Traditions One Alaska

University of Alaska Alaska's System of Higher Education



Three universities:

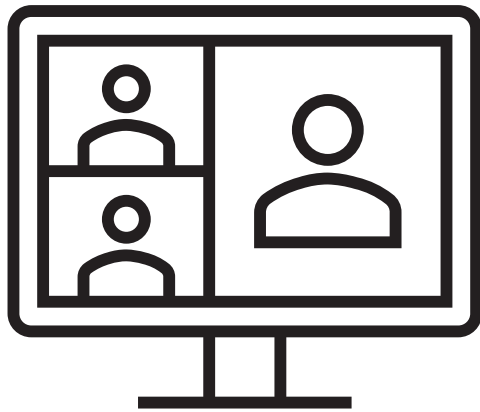
- Diverse missions
 - UAF - Research University
 - UAA - Open access, Comprehensive
 - UAS - Regional University
- Unique experiences
- Shared value
 - Serving their communities through community campuses
 - Offering a breadth of programs from workforce credentialing to doctoral degrees

Overview

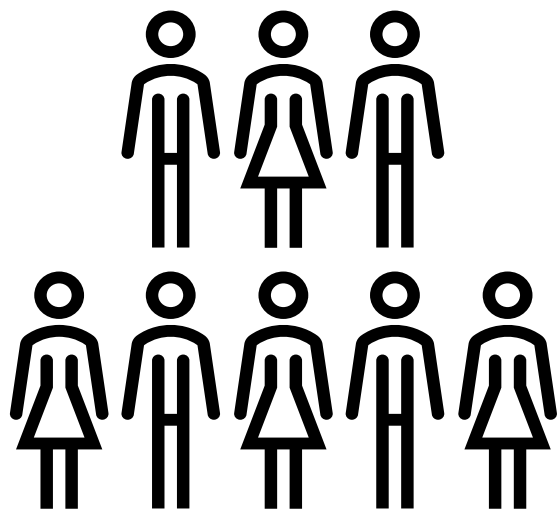
- Context
- FY24 Budget Summary
- FY24 Operating & Capital Budgets
- Appendix
 - Legislative Priorities
 - FY23 Initiatives Update
 - FY23 Supplemental
 - Fiscal Context



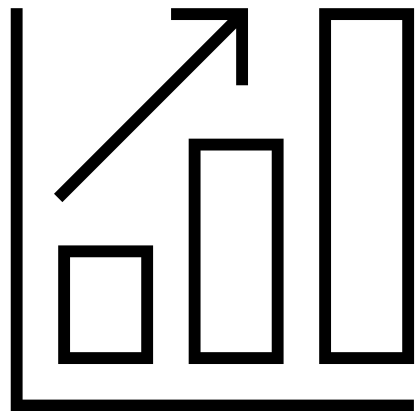
Budget Context



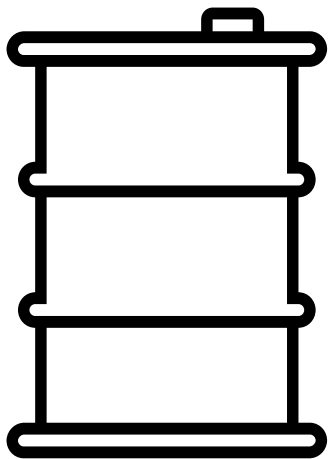
Job Openings Near
All-time High



Population Declines



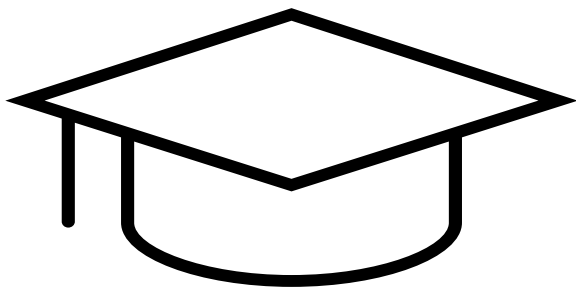
Inflation



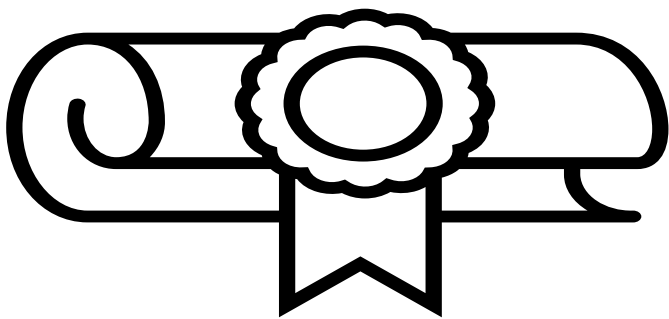
Oil Prices



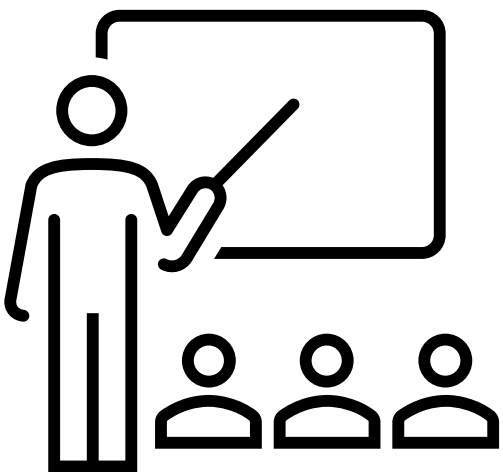
Transition from Federal COVID
to Infrastructure Funding



Nationwide Drop in
High School Graduates



Value of Going
to College



College Enrollment

Enrollment Highlights

Spring 2023 Enrollment:

- Headcount up 3 percent over Spring 2022. First year-to-year increase in 10 years.
- Significant enrollment increases at most Community Campuses, the UAA and UAF Community and Technical Colleges and the UAS School of Career Education
- More students in classes and return to face-to-face instruction, but there are more online options for students across the UA system than pre-COVID

Dual enrollment:

- In FY22, more than 2,300 high school students were enrolled in a University course an increase of 10% over FY21.

UA Scholars:

- As of February 1, 48 percent of eligible UA Scholars secured their award by applying to UAA, UAF or UAS an increase of 11% percent over 2022.

Teacher Preparation

- Re-established BA in Early Childhood Education at UAA
- Pilot program to provide financial support for students in teaching internships

Healthcare

- Expansion of the Nursing program
- Pilot program to provide financial support for students in clinical programs

Alaska in the national context

- Fall 2022 enrollments were down 1.9 percent nationwide, and Fall enrollment across UA was similar
- The average debt of University of Alaska graduates and the percentage of graduates with debt is below the national average.

UA Priority Focus Areas



Increase Student Enrollment Through Retention in Degree Programs for Alaska's workforce



Develop Workforce and Focused Economic Development Initiatives



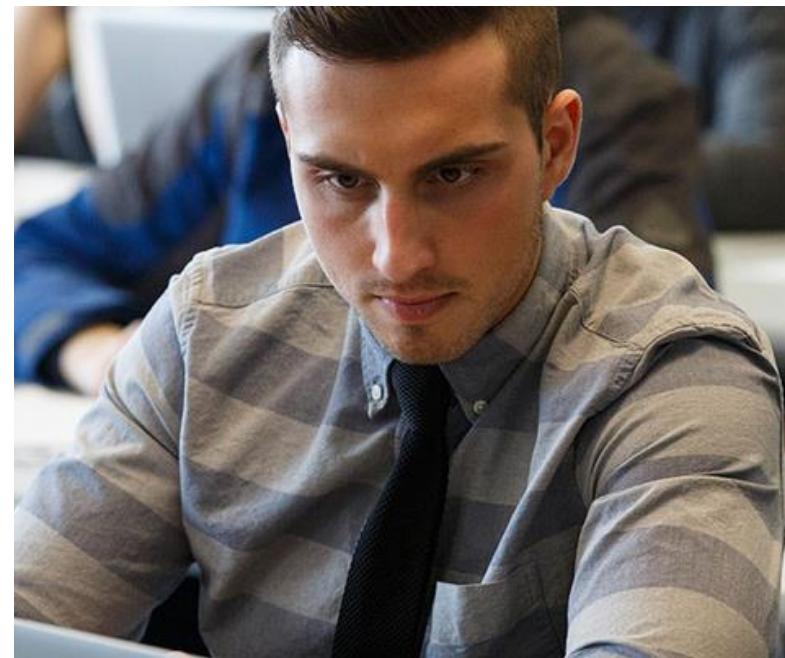
Promote Arctic Policy, Research and Leadership



Strengthen Teacher Education Through the Alaska College of Education Consortium



Advance the Alaska Native Success Initiative



Build Finance Industry Partnerships to Expand Business Workforce



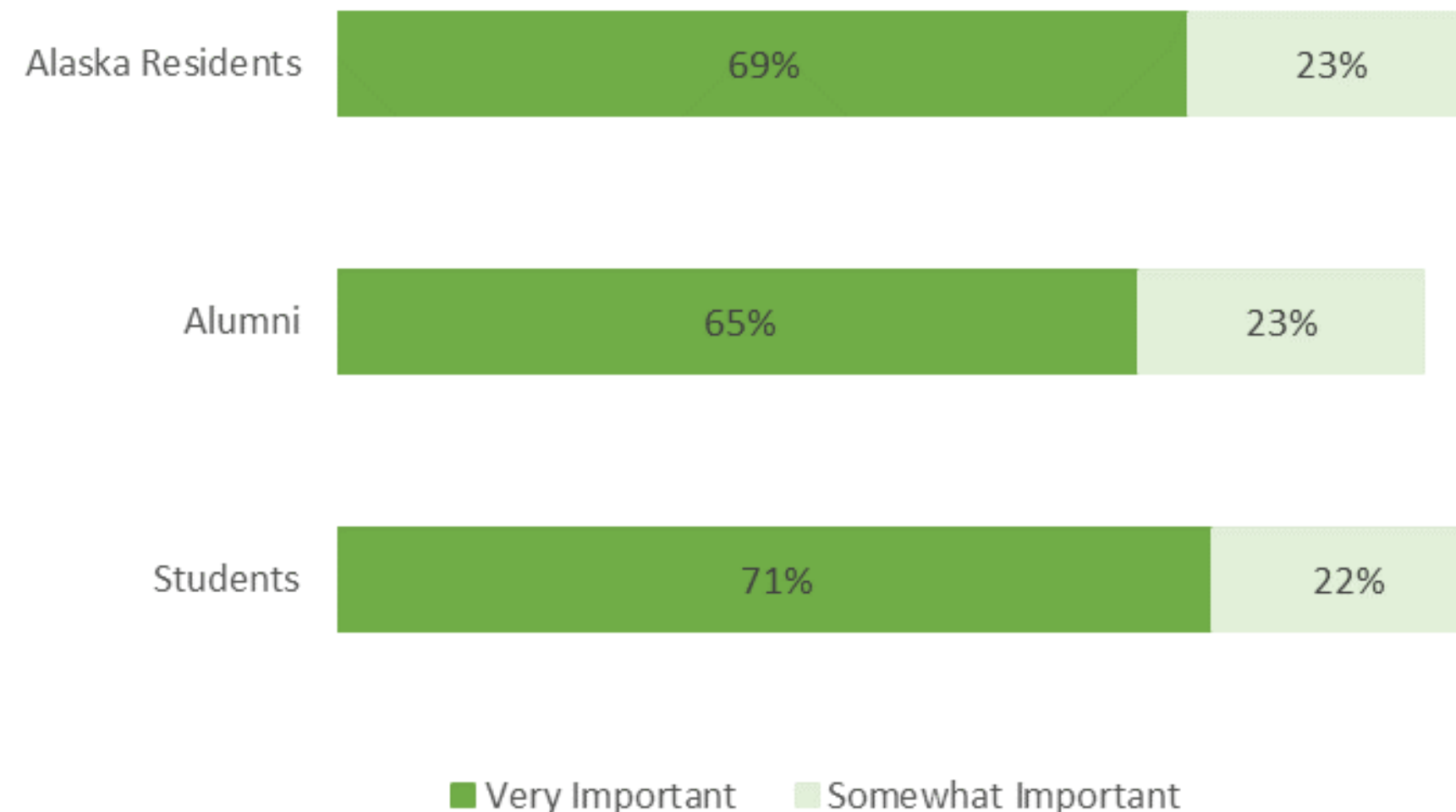
Increase Fisheries and Ocean Sciences Presence in Southeast Alaska



Revise Business Models for Efficiency and Modernization

Empower Alaska Campaign

- We know that Alaskans value higher education and the contributions of the university to the economy (92% of Alaskans say the state needs a public, systemwide university)
- A recent public opinion poll puts UA's overall approval rating at 81% (69% very important and 23% somewhat important)



FY24 Budget Summary Status Quo (maintain stability)

- FY24 Status Quo Operating Budget
 - Maintain Stability - \$24.5 million (8.5% increase)
 - \$6.5 million - FY23 supplemental compensation (also need in the FY24 base budget)
 - \$13.2 million (\$15.8 million total) FY24 compensation increase
 - \$4.8 million unavoidable fixed cost increases
 - Cyber Security
 - Insurance Premiums
 - Emergency Response & Disability/Health Services
 - Student library digital access
 - Shared Services – HR & Procurement
- FY24 Capital Budget
 - #1 Facilities Modernization - \$2 million space renovation for WWAMI expansion
 - #1 Deferred Maintenance/Renewal & Repurposing - \$17.5 million UAA facility systems



FY24 Budget Summary Moving Forward (advance key priorities)

- FY24 Operating Budget - \$7.2 million
 - \$2.0 million unavoidable fixed costs (facilities maintenance, commodities and contractual services)
 - \$5.2 million programs to build capacity for Alaska's workforce
- FY24 Capital Budget
 - \$54.8 million DM/R&R
 - \$19.2 million Facility Modernization
 - UAA College of Health and Library Learning Commons
 - UAF Student Engagement Center
 - UAS Lab Consolidation
- Economic Development: Research/Workforce Training Programs (continuation)
 - UA Drone Program Year 2 - \$20 million (\$10 million in Governor's Proposed Budget)
- Revenue Assumptions
 - \$900 million total budget authority, \$523 million (58%) is from unrestricted sources
 - \$320 million in state general funds and \$203 million unrestricted earned revenue
 - FY24 UA expects a net \$3 million increase in unrestricted earned revenue
 - Assumes additional state support for programs
 - \$1 million in tuition and fee revenue as enrollment stabilizes
 - \$2 million in other unrestricted earned revenue, such as interest income, university receipts, and indirect cost recovery (from competitive externally funded research projects)



FY24 Operating Request



UA FY24 Operating Budget (in millions of \$)

	UA Board of Regent’s Budget			Governor’s Amended		
	State Funds	Non-State Funds	Total	State Funds	Non-State Funds	Total
FY23 Management Plan	\$319	\$573	\$892	\$319	\$573	\$892
Reverse One-time Funding	(30)		(30)	(30)		(30)
FY23 Operating Budget	\$289	\$573	\$862	\$289	\$573	\$862
FY23 Compensation Increase	6		6	6		6
Compensation	13	3	16	13	3	16
Cyber Security, Insurance, Emergency Response, Library Access, Shared Services, & WWAMI	5	0.5	6	.05	0.5	0.6
Budget Adjustments ⁽¹⁾		0.4	0.4		0.4	0.4
Status Quo	24	4	28	19	4	23
Maintenance, Commodities, & Contractual Services	2	2	4			
Building Capacity for Alaska's Workforce	5	1	6			
Moving Forward	7	3	10			
FY24 Operating Budget Changes	\$31	\$7	\$38	\$19	\$4	\$23
FY24 Operating Budget	\$320	\$580	\$900	\$308	\$577	\$885

1. Excludes the Governor’s Amended budget proposal to move the Technical Vocational Education Program (TVEP) funding from the numbers to the language section of the operating budget bill.

UA Operating Budget State Reports (in millions of \$)

	Actuals			BOR Budget		Gov
	FY20	FY21	FY22	FY23 ⁽¹⁾	FY24	FY24
Expenditures						
Personal Services	\$444	\$466	\$438	\$505	\$521	\$521
Other Expenditures	363	369	448	387	379	364
Total Expenditures	\$807	\$835	\$886	\$892	\$900	\$885
Revenue						
UGF (base)	\$302	\$277	\$273	\$289	\$320	\$308
UGF (project specific one- time)				30		
DGF	279	255	286	311	315	313
Federal	131	141	166	187	189	188
Federal COVID		25	32			
Other ⁽²⁾	95	137	129	75	76	76
Total Revenue	\$807	\$835	\$886	\$892	\$900	\$885

1.

Excludes \$6.5 million compensation supplemental funding. Base funds are included in the FY24 budget.
2.

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

FY24 Compensation

\$13.2 million + \$6.5 million (FY23 supp. & FY24 base)

Faculty and staff salaries were held flat from FY18-FY22 and there was a modest 2% increase in the current year. UA is committed to providing a competitive total compensation package, including salary and benefits, that will attract, retain, and reward high-performing employees who share a passion for higher education.

FY23 supplemental budget request of \$6.5 million (state employee groups received 3.5%+ in wage increase last year)

- Base increase in FY24
- 3% pay increase for UA faculty
- Additional 1% pay increase for staff (UA staff received a 2% pay increase in FY23)

FY24 Budget Request: \$13.2 million (\$15.8 million total)

- Modest 2.75% pay increase for faculty & staff
- Increase UA pension wage base from \$42,000 to \$52,000
 - UA contributes 7.65%, up to a maximum annual wage base of \$42,000
 - SoA 12.26%, up to the Social Security maximum wage base (2023 max wage base \$160,200)
- Health benefit cost increases - the first increase in health plan costs since 2016

Local 6070 (crafts & trades) union tentative agreement reached

- Three-year contract that increases Local 6070 employee pay by 2.75% in FY24, 2.5% in FY25, and 2.75% in FY26.
- The TA was approved by the UA Board of Regents and ratification by the union members.
- The TA is pending approval by the State Department of Administration.

Status Quo (maintain stability)

FY24 Operating Cost Increases \$4.8 million

- **Cyber Security & Information Technology \$1.3 million** – increased costs due to significant increases in cyber-attacks targeting higher education and evolving data privacy and security requirements.
- **Insurance Premiums \$700 thousand** - property insurance market continues to be exceptionally difficult with recent natural disasters (wind/flood/freeze) and global wildfires that have made 2022 the second-worst loss year in history.
- **Emergency Response & Disability/Health Services \$1.8 million** - increase UAA's campus safety and policing efforts with additional sworn and non-sworn officers; compliance and critical support for UAF's emergency response services and dispatch, IT capacity, Title IX, employee onboarding, and student support service; increased funding for UAS's disability support and behavioral health services function.
- **Student Library Digital Access \$500 thousand** - UA libraries are a critical component of providing high-quality, affordable education. Through a systemwide approach, this request would fund fixed costs and inflationary increases for library material.
- **Shared Services HR and Procurement \$520 thousand** - since the centralization in FY20, costs to offer essential shared services have increased. This request covers the portion of the cost increases borne by the universities.



WWAMI Program

In response to the legislative desire to expand Alaska's WWAMI cohort, WWAMI is developing plans for stepwise growth, increasing by ten students beginning in FY25 (July 2024). The program anticipates an additional state investment of \$48 thousand in base operating funds will be needed for the expansion, with increased tuition/fee revenue expected to cover the remainder of the additional operating expenses. The bulk of the operating increase for this expansion is for additional faculty and instructor positions. Funding is included in Governor's FY24 Proposed Budget.

This programmatic growth also requires a one-time investment of approximately \$2 million to expand clinical lab space on the Anchorage campus. The complete project renovates the remainder of the Sally Monserud Hall (SMH) and expands WWAMI's simulation capacity by creating three advanced simulation rooms, a debriefing space, and supporting infrastructure. Funding is included in Governor's FY24 Proposed Budget.

In addition to UA program funding, ongoing base funding to Alaska Commission on Postsecondary Education (ACPE) for WWAMI expansion is needed. In FY23 ACPE received \$1.647 million in one-time funding for payment to the University of Washington School of Medicine to expand the WWAMI program from 20 students to 30 students. Base funding is included in Governor's FY24 Proposed Budget.



Moving Forward (advance key priorities)

FY24 Operating Cost Increases \$7.2 million state (\$10.2 total)

- **Facilities Maintenance \$1.5 million** - facilities maintenance funding is necessary to preserve UA's critical capital assets. Several years of reduced operating budgets and minimal capital funds have increased the ongoing risk and evidence of building closures.
- **Commodities and Contractual Cost Increases \$0.5 million (\$2.7 million total)** - cost increases include utility expenses such as electrical, fuel, water, and sewer; and custodial services and software licensing agreements.
- **Building Capacity for Alaska's Workforce \$5.2 million (\$6 million total)** - UA's FY24 program requests will build Alaska's workforce by focusing on specific program and faculty capacity, initiatives supporting Alaska Native success, reducing student indebtedness, and increasing student enrollment and retention.

FY24 Building Capacity for Alaska's Workforce

\$5.2 million state (\$6.0 million total)

UA's FY24 program requests will build Alaska's workforce by focusing on specific program and faculty capacity, initiatives supporting Alaska Native success, reducing student indebtedness, and increasing student enrollment and retention.

- Student Support and Recruitment and Retention Efforts \$3.0 million
Additional student support services to increase financial aid; additional student advising; more dual credit opportunities and student care.
- Program Capacity \$600 thousand
A masters in healthcare management and leadership; maritime training; stable funding for the Preparing Indigenous Teachers and Administrators for Alaska Schools (PITAAS) program.
- Faculty Capacity \$1.6 million
Climate Science and Health; STEM fields earth system science and critical minerals; increased number of tenure-track Alaska Native/Indigenous faculty and staff to support Alaska Native success initiatives.

Building Capacity for Alaska's Workforce

(in thousands of \$)

MAU	Program	State	Non-State	Total
UAF-CRCD	College of Rural & Community Dev. Alaska Native Success Initiative Faculty Hires & Student Support	500.0	150.0	650.0
UAS-Juneau	Sustaining PITAAS	247.0	20.0	267.0
UAA-Anchorage	Bolstering Student Accounting Support	250.0	41.0	291.0
UAA-Anchorage	Expanding Student Financial Aid Opportunities	150.0	14.0	164.0
UAF-Fairbanks	Student Advising: Interdisciplinary Advising, Comprehensive Advising & Academic Coaching for Retention	350.0		350.0
UAS-Juneau	Dual-Enrollment Support and Coordination	103.0	7.0	110.0
UAA-Anchorage	Bolstering Student Recruitment and Retention Efforts	1,550.0	219.0	1,769.0
UAF-Fairbanks	Strategic Faculty Hires in STEM Fields, Graduate Student (TA) Support, Earth System Science, and Critical Minerals	550.0	150.0	700.0
UAS-Ketchikan	Maritime Program Coordinator	78.0		78.0
UAA-Anchorage	Supporting Student Care	82.0		82.0
UAF-Fairbanks	Enrollment Marketing and Communications for Student Admissions and Outreach	350.0		350.0
UAF-Fairbanks	Critical Faculty Hires in Climate Science and Health Research - R1 Implementation Support	500.0	175.0	675.0
UAF-Fairbanks	Middle College (K-12)	200.0	25.0	225.0
UAF-Fairbanks	Masters in Health Care Management and Leadership	150.0		150.0
UAF-CTC	Community & Technical College Fairbanks Pipeline Training Center Lease	100.0		100.0
FY24 Program Requests		\$5,160.0	\$801.0	\$5,961.0



FY24 Capital Budget



UA Facilities

A reliable funding source is required to maintain UA's facilities and infrastructure across the state. Due to many years of unfunded deferral of critical projects, there is an increasing risk and evidence of building closures, and a deferred maintenance/renewal & repurposing (DM/R&R) backlog that has grown to over \$1.5 billion.

UA Facility Profile

- Serve academic, research, and community service mission
- Facility type varies from residential housing, general offices, and classrooms to complex laboratories
- 394 facilities, spanning 7.9 million square feet, average age is 35 years
- \$4.9 billion inflation-adjusted value and \$1.5 billion backlog of deferred maintenance and renewal projects

UA Facility Stewardship

- Leverage shrinking maintenance operations budgets to lengthen the service life of buildings beyond the typical age for major renewal, focusing on renovation and renewal where viable
- Decrease overall footprint, through efforts to move from leased to owned facilities and sell or demolish underutilized facilities

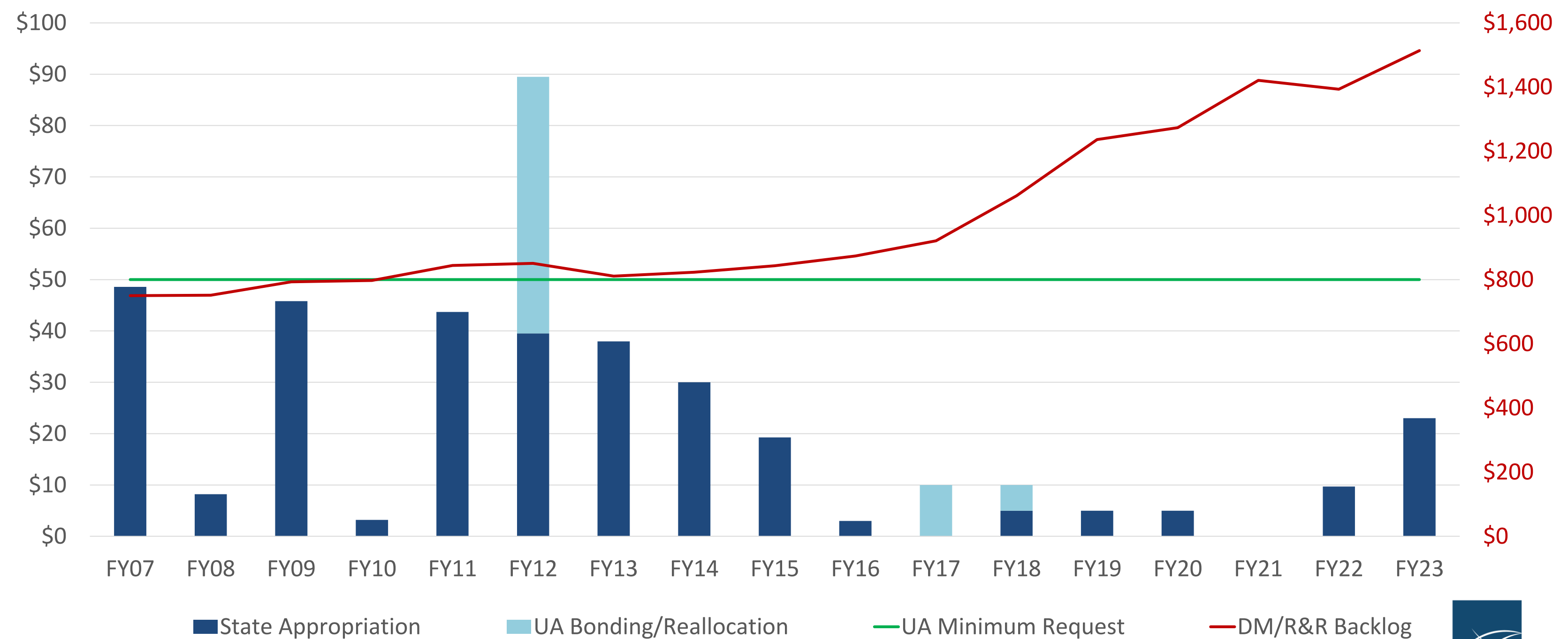
UA Facility Funding

- Due to the lack of sufficient maintenance funding UA's backlog of projects continues to grow
- There have been numerous unplanned closures causing significant hardship on student learning and research activities, as well as the associated lost productivity of university students, faculty/researchers, and staff
- Within a couple of years, UA can plan and execute \$35-\$50 million a year on deferred maintenance, renewal and repurposing projects



Capital Budget DM/R&R Funding History

Unrestricted General Funds & Backlog (in millions of \$)



UA FY24 Capital Budget

(in millions of \$)

	BOR Request			Governor's Amended		
	State Funds	Non-State Funds	Total	State Funds	Non-State Funds	Total
UA Highest Priority Capital Projects	\$19	\$9	\$28	\$12	\$9	\$21
UAA Heating, Mechanical & Electrical System Improvements	17		17			
UAA COH Expand WWAMI	2		2	2		2
UAA Alaska Leaders Archives and Consortium Library		6	6		6	6
UAF University Park Early Childhood Development		3	3		3	3
UA Drone Program				10		10
Facilities Deferred Maintenance/Renewal & Repurposing	\$55		55			
Facility Modernization	\$19	\$2	\$21			
UAA COH & Library Learning Commons	6	2	8			
UAF Lola Tilly Repurpose for Student Engagement	12		12			
UAS Natural Science Lab Consolidation	1		1			
FY24 Capital Budget Total	\$93	\$11	\$104	\$12	\$9	\$21

UA Highest Priority Capital Projects

\$17.5 million UAA heating, mechanical and electrical system improvements - including the Professional Studies Building (PSB), the Wendy Williamson Auditorium (WWA), the Social Sciences Building (SSB), and the Consortium Library to prevent critical failures and provide energy savings through increased efficiency. PSB and WWA are connected facilities and they share some of the infrastructure scheduled for replacement as part of this project. All four facilities were constructed in the early 1970s and the infrastructure is beyond its useful life with a high risk of failure.

\$2 million UAA COH WAMMI Facility Renovation at Sally Monserud Hall- renovated to expand the College of Health's ability to educate more students to fill high-demand workforce needs. This renovation supports the WWAMI program expansion.

\$6 million grant Alaska Leaders Archive Renovation at UAA/APU Consortium Library – renovation to create an expanded archive, enhanced academic and conference space, and a public-facing museum for the Alaska Leaders documents. The Alaska Leaders' Archive will preserve and promote the legacy of public service and leadership in Alaska.

\$2.5 million grant potential UAF University Park - renovated to support an Early Childhood Development Center, expanding childcare options for employees and student parents.

UA Deferred Maintenance Projects

Due to many years of unfunded deferral of critical capital projects, there is increasing risk and evidence of building closures. There have been numerous unplanned closures causing significant hardship on student learning and research activities, as well as the associated lost productivity of university faculty/researchers, and staff. Priority projects at the universities include:

\$3.6 million UAS's roof repair/replacement - including Technical Education Center (Juneau), Southeast Alaska Maritime Training Center (Ketchikan), and Sitka Hangar (Sitka) which have roofs that are leaking or experiencing other function issues requiring replacement or significant repair.

\$11.3 million UAF's top projects address student safety across campus - providing a safe and compliant campus for everyone is the top priority, yet the aging campus requires large upgrades to reduce risk and prevent injury. Safety and regulatory compliance projects provide updates to building features meant to protect the occupants and reduce risk to students, staff, and faculty. Work includes updating ventilation to ensure sufficient fresh air is supplied to active laboratories, replacing fire alarm systems, correcting emergency egress paths, and creating accessible buildings which include replacing elevators.



UA Facility Modernization

UA continues to look for ways to make the best use of existing space. Several facilities, in need of complete modernization, have been included for consideration in the FY24 capital budget.

- \$8 million UAA Health Workforce Diversity Expansion and Library Learning Commons - renovate Sally Monserud Hall for critical health workforce training and relocates the learning commons into the UAA/APU Consortium Library.
- \$12.5 million UAF Lola Tilly - modernized to create a more welcoming, centralized area for student engagement and public-facing functions.
- \$1 million UAS Natural Sciences - relocate laboratory programs from the Natural Science Research Lab building to the Anderson Building, bringing all UAS Natural Sciences students, faculty, and staff into one area for better continuity, economy, and synergy.

FY24 Research and Workforce Training Programs

The University of Alaska (UA), as Alaska's higher education system, is strategically positioned to have a significant positive impact through research and workforce training. The State's FY23 \$30 million multi-year investment in areas where UA has expertise will support the State's economic recovery. A modest amount of base funding will be requested in FY25 to transition the investments in heavy oil, critical minerals, and mariculture. Continued FY24 investments include:

- UA Drone Program Year 2 - \$20 million (\$10 million included in Governor's FY24 Proposed Budget)
The University of Alaska conducts many of the testing operations needed to support the full integration of drones with traditional aircraft in U.S. airspace and develop the workforce needed to support this emerging industry in Alaska. Alaska possesses the perfect environment for testing the technologies, policies, and procedures needed to conduct real-world drone cargo operations with minimal risk to people on the ground and other aircraft. Emerging technologies and supporting educational programs take time to develop, this is year 2 of a 5-year plan.

Appendix



Legislative Priorities

- Extend education tax credit

Alaska's Education Tax Credit program allows tax-paying entities to make charitable contributions to support education in Alaska. Education Tax Credits encourage partnerships between education entities and industry to directly meet workforce needs. Tax credits have a sunset date of Jan 1, 2025.
- Student financial support
 - Award Alaska Performance Scholarship (APS) and Alaska Education Grant (AEG) in fall senior year. The current award notification process informs students of their award eligibility after many have already committed to universities outside Alaska.
 - Consider a loan repayment program. Discussing re-instituting the 1970 and 1980's loan forgiveness as an incentive to get more workforce into the state.
- TVEP extension

Technical Vocational Education Program (TVEP) is up for reauthorization in FY25.

FY23 Student Success Initiatives

Health Care Clinicals \$1 million base operating

The healthcare field is facing significant expansion. A competent skilled workforce is indispensable to support the health of residents across the state, especially in rural Alaska. Unfortunately, living while learning to become a health professional has been a significant challenge.

An unrestricted general fund investment of \$1 million in FY23 is for paid healthcare clinicals, to provide support to the next generation of health professionals as they further help the state. The clinical support will help balance payments for necessary expenses. This funding will aid in the further growth of UA-trained healthcare professionals helping to meet health workforce needs. As of February 2, 2023 the \$1M allocated has been allocated to approximately 281 students conducting placements across the state.

Teacher Practicum/Student Teaching \$1 million base operating

Alaska faces a critical shortage of qualified teachers, especially in rural Alaska. The practicum/student teaching portion of the licensure process was identified as a barrier to entry into the profession, due to the significant time involved in this critical training element with no compensation available for the time in the classroom. Living wages have been difficult for many, and this may have a significant impact on Alaska's future education workforce.

The Teacher Preparation Pilot program utilizes state funding to encourage students to complete initial licensure and incentivize participation in the UA teacher preparation program that includes a year-long internship under a qualified mentor. The program off-sets program tuition costs during the final two years of degree completion, and off-sets students' living costs during the year-long internship of the initial licensure program.

Current and prospective students in the final years of UA's teacher licensure programs who meet eligibility requirements can now apply for the UA Teacher Internship Scholarship, with recipients receiving tuition, fees and a \$10,000 stipend to offset living expenses. The university expects to award up to 30 student teachers in the next year.



FY23 Student Success Initiatives

Modernize Student Information Technology Systems \$20 million capital

UA is progressing in its effort to modernize its student information system (SIS), which is a key component of UA's objective to improve student access and increase enrollment. The current SIS is 30 years old, challenging to use, filled with disparate customizations, and not optimized for mobile devices. With the Go Live date for either a system upgrade or replacement not expected until Fall 2025, UA is utilizing a gap analysis to develop a list of 50+ enhancement opportunities that could potentially be addressed in parallel to the system upgrade/replacement.

Renovate UAF Student Resident Halls (Moore/Bartlett) \$23 million capital

Bartlett and Moore are UAF's largest residence halls, housing 644 undergraduate and graduate students throughout the academic year. Constructed in the mid-1960s, the original sanitary plumbing infrastructure is corroded to the point of failure throughout both buildings, causing multiple partial building closures over the previous four years.

UAF is actively working on the design and construction plan to fully renovate this important structure. Overall, construction will begin in May 2023 and be complete and ready for move-in in August 2024.

FY23 Economic Development and Workforce Training Programs

Health Program \$3.5 million base operating & \$250 FY23 operating

Alaska's healthcare costs are among the highest in the nation. One way to reduce down high costs is to grow our own healthcare workforce. High faculty turnover and shortages have prevented the significant expansion of the University of Alaska Anchorage's capacity for training registered nurses. Funding covers the salaries, benefits, and costs of the new faculty hired in FY22.

Mariculture, Fisheries, Seafood, & Maritime Programs \$7 million FY23-FY24 operating & \$2 million capital

Mariculture is anticipated to be a \$100 million industry in 5 years. The recent U.S. Department of Commerce award to Southeast Conference to advance a sustainable mariculture economy included funding for UA programs across the state that will train Alaskans and provide technical support to grow this emerging economy. UA mariculture research which - among other things - will help the state understand how climate change factors could impact the industry, and how to establish kelp and seaweed farming stocks.

Critical Minerals and Rare Earth Elements \$7.8 million FY23-FY24 operating & \$750 thousand capital

In August 2022, in partnership with state and congressional leaders, UA hosted a summit to explore Alaska's role in meeting the country's need for a domestic supply of critical mineral resources. The race for clean energy technologies places Alaska at the center of U.S. demand to develop domestic sources. Critical minerals are plentiful in Alaska – copper, lithium, nickel, cobalt, and rare earth elements – serve as essential components in clean energy technologies, from wind turbines and electricity networks to electric vehicles. Securing a domestic supply of critical minerals is essential for both the country's green energy goals and national defense.



FY23 Economic Development and Workforce Training Programs

Alternate Energy & Emerging Energy Opportunities \$2 million base operating & \$2.5 million capital

UAF's Alaska Center for Energy and Power partners with the industry to lower the cost of energy and develop Alaska's new energy future. In the past few months, staff and faculty have shared the latest findings about solar and wind potential in Kotzebue; small-scale nuclear reactors for rural communities; hydrokinetic energy potential for McGrath; and energy efficiency developments for homes and buildings that would benefit all of Alaska.

UA Drone Program \$10 million FY23-FY24 operating (year 1 of a 5 year plan)

Drone research is already changing how resource managers assess and plan their businesses and monitor their operations. The Alaska Center for Unmanned Aircraft Systems Integrations (ACUASI) continues to leverage beyond-visual-line-of-sight flight capability that sets the program apart from its peers. It is one of the first steps towards proving the ability of technology to prevent unmanned aircraft from colliding with manned aircraft and opening Alaska's airspace to routine unmanned aircraft operations.

Heavy Oil Recovery Method R&D \$5 million FY23-FY24 operating

UA operates 54 programs whose graduates are important to the oil and gas industry. More than half of those programs result in a certificate or associate degree. In a ten-year period, more than 3,600 people graduated from these programs and 76 percent were employed in Alaska within a year. UA researchers believe the potential to recover billions of barrels of oil from existing fields, and through a partnership with the state and Hilcorp, UA is working on a plan to make that happen.



FY23 Supplemental

- \$6.5 million for a 3% pay increase for UA faculty, and an additional 1% pay increase for staff (UA staff received a 2% pay increase in FY23). Due to the timing of the union negotiations, there were no faculty increases in FY23. This needs to be a base increase in FY24.
- Re-appropriate \$94.4 million federal from Seward Marine Center R/V Infrastructure
 - \$30 million “Federal Receipt Authority for Capital Projects”
 - \$30 million “University Receipt Authority for Capital Projects”
 - \$4 million UAA Health Workforce Expansion and Diversity Funding Phase 1
 - \$30.4 million hold for possible SMC-R/V needs until funds expire in 2027



FY24 Budget Considerations

Themes

- Nimbleness to meet priority workforce needs and research for economic development
- Prioritizing student needs/enrollment
- Critical core functions
- Empowering Alaska by building faculty capacity, prioritizing student needs/enrollment
- Building public awareness about the university's critical role in creating jobs and future leaders

Stability

- Faculty recruitment and retention for program stability
- Faculty and staff compensation requirements
- Engaging community campus capacity
- Fixed costs – utilities, IT, risk, materials, refining HR and procurement models
- TVEP programs mature to UGF funding
- Continue managing fund balance for stability as enrollment recovers

Priority Focus Areas

- Increase student enrollment through retention in degree programs for Alaska's workforce
- Develop workforce and focused development initiatives (WWAMI expansion)
- Promote Arctic policy, research, and leadership
- Strengthen teacher education through the Alaska College of Education Consortium
- Advance the Alaska Native Success Initiative
- Build industry partnerships to expand the business workforce
- Increase fisheries and ocean sciences presence in Southeast Alaska
- Revise business models for efficiency and modernization



FY24 Budget Considerations (continued)

Earned Revenue

- Tuition
- Partnerships
 - Industry
 - Infrastructure package
 - Leveraging FY23 Economic Recovery program funding
- Research capacity
- For Alaska Campaign

Priority Legislation to Consider Advancing

- Award Alaska Performance Scholarship (APS) and Alaska Education Grant (AEG) in fall senior year
- Revise and extend Education Tax Credit (sunset date 12/31/2024)
- Technical Vocational Education Program up for reauthorization in FY25
- Student loan payback strategy

Capital Funding

- Deferred Maintenance
- Facilities Modernization



FY19-FY24 Operating Revenue & Budget Summary (in millions of \$)

	Actuals					Projected		Proposed	
Funding Source	FY19	FY20	FY21	FY22	FY19-22	FY23	FY22-23	FY24	FY23-24
General Funds	\$327	\$302	\$277	\$273	(\$54)	\$289 ⁽¹⁾	\$16	\$320	\$31
Earned Revenue									
Tuition & Fees Revenue	131	123	118	109	(22)	109	0	110	1
Other Unrestricted Funds	77	82	79	89	12	91	2	93	2
Unrest. Earned Rev.	\$208	\$205	\$197	\$198	(\$10)	\$200	\$2	\$203	\$3
Total Unrestricted Revenue	\$535	\$507	\$474	\$471	(\$64)	\$489	\$18	\$523	\$34
Federal Funds	123	125	141	166	43	169	3	172	3
Designated & Restricted Funds	93	81	74	82	(11)	82	0	83	1
Total Revenue	\$751	\$713	\$689	\$719	(\$32)	\$740	\$21	\$778	\$38
Federal COVID Relief Fund Activity		6	47	37	37	8	(29)		(8)
One-time Items ⁽²⁾						30	30		(30)
Budget Reporting-Not Realized Revenue ⁽³⁾	138	138	96	39	(99)	113	74	122	9
Management Plan Budget	\$889	\$857	\$832	\$795	(\$94)	\$891	96	\$900	9

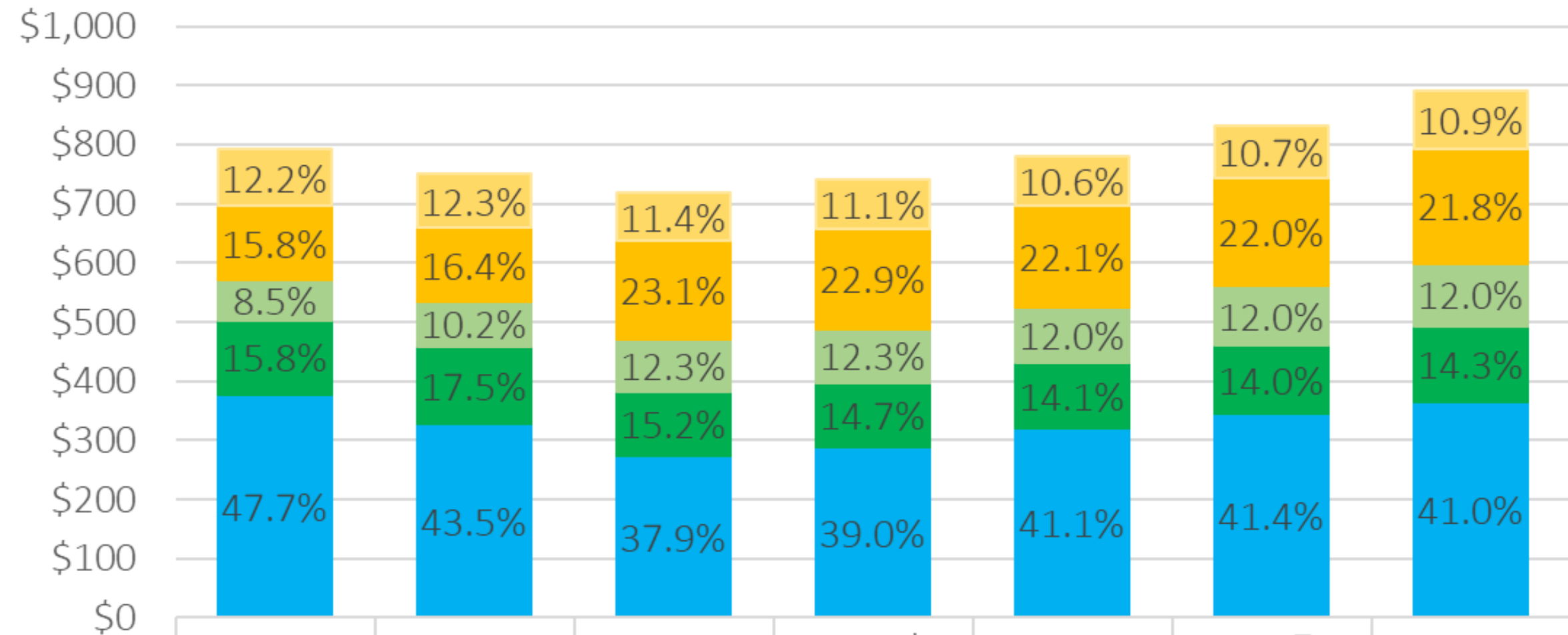
1. Excludes \$6.5 million for retroactive compensation increases in FY23 supplemental. Assumes \$6.5 million amount will be included as a base adjustment in FY24.

2. One-time funding includes \$30 million for research that supports Alaska's economic development and workforce training programs.

3. Permission to expend revenue received.



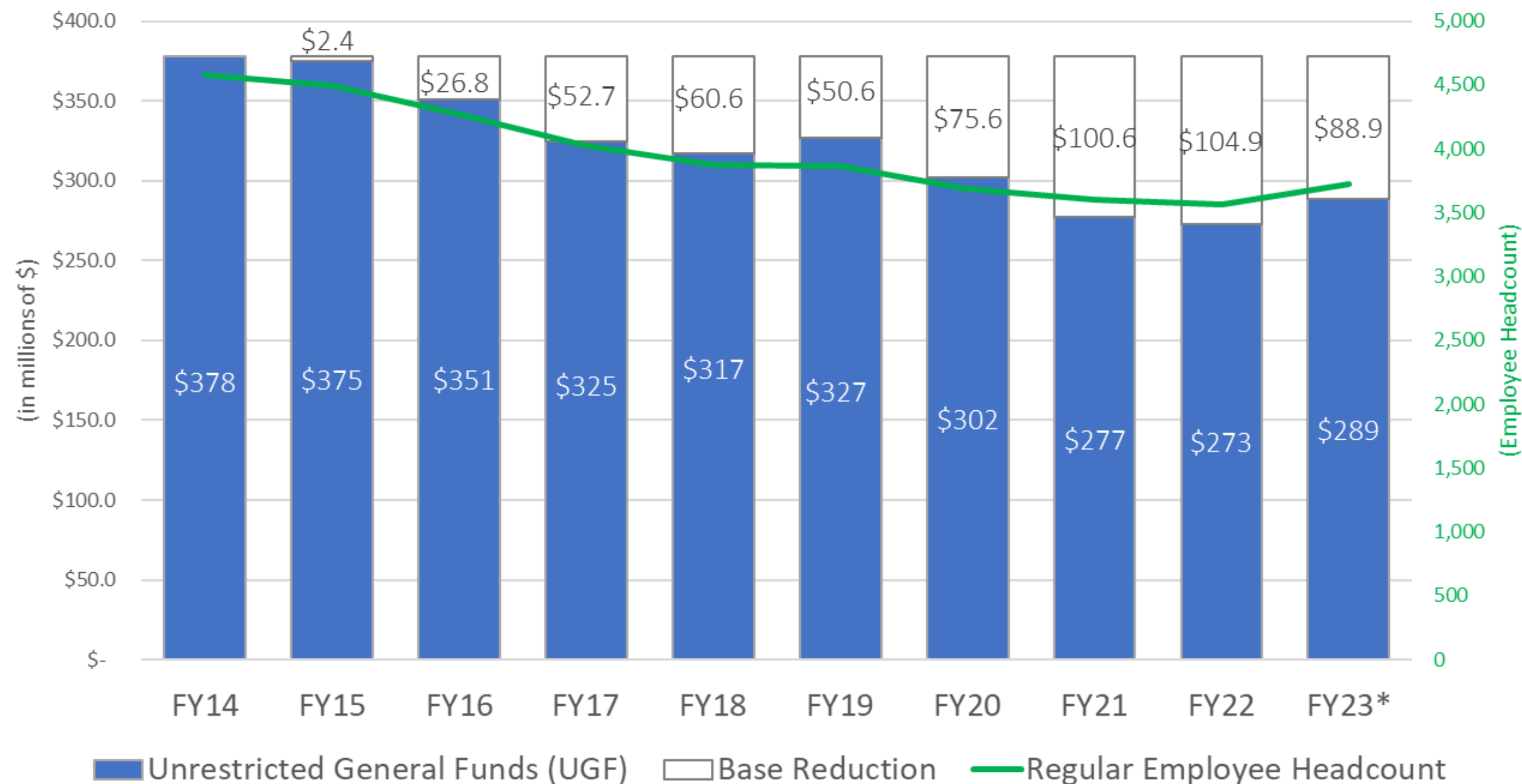
UA Operating Baseline Revenue



* Excludes \$30 million (one-time funds) for research that supports Alaska's economic development and workforce training programs and \$6.5 million for supplemental compensation funding.



Employee Headcount and State Funds History



* Excludes \$30 million (one-time fund) for research that supports Alaska’s economic development and workforce training programs and \$6.5 million for supplemental compensation funding.