

## University of Alaska

The major goals of the University are to inspire learning and to advance and disseminate knowledge through teaching, research, and public service (emphasizing the North and its diverse peoples) by fostering and promoting the following:

- a high quality postsecondary educational system;
- appropriate vocational education development and training;
- advancement and extension of knowledge, learning, and culture; and
- the University as the state's primary research facility with focus on the application of new knowledge and emerging technologies to meet the needs of the state.

The FY14 University of Alaska (UA) general fund operating budget submitted by the Governor is \$6,165.1 above the FY14 Adjusted Base [\$2,868.0 Unrestricted General Funds (UGF)/ \$3,297.1 Designated General Funds (DGF)]. Significant issues are highlighted in the notes below and correspond to the numbers in the last column on the preceding spreadsheet.

### NEW PROGRAMS/PROGRAM EXPANSION

**1. New Facilities/ Additions – Estimated Operating Costs: \$3.2 million Total (\$2,817.0 UGF/ \$346.2 University Receipts [DGF]).** Additional operating and maintenance costs associated with the following facilities are included in the Governor's request:

- **\$296.8 UGF: UAA Career Tech Operating Costs – Kenai Peninsula College (FY11 G. O. Bond Project).** This 19,370 gross square foot facility is scheduled to be operational in July 2013;
- **\$346.2 University Receipts (DGF): UAA Student Housing Operating Costs – Kenai Peninsula College (FY11 G. O. Bond Project).** This 39,875 gross square foot facility is scheduled to be operational in July 2013;
- **\$86.4 UGF: UAA Paramedic and Nursing Addition Operating Costs – Matanuska-Susitna College (FY11 G. O. Bond Project).** This 6,400 gross square foot facility addition is scheduled to be operational in August 2013;
- **\$54.5 UGF: UAA Wellness Center Addition Operating Costs – Prince William Sound Community College (FY11 G. O. Bond Project).** This 4,450 gross square foot facility addition is scheduled to be operational in July 2013;
- **\$2,303.0 UGF: UAF Life Sciences Facility Operating Costs (FY11 G. O. Bond Project).** This 100,000 gross square foot facility is scheduled to be completed and ready for occupancy in the summer of 2013 and to be fully operational for the fall semester 2013; and
- **\$76.3 UGF: UAF Applied Science Center Operating Costs – Bristol Bay Campus.** This request will provide money to cover ongoing costs associated with the October 2011 purchase of the NAPA Building. The facility was obtained to meet the programmatic needs of the Bristol Bay Applied Science Center.

**2. Lease and Debt Service Costs – Fairbanks Campus: \$3 million University Receipts (DGF) Total.** This increment will be used for the following UAF increases:

- **UAF Life Sciences Debt Service: \$1.52 million University Receipts.** The UAF Life Science building is scheduled to be completed and ready for occupancy in the summer of 2013. Upon completion, the building will provide multi-use teaching and research labs, classrooms, and office

space for research and academic purposes. The research section will provide almost 60,000 square feet of research lab space for biology programs. The teaching portion will provide 40,000 square feet of academic classroom and lab space for biology and wildlife degree programs. In 2010, Alaskan voters passed Proposition B, a statewide general obligation bond that included \$88 million for the Life Sciences building. UA also issued an additional \$20.6 million in bonds to construct the building for a total project cost of \$108.6 million. This increment will allow UA to service the bonds issued by the University; and

- **UAF New Dining Residence Hall Lease: \$1.5 million University Receipts.** UAF has contracted with a private company to develop the new 34,000 square foot dining residence hall facilities adjacent to the Wood Center Student Union. Construction of the building, which will replace the Lola Tilly Commons, is slated to begin in March 2013. This increment will provide UAF the use of housing and dining receipts to make lease payments.

**3. New Mental Health Trust Authority Recommendations: \$255.0 Total (\$50.0 GF/MH [UGF]/ \$205.0 Mental Health Trust Authority Authorized Receipts [MHTAAR] [Other]).** The Governor's FY14 request includes eight projects supported by the MH Trust Authority, five of which are ongoing (shown in the budget as maintenance or IncM transactions) plus three first-year increments. Trustees approve operating and capital budgets in two-year cycles, with annual recommendations to the Governor and the legislature. The FY14 first-year Mental Health increment requests are as follows:

- **Statewide Services – Workforce Development Grant – Workforce Development Coordinator: \$180.0 MHTAAR.** This new request will be a shared workforce development position wholly funded by the Trust. The position will act as the single point of contact for the University and the Trust on all health workforce projects and activities and, more specifically, be the primary point of contact (and the liaison) with the Alaska Health Workforce Coalition. Members of this Coalition include the Alaska Mental Health Trust Authority; the Departments of Labor & Workforce Development, Education and Early Development, and Health & Social Services; the University of Alaska Anchorage; Alaska State Hospital and Nursing Home Association; the Alaska Workforce Investment Board; Alaska Primary Care Association; and the Alaska Native Tribal Health Consortium. Instead of creating a new position, the University will use an existing, vacant position;
- **Anchorage Campus: \$75.0 Total (\$50.0 GF/MH and \$25.0 MHTAAR):**
  - **Workforce Development Grant – Interdisciplinary Education in Marriage & Family Therapy: \$25.0 MHTAAR.** A team of UAA, UAF and Alaska Pacific University faculty are working on a multidisciplinary, collaborative Graduate Certificate in Marriage and Family Therapy to meet the curriculum requirements for LMFT licensure in Alaska. This increment will be used for course development; and
  - **Workforce Development Grant – AK Native Community Advancement in Psychology (ANCAP): \$50.0 GF/MH.** ANCAP is a new program at UAA that seeks to improve the behavioral health legacy of Alaska's indigenous communities by focusing on their strengths and increasing the number of Alaska Natives working in behavioral health fields. This increment will be used to recruit and train Alaska Native behavioral health researchers and providers to improve the cultural sensitivity and appropriateness of behavioral research and services for Alaska Natives.

## MAINTENANCE OF SERVICES

**4. Ongoing Mental Health Trust Authority Recommendations – Anchorage Campus: \$1.5 million Mental Health Trust Authority Authorized Receipts (MHTAAR) (Other).**

The Governor's FY14 request includes five ongoing projects supported by the MH Trust Authority (shown in the budget as IncM transactions). The list of Trustee-approved operating increments to maintain current mental health services are as follows:

- Workforce Development Grant – Interpersonal Violence Prevention for Beneficiaries: \$80.0 MHTAAR;
- Workforce Development Grant – Technical Assistance & Implementation of Disability Abuse Response Teams (D.A.R.T.) in Targeted Communities: \$210.0 MHTAAR;
- Workforce Development Grant – Trust Training Cooperatives & Alaska Rural Behavioral Health Training Academy: \$955.0 MHTAAR;
- Workforce Development Grant – Specialized Skills and Services Training on Serving Cognitively Impaired Offenders: \$65.0 MHTAAR; and
- Beneficiary Projects Grant – Partners in Policymaking: \$200.0 MHTAAR.

**5. ISER – Alaska Education Policy Research (FY13-FY14): \$250.0 UGF.** The Center for Alaska Education Policy Research (CAEPR) was created within the Institute of Social and Economic Research (ISER) with one-time UA Foundation seed funding of \$250.0. The goal of CAEPR is to address "the most important educational policy issues facing Alaska." The legislature appropriated \$250.0 UGF for two years (FY13/FY14) for the purpose of evaluating Alaska's education system and making recommendations aimed at increasing student achievement. Legislative intent was also provided for evaluation parameters. The FY14 request includes an IncT (temporary increment) for the second and final year of funding of this research.

**6. Decreased Technical Vocational Education Program (TVEP) Receipts Funding: (\$69.1) TVEP Receipts (DGF).** According to Chapter 47, SLA 2008 (HB 2), 50% of TVEP funding is allocated to the University. For FY14, the University expects to receive a total of \$5,380.0 (of the estimated \$10.8 million of total TVEP receipts)—a decrease of \$69.1 from FY13. University funding is statutorily allocated to UA Systemwide Programs – 45% – and to the University of Alaska Southeast – 5%. TVEP funding has been instrumental in the University's ability to meet Alaska's workforce training and educational needs and continues to be the key source of funds for that purpose.

**Legislative Fiscal Analyst Comment:** The Governor's FY14 budget reverts to a single appropriation structure, and this entire decrease is reflected in the Budget Reductions/Additions – Systemwide allocation. Individual University campuses submit requests for TVEP funds to the University's Associate Vice President for Workforce Development. A review process occurs to determine which projects/campuses will receive TVEP funding in each fiscal year.

## OTHER ISSUES

**7. Legislative Intent – Establishing a Ratio for General Fund Support for the University of Alaska.** The FY13 operating budget conference committee continued to discuss methodologies for stabilizing/reducing the state's UGF share of the University's operating budget. In the budget adopted by the conference committee, the following language was added: "It is the intent

of the legislature that the University of Alaska submits a FY14 budget in which requests for unrestricted general fund increments do not exceed the amount of additional University Receipts requested for that year. It is the intent of the legislature that future budget requests of the University of Alaska for unrestricted general funds move toward a long-term goal of 125 percent of actual University Receipts for the most recently closed fiscal year.”

**Legislative Fiscal Analyst Comment:** Discussion of these ratios could prove helpful for long-term planning on the part of the University and the legislature. The University’s requested increases included in the Governor’s proposed budget from FY13 to FY14 include \$10,560.1 UGF and \$8,080.8 DGF (primarily University Receipts including tuition). The UGF increase is \$2,479.3 more than the request for University Receipts, indicating a failure to comply with legislative intent. Discussions with the University indicate that this situation reflects the University’s attempt to reduce the tuition burden on students and families. The University held tuition rate increases to 2% for undergraduate residents in FY14.

- 8. Contractual Salary and Health Increases.** The budget includes a total of \$15,384.2 in previously negotiated salary and benefit increase. These salary adjustments are funded by UGF (\$7,692.1), University Receipts (DGF) (\$4,783.7), and Federal Receipts (FED) (\$2,908.4). The FY14 increases include the University of Alaska Federation of Teachers (UAFT), United Academics Faculty (UNAC), University of Alaska Adjuncts (UNAD), University of Alaska Fire Fighters Association (FFA), Non-Unionized UA staff, and Teacher and Research Assistants Health Insurance.

**Legislative Fiscal Analyst Comment:** All of the University’s current labor contracts expire on December 31, 2013, with the exception of the contract for Local 6070 (Alaska Higher Education Crafts & Trade Employees) that expired on December 31, 2012. No requests for funding new agreements will be included in the budget until collective bargaining agreements have been negotiated and ratified.

- 9. Establish a separate allocation for debt service.**

**Legislative Fiscal Analyst Comment:** The creation of an allocation for debt service would allow those expenses to be isolated. Debt service may be of increased interest now that the University has expanded authorization to issue bonds.

## **BOARD OF REGENTS’ REQUEST**

The Governor’s budget is less than the Board of Regents’ request by \$15.8 million (\$9.6 million of which is UGF). In past years, narratives discussed differences between the Regents’ request and the Governor’s request. In response to legislative direction that the Governor’s request will serve as the starting point of budget deliberations, the Regents’ request is not discussed here.

## **ORGANIZATIONAL CHANGES**

The Governor’s FY14 budget has reverted to a single appropriation budget structure. For years the University operated with a single appropriation (which maximizes flexibility). The legislature created seven appropriations in FY09 in order to allow more legislative oversight and control.

## CAPITAL REQUEST

There are two project requests totaling \$38.8 million in the University's FY14 capital budget:

- **Maintain existing facilities (deferred maintenance [DM] and renewal and repurposing [R&R] projects): \$37.5 million UGF.** The University owns and maintains over 400 buildings, totaling 6.7 million square feet, with an adjusted value that currently exceeds \$2.5 billion. The current deferred maintenance backlog is over \$760 million. This is the fourth year of the Governor's five-year plan to address the state's deferred maintenance backlog. The highest priority DM and R&R projects at the main campuses are the UAA Beatrice McDonald Building in Anchorage, UAF Cogen Heating Plant Required Upgrades to Maintain Service in Fairbanks, and UAS Auke Lake Way Campus Entry Improvements and Road Realignment in Juneau.
- **UAF Cold Climate Housing Research Center Sustainable Village Phase 2-4: \$1.3 million of University Receipts authority (DGF).** In 2008, the University of Alaska Fairbanks (UAF) identified the need to create a more sustainable campus. Since then, the Office of Sustainability was created as a partnership between the Chancellor's Office and the UAF student body with the shared goal of creating a sustainable housing village to accommodate students. Further collaboration has ensued between the UAF Office of Sustainability and the Cold Climate Housing Research Center (CCHRC) Sustainable Northern Communities program. This housing project is designed to test sustainable, durable, healthy, and cost effective building technologies for people living in the Circumpolar North.