Short Fiscal Summary - FY22/FY23 Budget

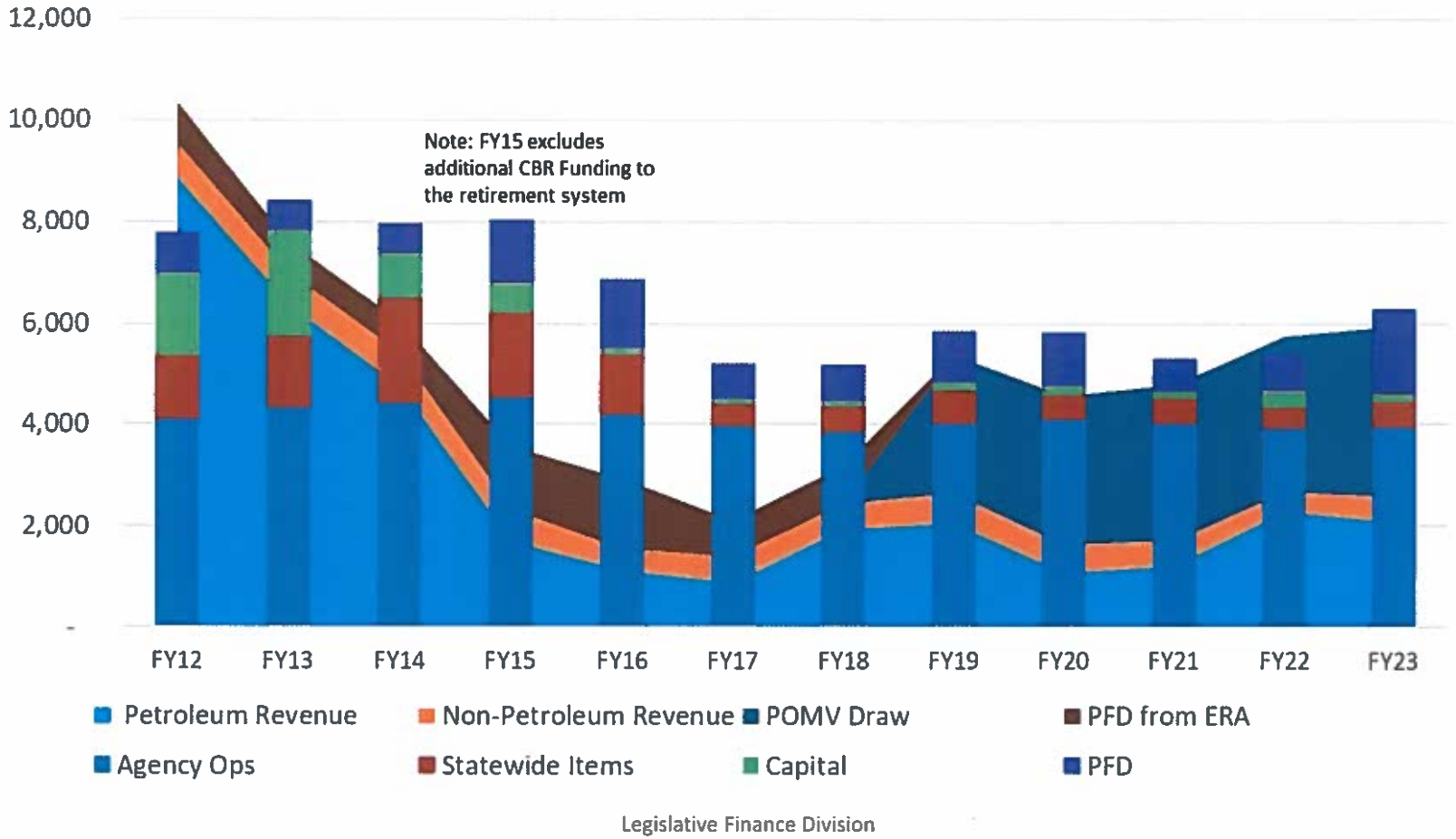
	($ Millions) (Non-duplicated Funds)	FY22 Budget UGF	FY23 Governor UGF	Change in UGF	
1	**Revenue**	**5,744.0**	**5,937.8**	**193.8**	**3%**
2	UGF Revenue (Fall 2021 Forecast)	2,662.7	2,577.2	(85.5)	-3%
3	POMV Draw	3,069.3	3,360.6	291.3	9%
4	Misc/Adjust/Non-UGF Revenue	12.0	-	(12.0)	
5	**Appropriations**	**6,245.9**	**6,286.1**	**40.3**	**1%**
6	**Operating Budget**	**4,375.3**	**4,451.1**	**75.8**	**2%**
7	Agency Operations	3,919.3	3,933.6	14.3	0%
8	Statewide Items	414.0	517.6	103.6	25%
9	Supplemental Appropriations	42.1	-	(42.1)	
10	**Capital Budget**	**335.9**	**154.7**	**(181.2)**	**-54%**
11	Current Year Appropriations	242.9	154.7	(88.2)	-36%
12	Supplemental Appropriations	93.0	-	(93.0)	
13	**Permanent Fund**	**1,534.6**	**1,680.3**	**145.6**	**9%**
14	Permanent Fund Dividends	739.0	1,680.3	941.2	127%
15	Supplemental Permanent Fund Dividend	795.6	-		
16	Inflation Proofing/Other Deposits*	-	-		
17	**Pre-Transfer Surplus/(Deficit)**	**(501.9)**	**(348.4)**		
18	Statutory Budget Reserve	(410.7)	-		
19	American Rescue Plan Act (ARPA)	(250.0)	(375.4)		
20	Other Fund Transfers	14.6	0.3		
21	**Post-Transfer Surplus/(Deficit)**	**144.2**	**26.7**		

Reserve Balances (EOY)		
	FY22	FY23
SBR	-	-
CBR	1,159.6	1,218.2
ERA	14,901.4	15,613.8

January 7, 2022

** In FY22 there is an appropriation to transfer $4 billion from the Permanent Fund earnings reserve account to principal. In FY23 there is an appropriation to transfer $1.039 billion from the Permanent Fund earnings reserve account to principal for inflation proofing.*

UGF Budget & Revenue, FY12-F23
($millions)

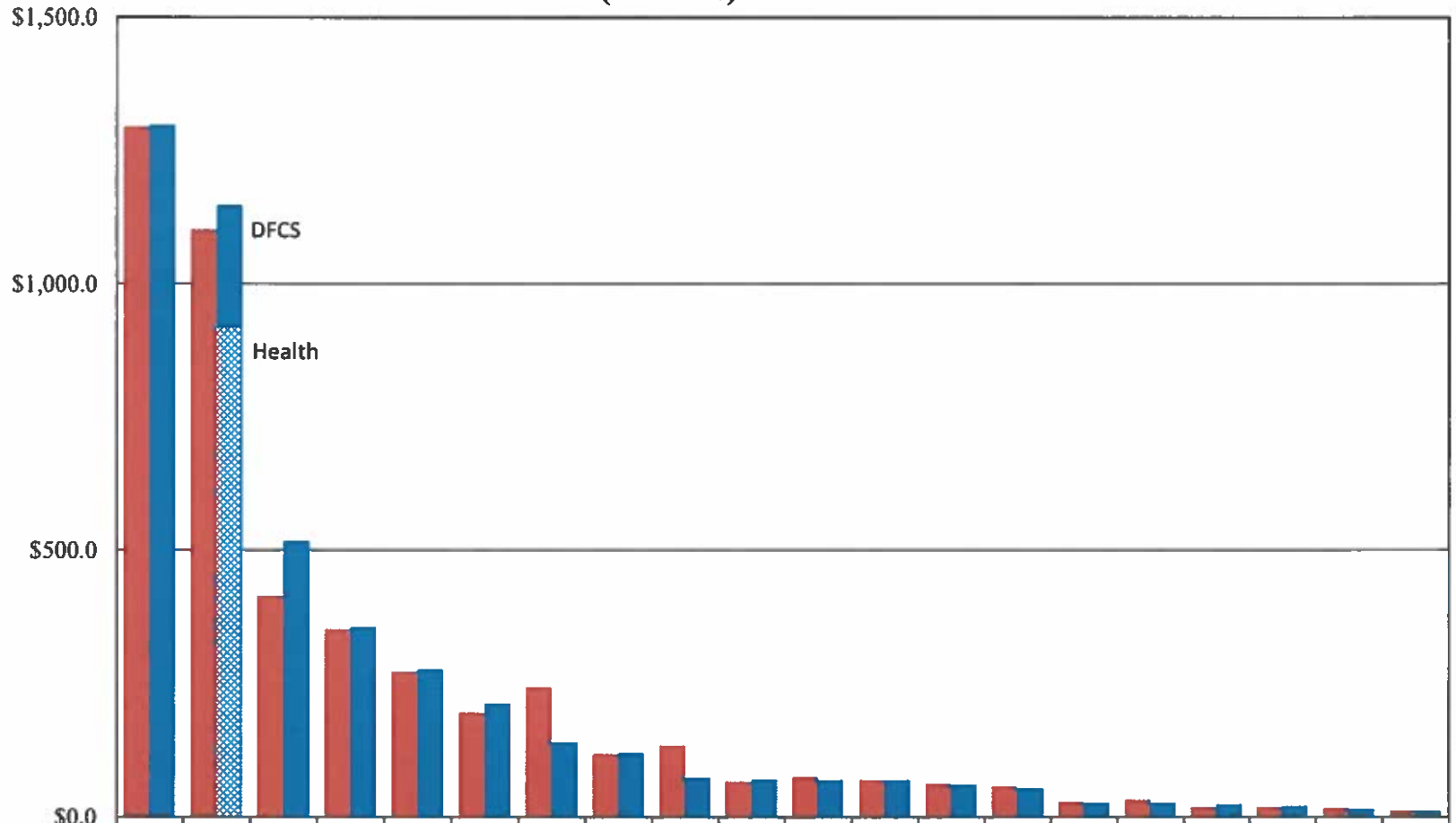


Legislative Finance Division

Swoop Graph - UGF Only

FY23 Governor Compared to FY22 Management Plan

(Millions)



	DEED	Health & DFCS	Stwd	DOC	UA	DPS	Capital	Courts	DOTPF	DNR	DOA	Leg	Law	DF&G	DOR	GOV	DEC	DLWD	DMVA	DCCED
FY22 Mgmt Plan	1,293.	1,099.	414.0	351.7	272.7	194.8	242.9	118.0	134.9	66.4	75.3	69.8	62.0	57.4	27.7	32.2	17.7	18.1	15.7	11.6
FY23 Gov Budget	1,297.	1,147.	517.5	356.1	276.8	212.2	140.7	120.4	74.5	70.8	70.4	69.8	61.0	53.7	27.1	26.4	23.9	20.0	15.4	10.2
Cumulative Budget From Right	4,591.	3,294.	2,146.	1,629.	1,273.	996.5	784.3	643.6	523.2	448.7	377.9	307.5	237.7	176.7	123.0	95.9	69.5	45.6	25.6	10.2
% of FY23 Governor Budget	20.7%	18.3%	8.3%	5.7%	4.4%	3.4%	2.2%	1.9%	1.2%	1.1%	1.1%	1.1%	1.0%	0.9%	0.4%	0.4%	0.4%	0.3%	0.2%	0.2%

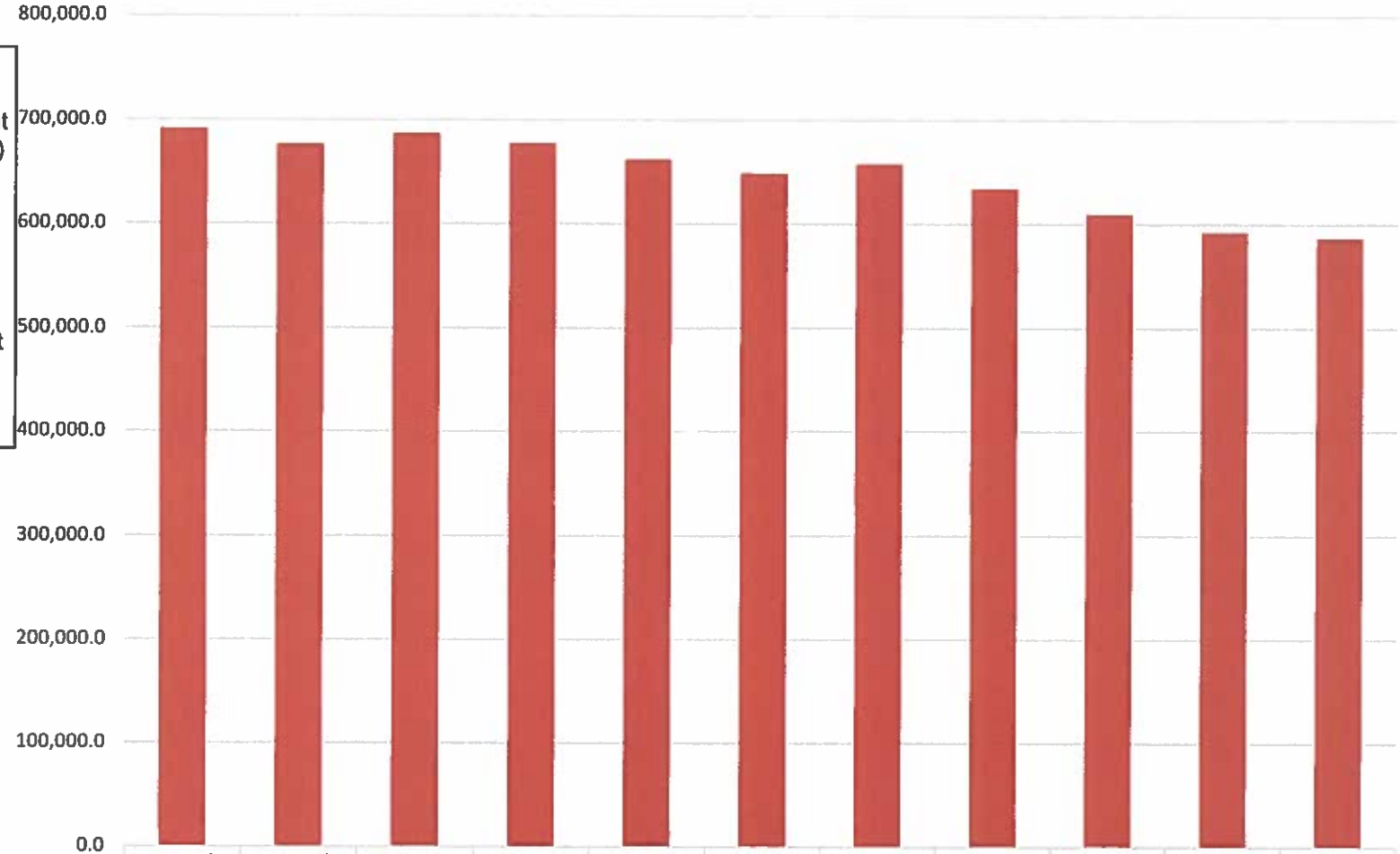
University of Alaska Share of Total Agency Operations

(GF Only)

($ Thousands)

The department's GF budget decreased by about $105 million (-15%) between FY13 and FY23.

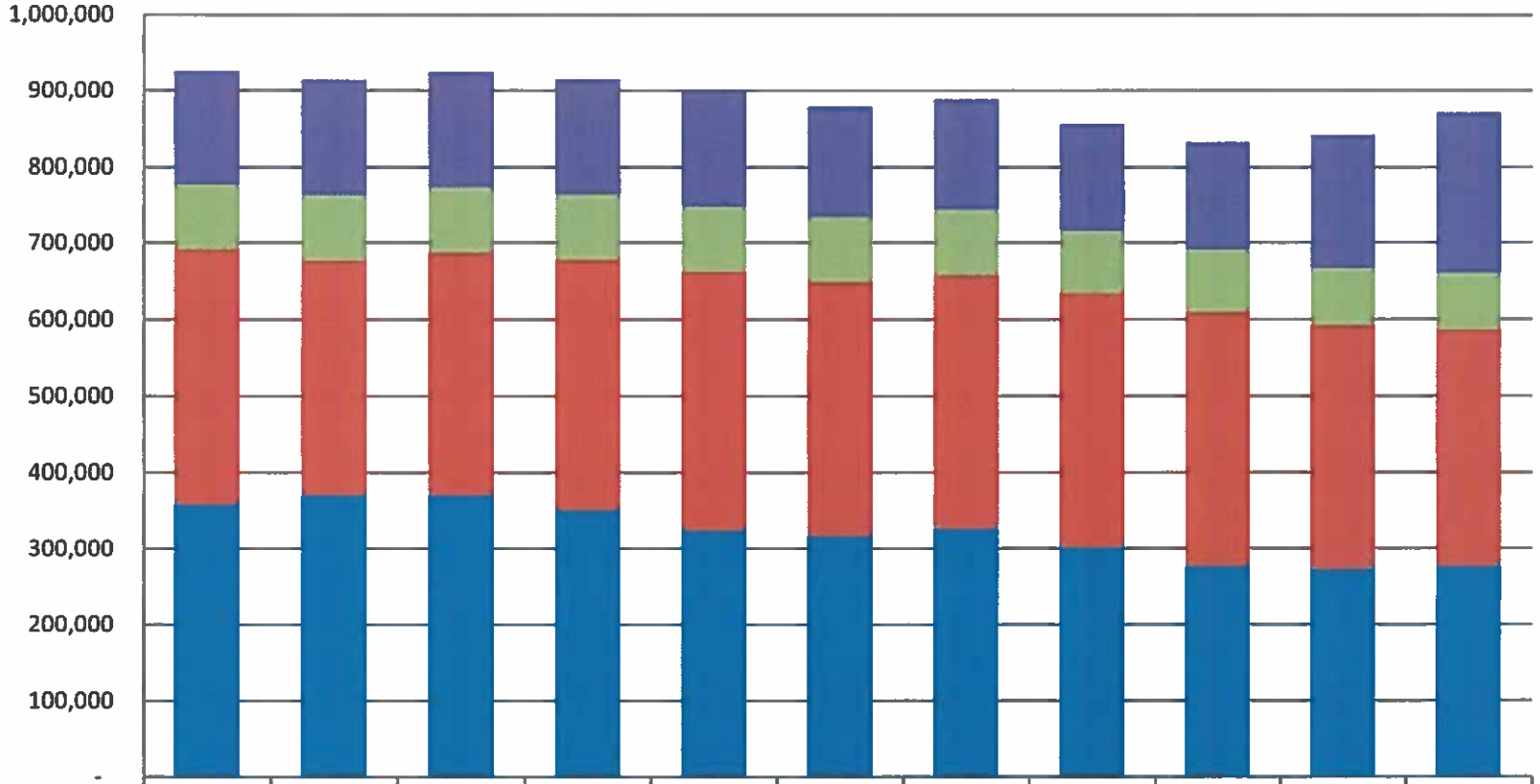
The department's total FY23 GF budget equals $1,811 per resident worker, based on 323,711 resident workers.



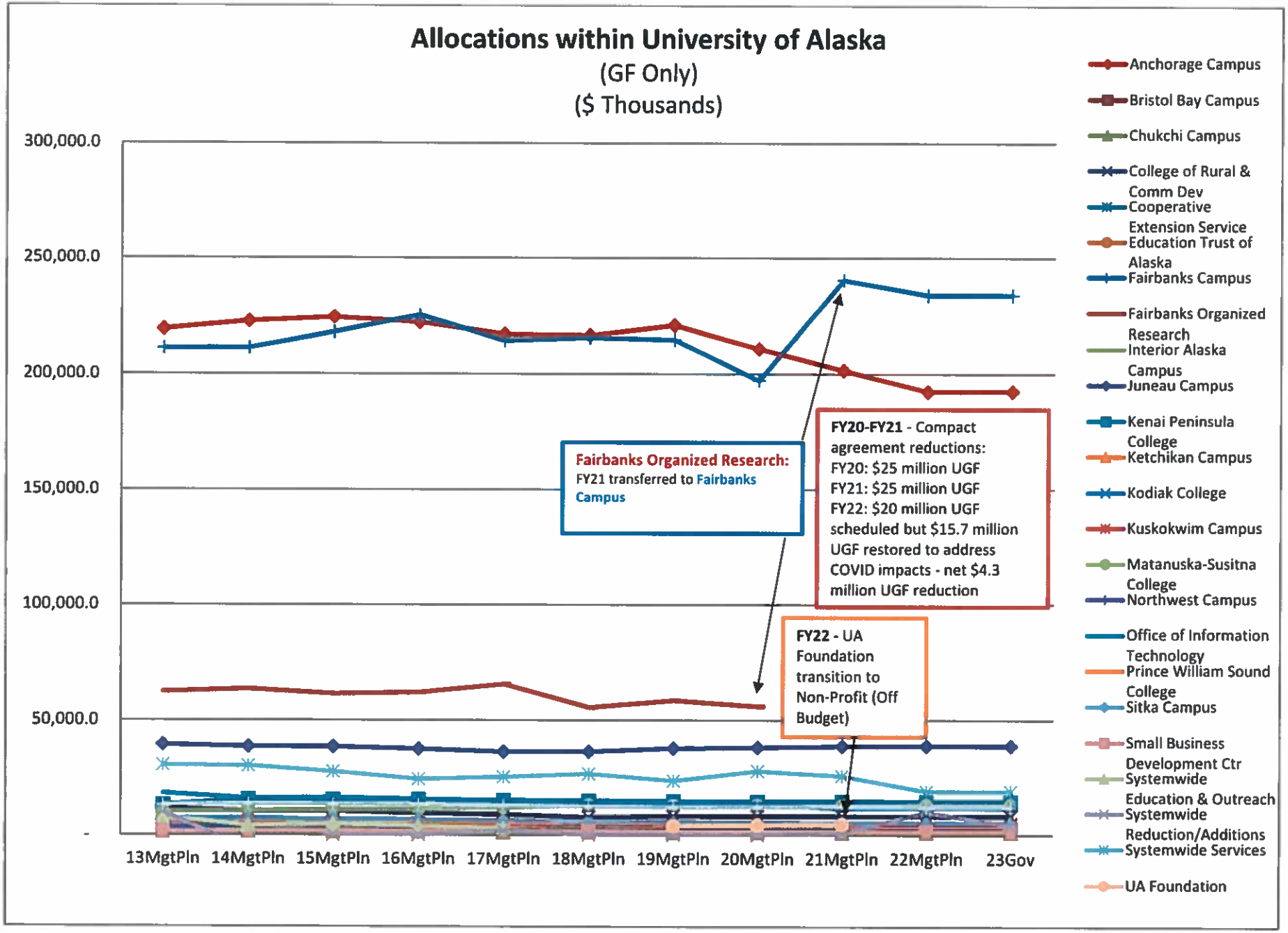
	13MgtPln	14MgtPln	15MgtPln	16MgtPln	17MgtPln	18MgtPln	19MgtPln	20MgtPln	21MgtPln	22MgtPln	23Gov
SB55 Impact	-	-	-	-	-	-	-	-	-	-	-
Total Agency Budget (GF Only)	691,549	676,772	687,293	677,956	662,068	648,625	658,165	633,858	609,464	592,152	586,252
% of All Agencies' Budgets	8.7%	7.7%	8.4%	8.5%	11.1%	11.0%	10.1%	10.5%	9.9%	11.0%	8.8%

University of Alaska
Total Funding Comparison by Fund Group
(All Funds)
($ Thousands)

Between FY13 MgmtPln and 23Gov:
--UGF decreased by $81.4 million (-23%)
--DGF decreased by $23.9 million (-7%)
--Other Funds decreased by $11.2 million (-13%)
--Federal Receipts increased by $62.1 million (42%)



	13MgtPln	14MgtPln	15MgtPln	16MgtPln	17MgtPln	18MgtPln	19MgtPln	20MgtPln	21MgtPln	22MgtPln	23Gov
Federal Receipts (Fed)	147,944	150,853	150,853	150,853	150,853	143,853	143,853	140,226	140,226	174,888	210,026
Other State Funds (Other)	86,334	86,598	86,718	86,785	86,875	86,640	86,530	82,600	82,585	75,116	75,116
Designated General (DGF)	333,285	305,448	316,694	327,169	337,185	331,591	331,131	331,824	332,430	319,418	309,418
Unrestricted General (UGF)	358,265	371,324	370,600	350,787	324,884	317,034	327,034	302,034	277,034	272,734	276,834


Allocations within University of Alaska
(GF Only)
($ Thousands)
300,000.0
250,000.0
200,000.0
150,000.0
100,000.0
50,000.0
-
13MgtPln
14MgtPln
15MgtPln
16MgtPln
17MgtPln
18MgtPln
19MgtPln
20MgtPln
21MgtPln
22MgtPln
23Gov
Fairbanks Organized Research: FY21 transferred to Fairbanks Campus
FY20-FY21 - Compact agreement reductions: FY20: $25 million UGF FY21: $25 million UGF FY22: $20 million UGF scheduled but $15.7 million UGF restored to address COVID impacts - net $4.3 million UGF reduction
FY22 - UA Foundation transition to Non-Profit (Off Budget)
Anchorage Campus
Bristol Bay Campus
Chukchi Campus
College of Rural & Comm Dev
Cooperative Extension Service
Education Trust of Alaska
Fairbanks Campus
Fairbanks Organized Research
Interior Alaska Campus
Juneau Campus
Kenai Peninsula College
Ketchikan Campus
Kodiak College
Kuskokwim Campus
Matanuska-Susitna College
Northwest Campus
Office of Information Technology
Prince William Sound College
Sitka Campus
Small Business Development Ctr
Systemwide Education & Outreach
Systemwide Reduction/Additions
Systemwide Services
UA Foundation

2022 Legislature - Operating Budget
Transaction Compare - Governor Structure
Between Adj Base and 23Gov

Numbers and Language Differences
Agencies: Univ

Agency: University of Alaska

		Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
University of Alaska														
Budget Reductions/Additions - Systemwide														
Consolidate All University Allocations Into One Appropriation		23Gov	Struct	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
	The Governor's budget proposes one appropriation instead of the two appropriation structure adopted by the legislature for FY2022. The primary advantage of the one appropriation model is that it limits the amount of necessary internal billing between different parts of the university system and provides more financial and budgetary management flexibility.													
L	University of Alaska Drone Program (FY23-FY24)	23Gov	MultiYr	**10,000.0**	0.0	0.0	10,000.0	0.0	0.0	0.0	0.0	0	0	0

*Sec. XX. UNIVERSITY OF ALASKA. The sum of $22,800,000 is appropriated from federal receipts received from sec. 9901, P.L. 117-2 (Subtitle M--Coronavirus State and Local Fiscal Recovery Funds, American Rescue Plan Act of 2021) to the University of Alaska for responding to the negative economic impacts of COVID-19 or the fiscal years ending June 30, 2023 and June 30, 2024 for the following purposes and in the following amounts:

University of Alaska Drone Program $10,000,000
Critical Minerals and Rare Earth Elements Research and Development $ 7,800,000
Heavy Oil Recovery Method Research and Development $5,000,000

Drones, a.k.a. Unmanned Aircraft Systems (UAS), stand on the precipice of transforming the methods by which remote infrastructure monitoring with the oil and gas industry, medical supply and cargo delivery to aviation-dependent communities, mapping and surveying, wildlife monitoring and protection, and an ever-growing list of new drone applications of import to Alaskans occur. Drones have the potential to conduct these missions more safely and economically than can be done at present and improve the quality of life for people living across Alaska, but especially in rural communities. Both developing UAS technologies and conducting UAS operations have the potential to be economic drivers across Alaska. Additionally, international drone air cargo flights, utilizing drone cargo hubs in Alaska, such as the Fairbanks International Airport (FAI), have the potential to greatly increase Alaska's international standing as a leading cargo gateway and provide an emerging economic opportunity for 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. 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 developing the workforce needed to support this emerging industry in Alaska.

The Alaska Center for Unmanned Aircraft Systems Integration (ACUASI) at the University of Alaska Fairbanks is one of the top drone programs in the country. After years of careful planning, coordination, and operations, ACUASI has developed a strong relationship with the Federal Aviation Administration (FAA) that includes ACUASI leading one of the seven FAA UAS Test Sites, heading one of the FAA's eight BEYOND sites, being one of the 15 core schools in the FAA's Center of Excellence for UAS Research, sitting on the FAA's Beyond Visual Line of Sight (BVLOS) Aviation Rulemaking Committee, and having the ACUASI Director sitting on the FAA's Advance Aviation Advisory Committee. ACUASI has the potential to be the best program in drone technology and operations in North America, and working with the State of Alaska Department of Transportation and Public Facilities (DOT&PF) Alaska has the potential to be the leading state for drone development and activities.

To become the Best Drone Program in North America, ACUASI must:
1) Increase staffing to allow for more routine testing of technologies and aircraft for pioneering drone cargo

2022 Legislature - Operating Budget
Transaction Compare - Governor Structure
Between Adj Base and 23Gov

Numbers and Language Differences
Agencies: Univ

Agency: University of Alaska

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
University of Alaska (continued)													
Budget Reductions/Additions - Systemwide (continued)													
University of Alaska Drone Program (FY23-FY24) (continued)													
delivery.													
2) Increase participation in the highest-profile programs available through the FAA and present at conferences, symposia, congressional hearings.													
3) Support programs that will deliver the workforce and engineering curricula.													
4) Continue to coordinate and collaborate with the DOT&PF to advance the use of drones.													
5) Re-establish, rename, and expand the Alaska UAS Interest Group Meeting to an internationally recognized, high-profile, and highly attended conference.													
6) Conduct a continuing public relations campaign designed to raise ACUASI's profile nationally.													
7) Acquire a Sensitive Compartmented Information Facility (SCIF) for conducting classified research in support of military projects.													
8) Establish the Alaska Emerging Technologies Test Range to provide specific areas for drone manufacturers, technology providers, and others to test their equipment under highly-characterized, real world conditions.													
9) Establish a drone flight school that brings together all aspects of the drone curricula and offers FAA-approved drone maintenance and flight training curricula and hands-on drone operation experience, including for large drones that require runways for takeoffs and landings.													
1269 CSLFRF (Fed) 10,000.0													
L Heavy Oil Recovery Method Research and Development (FY23-FY24)	23Gov	MultiYr	**5,000.0**	0.0	0.0	5,000.0	0.0	0.0	0.0	0.0	0	0	0
*Sec. XX. UNIVERSITY OF ALASKA. The sum of $22,800,000 is appropriated from federal receipts received from sec. 9901, P.L. 117-2 (Subtitle M--Coronavirus State and Local Fiscal Recovery Funds, American Rescue Plan Act of 2021) to the University of Alaska for responding to the negative economic impacts of COVID-19 or the fiscal years ending June 30, 2023 and June 30, 2024 for the following purposes and in the following amounts:													
University of Alaska Drone Program $10,000,000 Critical Minerals and Rare Earth Elements Research and Development $ 7,800,000 Heavy Oil Recovery Method Research and Development $5,000,000													
This project is intended to develop technology enabling the production of heavy oil in the Ugnu formation, for which no production technique currently exists. A new enhanced oil recovery method, called polymer-alternating solvent (PAS), will enable heavy oil development in the Arctic, a 12-15 billion-barrel target. This funding will allow the University of Alaska Fairbanks to immediately begin lab work leading to a field demonstration, conducted in partnership with Hilcorp, within two years. Development of this technology requires lab improvements and increased faculty research capacity. A successful field demonstration will prove the technology necessary to add approximately 10 billion barrels of heavy oil to Alaska's recoverable reserve base. Successful development, demonstration, and ultimately deployment of the PAS method could also spur ancillary benefits such as development of an Alaska-based polymer production facility and may have practical applications within the industry. This initiative is contingent upon the procurement of polymer for field trials in partnership with industry via procurement by industry partners.													
1269 CSLFRF (Fed) 5,000.0													
L Critical Minerals and Rare Earth Elements Research and Development (FY23-FY24)	23Gov	MultiYr	**7,800.0**	0.0	0.0	7,800.0	0.0	0.0	0.0	0.0	0	0	0
*Sec. XX. UNIVERSITY OF ALASKA. The sum of $22,800,000 is appropriated from federal receipts received from													

Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP

University of Alaska (continued)

Budget Reductions/Additions - Systemwide (continued)

Critical Minerals and Rare Earth Elements
Research and Development (FY23-FY24)
(continued)

sec. 9901, P.L. 117-2 (Subtitle M--Coronavirus State and Local Fiscal Recovery Funds, American Rescue Plan Act of 2021) to the University of Alaska for responding to the negative economic impacts of COVID-19 or the fiscal years ending June 30, 2023 and June 30, 2024 for the following purposes and in the following amounts:

University of Alaska Drone Program $10,000,000
Critical Minerals and Rare Earth Elements Research and Development $ 7,800,000
Heavy Oil Recovery Method Research and Development $5,000,000

This investment in critical minerals will build upon existing momentum within the UA system to develop Alaska's critical mineral industry. In the short term, it will leverage an existing Department of Energy grant and serve to promote manufacture of value-added Rare Earth Elements and Critical Minerals (REE-CM) based components (e.g., magnets for wind turbines, electric vehicles, military applications) in Alaska. With State funding, the DOE-sponsored Technology Innovation Center focused on critical minerals can be expanded to incorporate a broader Critical Minerals Group (CMG), emphasizing not only value-added products, but also hyperspectral imaging for exploration, advances in metallurgy/mineral processing of Alaska ores, and mining workforce development (e.g., MAPTS program).

Alaska, as a state, has tremendous critical rare earth potential and to maximize this opportunity, the university seeks to initiate the CMG within the existing Mineral Industries Research Lab (MIRL) at the University of Alaska Fairbanks (UAF). The CMG would focus research and development efforts on the innovations to most effectively develop a critical minerals industry in Alaska. With this initiative, UAF will grow the critical minerals industry in Alaska from exploration, to mining, to processing, and includes workforce mine training through Mining and Petroleum Training Service (MAPTS). UAF will create a critical mass of research expertise with a faculty cohort, renovate key labs and equipment to support faculty and students, as well as modernize workforce training facilities to accommodate new mining techniques. Develop techniques in conjunction with industry partners to improve yields and develop markets for products from critical and prospective mines. Hyperspectral imaging exploration to augment Alaska Division of Geological and Geophysical Surveys (DGGS) activity. Specific actions will include hiring a faculty cohort to lead teaching, research, and training for commercialization, laboratory updates, and instrumentation for instruction and research.

Existing partners include the DGGS, UCORE, Ahtna Native Corporation, JWP LLC, Technology Holding LLC, Red Leaf Resources Inc., Graphite One, ESP Research Inc., Arctic Slope Regional Corporation, Doyon Lmtd, FGX Sep Tech LLC, NANA Regional Corporation, Usibelli Coal Mine, Vermeer, North American Coal.

Immediate economic impacts of State investment include availing the group of continued federal funds ($7.5 million available in 2023), and further supporting the MAPTS program, which currently generates $3 million to $4.5 million per year in economic activity by training 40 – 60 mine workers annually. However, the long-term economic benefits of developing a robust critical minerals industry in Alaska far outweigh the short-term gains of the initial investment.

Also, with this State investment the University of Alaska Southeast (UAS) will expand its programs in Mining

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
University of Alaska (continued)													
Budget Reductions/Additions - Systemwide (continued)													
Critical Minerals and Rare Earth Elements Research and Development (FY23-FY24) (continued)													
Industry Workforce Development. UAS offers world-class workforce training in occupational fields leading to employment in the mining industry, with special emphasis on expanding an Alaskan workforce for underground Mine Mechanics and has strong partnerships with Hecla Greens Creek and Kensington Mines. Holding one of the nation's richest reserves of minerals, Alaska needs a strong, smart and responsible workforce to fill these roles. The Center for Mine Training at UAS is here to help Alaska's mineral extraction and processing industry by training students to get in on the ground floor of highly lucrative and in-demand careers. Under this initiative the University of Alaska Anchorage (UAA) has two focus areas. The first is Enhanced Recovery of Alaska Rare Earth Elements through bio-weathering technology through the UAA College of Arts & Sciences (CAS). This project will advance new methods for extraction and processing of Rare Earth Element (REE) resources in Alaska. Development of a novel bio-weathering process can alleviate safety and environmental concerns of traditional acid mining. It will also increase the efficiency of REE recovery from mineral deposits around the state, including Usibelli Coal Mine. Combining new and established technologies into one process, has the potential to produce REE resources in an economic and safe manner. The project has near-term deliverables for developing a unique segment of Alaska's mineral industry. REEs are not currently mined or produced in America and Alaska has a wealth of these strategic resources. This project invests in key technologies and advances a new approach for rare earth development. By 2025, the technology would be scaled-up and fully developed of commercialization. The tech transfer and commercialization of these methods opens new possibilities for mining, leading to job creation and future revenue to the State of Alaska. The project is a partnership with the UAF College of Engineering & Mines and will involve collaborative work with the U.S. Department of Energy's Oak Ridge and Idaho National Laboratories. Additional stakeholders include the Alaska Department of Natural Resources, as well as Usibelli Coal Mine and Ucore Rare Metals Inc. The second UAA project is comparing petroleum and mineral development in Alaska to world standards through the Institute of Social & Economic Research (ISER). This project will conduct comparative research evaluating Alaska's regulatory and environmental standards for petroleum and mineral development. The project analyzes the effects of Alaska regulatory standards and social institutions related to extractive activities with those elsewhere in the world. The study would compare Alaska's greenhouse gas emissions per barrel of oil, economic benefits for indigenous groups and environmental standards in mining locations. Research will help inform policymakers about best practices, address concerns by nongovernmental organizations and close comparison gaps with other resource-based economies. The project has near-term deliverables by benchmarking Alaska Statutes and regulations on petroleum and mineral development alongside those in peer-group countries. This research can help inform policymakers in an era when resource extraction is under increasing scrutiny from regulators, courts, and the general public. Comparative research provides an understanding of environmental and social policy, royalties, and taxes. The project has a one-year timeline and results will be available to provide context to ongoing policy making around Alaska's key export industries. The project will be in collaboration with researchers across the UA system.												
1269 CSLFRF (Fed) 7,800.0													
University of Alaska Fixed Cost Increases	23Gov	Inc	**4,000.0**	0.0	0.0	4,000.0	0.0	0.0	0.0	0.0	0	0	0
The University of Alaska's budget includes an adjustment in State funds to cover non-personnel services fixed cost increases.													

2022 Legislature - Operating Budget
Transaction Compare - Governor Structure
Between Adj Base and 23Gov

Numbers and Language
Differences
Agencies: Univ

Agency: University of Alaska

	Column	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	THP
University of Alaska (continued)													
Budget Reductions/Additions - Systemwide (continued)													
University of Alaska Fixed Cost Increases (continued)													
The university's unavoidable costs necessary for operations continue to climb. Due to enrollment declines related to COVID-19 the university is unable to cover these cost increases with tuition and fee revenue.													
The university will continue to identify additional efficiencies across the system to fund operating cost increases until student enrollment recovers.													
1004 Gen Fund (UGF) 4,000.0													
*** Allocation Difference ***			**26,800.0**	0.0	0.0	26,800.0	0.0	0.0	0.0	0.0	0	0	0
Anchorage Campus													
MH Trust: The Alaska Training Cooperative (FY23-FY25)	23Gov	IncT	**100.0**	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0	0	0
The Alaska Training Cooperative (AKTC) will promote career development opportunities for non-degreed professionals, direct service workers, supervisors, and professionals in the behavioral health, home and community-based, and long-term care support services working with Alaska Mental Health Trust Authority beneficiaries. Strategies include technical assistance and training which is accessible and coordinated and available in rural Alaskan communities by blending evidence-based practices with traditional wisdom. The AKTC will collaborate with other training entities, document, and report training data and when needed, respond to Trust staff and provider requests for additional training related to Medicaid expansion, reform, and redesign as well as Criminal Justice Reinvestment.												
1037 GF/MH (UGF) 100.0													
*** Allocation Difference ***			**100.0**	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0	0	0
Fairbanks Campus													
Increase Federal Receipt Authority to Align with Anticipated Revenue	23Gov	Inc	**50,000.0**	0.0	0.0	50,000.0	0.0	0.0	0.0	0.0	0	0	0
UA's FY23 operating budget request includes a $50 million increase in Federal Receipt Authority for the University of Alaska Fairbanks (UAF) campus. This authority increase is necessary for research activity that continues to grow at UAF. The largest contributing factor is the growth of a newly established University Affiliated Research Center (UARC) through the UAF Geophysical Institute (GI), Wilson Alaska Technical Center. The UARC provides the necessary structure for US Government agencies to quickly issue sole-source contracts (task orders) that fall under the core mission of geophysical detection of nuclear proliferation. The UARC was created initially with a $50 million ceiling (over five years). As federal, primarily Department of Defense (DoD) contractual engagement has increased, this ceiling was increased to $100 million by the DoD in the spring of 2021 (FY21). As UAF strives to grow the research mission of the institution which directly contributes to the State of Alaska economy, this model has tremendous potential.												
1002 Fed Rcpts (Fed) 50,000.0													
*** Allocation Difference ***			**50,000.0**	0.0	0.0	50,000.0	0.0	0.0	0.0	0.0	0	0	0
**** Appropriation Difference ****			**76,900.0**	0.0	0.0	76,900.0	0.0	0.0	0.0	0.0	0	0	0
***** Agency Difference *****			**76,900.0**	0.0	0.0	76,900.0	0.0	0.0	0.0	0.0	0	0	0
****** All Agencies Difference ******			**76,900.0**	0.0	0.0	76,900.0	0.0	0.0	0.0	0.0	0	0	0

Column Definitions

Adj Base (FY23 Adjusted Base) - FY22 Management Plan less one-time items, plus FY23 adjustments for position counts, funding transfers, line item transfers, temporary increments (IncT) from prior years, and additions for statewide items (e.g. salary and benefit increases). The Adjusted Base is the "first cut" of the FY23 budget; it is the base to which the Governor's and the legislature's increments, decrements, and fund changes are added.

23Gov (23 Governor's Request 12/15) - Includes FY23 Adjusted Base plus the Governor's operating budget requests for increments, decrements, fund source changes, and language transactions submitted on December 15, 2021. Because the Alaska Marine Highway System's budget is now based on a calendar year and has a different effective date than other agencies, it is separated into its own column; therefore the 23Gov column is an aggregate of two columns.[23GOVAMHS+23GovNoAMHS]

University of Alaska

FY23 - Summary of Significant Budget Issues

($ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
1	University of Alaska / Budget Reductions/ Additions - Systemwide	Consolidate All University Allocations Into One Appropriation	n/a	The Governor's budget proposes one appropriation instead of the two-appropriation structure adopted by the legislature for FY22. The primary advantage of the one-appropriation model is that it limits the amount of necessary internal billing between different parts of the university system and provides more financial and budgetary management flexibility. **Fiscal Analyst Comment:** The two-appropriation structure passed by the legislature consists of the University of Alaska appropriation and the University of Alaska Community Campuses appropriation, which also includes the University of Alaska Southeast Juneau campus. The one-appropriation structure provides the Board of Regents (BOR) and University management authority to reallocate budget authority among all of the allocations. The multiple-appropriations structure limits the authority to reallocate budget authority among only the allocations within a specific appropriation. Budget authority cannot be transferred between allocations in different appropriations.
2	University of Alaska / Budget Reductions/ Additions - Systemwide	University of Alaska Drone Program (FY23-FY24)	$10,000.0 CSLFRF (Fed) **MultiYr**	This proposal uses federal relief money for a drone project (also known as Unmanned Aircraft Systems (UAS)) within the Alaska Center for Unmanned Aircraft Systems Integration (ACUASI) at the University of Alaska Fairbanks. The University of Alaska conducts testing and training operations to support the full integration of drones with traditional aircraft in U.S. airspace and to develop the workforce to support this emerging industry in Alaska. ACUASI has partnered with the Federal Aviation Administration (FAA) in operating and evaluating various UAS programs. According to the University, UAS have potential uses in remote infrastructure monitoring within the oil and gas industry, medical supply and cargo delivery to aviation-dependent communities, mapping and surveying, and wildlife monitoring and protection. Additionally, international drone air cargo flights, utilizing drone cargo hubs in Alaska, such as the Fairbanks International Airport (FAI), have the potential to greatly increase Alaska's international standing as a leading cargo gateway and provide an emerging economic opportunity for Alaska. The University of Alaska conducts many of the testing operations needed to support integration of drones with traditional aircraft in U.S. airspace and develop the workforce needed to support this emerging industry in Alaska. Some of the activities ACUASI envisions in advancing the UAS program include:

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FY23 - Summary of Significant Budget Issues

($ thousands)

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3	University of Alaska / Budget Reductions/ Additions - Systemwide	Heavy Oil Recovery Method Research and Development (FY23-FY24)	$5,000.0 CSLFRF (Fed) **MultiYr**	Funding to develop technology enabling the production of heavy oil in the Ugnu formation, for which no production technique currently exists. A new enhanced oil recovery method, called polymer-alternating solvent (PAS), will enable heavy oil development in the Arctic, a 12-15 billion-barrel target. This funding will allow the University of Alaska Fairbanks to immediately begin lab work leading to a field demonstration, conducted in partnership with Hilcorp, within two years. Development of this technology requires lab improvements and increased faculty research capacity. A successful field demonstration will prove the technology necessary to add approximately 10 billion barrels of heavy oil to Alaska's recoverable reserve base. Successful development, demonstration, and ultimately deployment of the PAS method could spur ancillary benefits such as development of an Alaska-based polymer production facility which may have practical applications within the industry. This initiative is contingent upon procurement of polymer for field trials by industry partners. **Fiscal Analyst Comment:** The fund source is the Coronavirus State and Local Fiscal Relief Fund (CSLFRF), which is a flexible federal funding source that is available for appropriation through FY24. The Governor's budget utilizes the remaining $504.8 million from the CSLFRF in his FY23 budget proposal. Eligible uses for the funds include replacing revenue lost due to the pandemic, COVID-19 health response, and economic recovery.

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FY23 - Summary of Significant Budget Issues

($ thousands)

Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
4	University of Alaska / Budget Reductions/ Additions - Systemwide	Critical Minerals and Rare Earth Elements Research and Development (FY23-FY24)	$7,800.0 CSLFRF (Fed) **MultiYr**	This project will develop Alaska's critical mineral industry. In the short-term, it will leverage an existing Department of Energy (DOE) grant and promote manufacturing of value-added Rare Earth Elements and Critical Minerals (REE-CM) based components (e.g., magnets for wind turbines, electric vehicles, military applications). With State funding, the DOE-sponsored Technology Innovation Center focus on critical minerals can be expanded to incorporate a broader Critical Minerals Group (CMG), also emphasizing hyperspectral imaging for exploration, advances in metallurgy/mineral ore processing, and mining workforce development (e.g., MAPTS program). The university seeks to initiate the CMG within the existing Mineral Industries Research Lab (MIRL) at the University of Alaska Fairbanks (UAF) to grow the critical minerals industry in Alaska from exploration, to mining, to processing, and includes workforce mine training through the Mining and Petroleum Training Service (MAPTS). UAF will create a critical mass of research expertise with a faculty cohort, renovate key labs and equipment to support faculty and students, and modernize workforce training facilities to accommodate new mining techniques. Existing partners include: - The Alaska Division of Geological & Geophysical Surveys (DGGS) - UCORE Rare Minerals, Inc. - Ahtna, Inc., Alaska Native Corporation - JWP LLC - Technology Holding LLC - Red Leaf Resources Inc. - Graphite One - ESP Research Inc. - Arctic Slope Regional Corporation - Doyon Lmtd - FGX Sep Tech LLC - NANA Regional Corporation - Usibelli Coal Mine - Vermeer, North American Coal The University of Alaska Southeast (UAS) will expand its programs in Mining Industry Workforce

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5	University of Alaska / Budget Reductions/ Additions - Systemwide	University of Alaska Fixed Cost Increases	$4,000.0 Gen Fund (UGF)	The FY23 request is to cover a portion of an estimated $11.1 million in fixed cost increases. The University's unavoidable costs necessary for operations continue to climb. Due to enrollment declines related to COVID-19, these cost increases cannot be covered by tuition and fee revenue. The University will continue to identify additional efficiencies across the system to fund operating cost increases until student enrollment recovers. The estimated $11.1 million of fixed cost increases are: Compensation: $4.7 million - The estimate includes a 2% average salary adjustment for all non-union staff and union-represented firefighters. It also includes a small amount to realign student salaries ($110,000-$130,000). In the past five years, except for a market adjustment in FY20, there has only been one across-the-board increase of 1% for employees. Information Technology Operations: $1.0 million - The University is moving its Enterprise Resource Planning (ERP) system to the cloud. This effort will reduce the risk associated with operating in-house hardware systems and increase the University's capabilities in terms of systems

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FY23 - Summary of Significant Budget Issues

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Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	University of Alaska / Budget Reductions/ Additions - Systemwide	University of Alaska Fixed Cost Increases	$4,000.0 Gen Fund (UGF)	(continued) availability, agility, disaster recovery and business continuity. Improvements to cybersecurity capabilities are necessary to meet the ever-increasing risk and cost caused by security breaches. Insurance carriers and third-parties are increasingly requiring the deployment of best-in-class cybersecurity systems in order to do business with the University. Insurance Premiums: $2.0 million - Property insurance premiums have doubled and other insurance coverages, such as cybersecurity coverage, have also seen significant increases. The rising cost of insurance is a national issue. Facilities Maintenance: $3.4 million - Annual state-funded capital appropriations for deferred maintenance/renewal & repurposing (DM/R&R) activities averaged $31 million from FY07-FY15 and dropped to an average of $3 million annually from FY16-FY22. In addition to capital appropriations, a portion of the annual operating appropriation is dedicated to facilities maintenance ($25.6 million in FY22). In FY17, a multi-year plan to incrementally increase the annual funding to reach a goal of $60.0 million was implemented. This increment will help close the $34.4 million funding gap in in ten years. **Fiscal Analyst Comment:** The estimated $4.7 million request for compensation excludes three union contracts, listed below, that end in FY22 and are currently being negotiated for FY23. Budget requests will be made when a collective bargaining agreement (CBA) has been negotiated and ratified by the union. United Academics (UNAC) - expired 12/31/21; United Academics - Adjuncts (UNAD) - expires 2/28/22; Alaska Higher Education Crafts & Trades Employees (Local 6070) - expires 06/30/22
6	University of Alaska / Anchorage Campus	MH Trust: The Alaska Training Cooperative (FY23-FY25)	$100.0 GF/MH (UGF) **IncT**	The Alaska Training Cooperative (AKTC) promotes career development opportunities for non-degreed professionals, direct service workers, supervisors, and professionals in the behavioral health, home and community-based, and long-term care support services working with Alaska Mental Health Trust Authority beneficiaries. **Fiscal Analyst Comment:** The FY22 request for $100.0 GF/MH was vetoed by the Governor.

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FY23 - Summary of Significant Budget Issues

($ thousands)

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6	University of Alaska / Anchorage Campus	MH Trust: The Alaska Training Cooperative (FY23-FY25)	$100.0 GF/MH (UGF) IncT	(continued) There is also $885.6 in MHTAAR funds proposed; MHTAAR funding for the Alaska Training Cooperative has been in the budget since FY13.
7	University of Alaska / Fairbanks Campus	Increase Federal Receipt Authority to Align with Anticipated Revenue	$50,000.0 Fed Rcpts (Fed)	This increment provides federal budget authority for research activity that continues to grow at UAF. The largest contributing factor is the growth of a newly established University Affiliated Research Center (UARC) through the UAF Geophysical Institute (GI), Wilson Alaska Technical Center. The UARC provides the necessary structure for US Government agencies to quickly issue sole-source contracts (task orders) that fall under the core mission of geophysical detection of nuclear proliferation. The UARC was created initially with a $50 million ceiling (over five years). As federal, primarily Department of Defense (DoD), contractual engagement has increased, this ceiling was increased to $100 million by the DoD in the spring of 2021 (FY21). As UAF strives to grow the research mission of the institution which directly contributes to the State of Alaska economy, this model has tremendous potential.

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FY23 - Summary of Significant Budget Issues

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1	University of Alaska / Budget Reductions/ Additions - Systemwide	Consolidate All University Allocations Into One Appropriation	n/a	The Governor's budget proposes one appropriation instead of the two-appropriation structure adopted by the legislature for FY22. The primary advantage of the one-appropriation model is that it limits the amount of necessary internal billing between different parts of the university system and provides more financial and budgetary management flexibility. **Fiscal Analyst Comment:** The two-appropriation structure passed by the legislature consists of the University of Alaska appropriation and the University of Alaska Community Campuses appropriation, which also includes the University of Alaska Southeast Juneau campus. The one-appropriation structure provides the Board of Regents (BOR) and University management authority to reallocate budget authority among all of the allocations. The multiple-appropriations structure limits the authority to reallocate budget authority among only the allocations within a specific appropriation. Budget authority cannot be transferred between allocations in different appropriations.
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FY23 - Summary of Significant Budget Issues

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FY23 - Summary of Significant Budget Issues

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FY23 - Summary of Significant Budget Issues

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Item	Appropriation / Allocation	Description	Amount / Fund Source	Comment
5	University of Alaska / Budget Reductions/ Additions - Systemwide	University of Alaska Fixed Cost Increases	$4,000.0 Gen Fund (UGF)	(continued) availability, agility, disaster recovery and business continuity. Improvements to cybersecurity capabilities are necessary to meet the ever-increasing risk and cost caused by security breaches. Insurance carriers and third-parties are increasingly requiring the deployment of best-in-class cybersecurity systems in order to do business with the University. Insurance Premiums: $2.0 million - Property insurance premiums have doubled and other insurance coverages, such as cybersecurity coverage, have also seen significant increases. The rising cost of insurance is a national issue. Facilities Maintenance: $3.4 million - Annual state-funded capital appropriations for deferred maintenance/renewal & repurposing (DM/R&R) activities averaged $31 million from FY07-FY15 and dropped to an average of $3 million annually from FY16-FY22. In addition to capital appropriations, a portion of the annual operating appropriation is dedicated to facilities maintenance ($25.6 million in FY22). In FY17, a multi-year plan to incrementally increase the annual funding to reach a goal of $60.0 million was implemented. This increment will help close the $34.4 million funding gap in in ten years. **Fiscal Analyst Comment:** The estimated $4.7 million request for compensation excludes three union contracts, listed below, that end in FY22 and are currently being negotiated for FY23. Budget requests will be made when a collective bargaining agreement (CBA) has been negotiated and ratified by the union. United Academics (UNAC) - expired 12/31/21; United Academics - Adjuncts (UNAD) - expires 2/28/22; Alaska Higher Education Crafts & Trades Employees (Local 6070) - expires 06/30/22
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6	University of Alaska / Anchorage Campus	MH Trust: The Alaska Training Cooperative (FY23-FY25)	$100.0 GF/MH (UGF) **IncT**	(continued) There is also $885.6 in MHTAAR funds proposed; MHTAAR funding for the Alaska Training Cooperative has been in the budget since FY13.
7	University of Alaska / Fairbanks Campus	Increase Federal Receipt Authority to Align with Anticipated Revenue	$50,000.0 Fed Rcpts (Fed)	This increment provides federal budget authority for research activity that continues to grow at UAF. The largest contributing factor is the growth of a newly established University Affiliated Research Center (UARC) through the UAF Geophysical Institute (GI), Wilson Alaska Technical Center. The UARC provides the necessary structure for US Government agencies to quickly issue sole-source contracts (task orders) that fall under the core mission of geophysical detection of nuclear proliferation. The UARC was created initially with a $50 million ceiling (over five years). As federal, primarily Department of Defense (DoD), contractual engagement has increased, this ceiling was increased to $100 million by the DoD in the spring of 2021 (FY21). As UAF strives to grow the research mission of the institution which directly contributes to the State of Alaska economy, this model has tremendous potential.

University of Alaska
FY22 - Mid-Year Status Report

Item #	Approp/ Allocation	Description	Amount / Fund Source	Comment	LFD Questions	Agency Comments
1	University of Alaska / Budget Reductions/Additions - Systemwide	UA General Fund Reduction	($4,300.0) Gen Fund (UGF)	The University of Alaska and the Governor signed a compact agreement to reduce the University's UGF budget over a three-year period by $70 million. A final $20 million UGF reduction proposed for FY22; however, $15.7 million of the proposed FY22 $20 million UGF reduction was restored to address unanticipated revenue losses associated with the COVID-19 pandemic.	What services have been eliminated or reduced due to this decrement?	The university aims to reduce administrative and other support costs first, in an effort to preserve resources for its academic and research missions. One example is both UAA and UAF implemented central administrative shared service models. The university also carefully manages its vacant positions, and depending on all the circumstances, may seek to not refill the position, or consolidate the function/responsibility with existing personnel.
2	University of Alaska / Budget Reductions/Additions - Systemwide	Reduce University of Alaska, Federal, Interagency, and CIP Receipt Authority to Align with Anticipated Expenditures	Total: ($27,714.5) ($3,000.0) Fed Rcpts (Fed) ($3,500.0) I/A Rcpts (Other) ($17,214.5) Univ Rcpt (DGF) ($4,000.0) CIP Rcpts (Other)	The University's ability to generate revenues from other sources has declined as the general fund budget has been reduced. Tuition and other revenue collections fell as programs were cut or eliminated. The University faced significant budget reductions before the pandemic; the pandemic exacerbated the revenue reductions and increased costs.	Do projections indicate the revenue continues to be uncollectible? If not, which revenue sources may need an increase in authority?	Except for federal receipts, all other revenue authority reduced in the FY22 budget are projected to remain uncollectible. With regard to UA federal receipts, the University of Alaska Fairbanks Geophysical Institute (GI) is seeing growth in a newly established University Affiliated Research Center (UARC). UARC provides the necessary structure for U.S. Government agencies to quickly issue sole-source contracts that fall under GI's core mission. In spring 2021 UARC's Department of Defense federal contractual agreement increased the funding ceiling from $50 million (over five years) to $100 million.
3	University of Alaska / Budget Reductions/Additions - Systemwide	University Receipt Authority Increased If Amount Received Exceeds Amount Appropriated	$10,000.0 Univ Rcpt (DGF)	A contingent appropriation increases the University receipt authority by $10 million if the actual amount of receipts collected under AS 37.05.146(b)(2) exceed the University receipt authority in the number section (sec. 1) of the budget.	Is the contingency likely to be met?	Other than the federal budget authority noted in #2, it is unlikely UA will need the $10 million of contingency authority available in FY22.

Item #	Approp/ Allocation	Description	Amount / Fund Source	Comment	LFD Questions	Agency Comments
4	University of Alaska / Budget Reductions/Additions - Systemwide	Higher Education Emergency Relief Fund (FY21-FY24)	$62,742.8 COVID Fed (Fed) MultiYr	Federal receipts from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), 2021 (P.L. 116-260) and from the American Rescue Plan Act (ARPA) of 2021 (P.L. 117-2) for higher education and minority-serving institutions.	How much revenue has been collected? How much has been expended and projected to be expended in FY22 versus future fiscal years and on what services?	UA expects to receive $59,391.7 from the Higher Education Emergency Relief Fund (HEERF) in the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA). This is approximately $3.4 million lower than originally estimated. To date UA has received $22,691.9 from CRRSAA and $28,893.4 from ARPA. The remaining $7,806.4 is expected to be received and available for student aid in the spring 2022 semester. Details regarding the uses of the funds can be found on the following University websites: UAA https://www.uaa.alaska.edu/students/financial-aid/cares-act-funding.cshtml UAF https://uaf.edu/cares-act/ UAS https://uas.alaska.edu/financial_aid/cares.html
5	University of Alaska / University of Alaska Foundation	UA Foundation Transition to Non-Profit	($4,785.5) Univ Rcpt (DGF) (29) PFT Positions (1) PPT Position	Transition the UA Foundation budget and staffing from the University of Alaska to the non-profit UA Foundation. The principal purposes for the change are to: recognize the UA Foundation's 501(c)(3) status, better reflect in UA's budget that Foundation costs are principally borne by the Foundation and not UA, and to clearly communicate that staff of the Foundation are not those of UA administration.	Have the staff been fully or partially transitioned from the University? How much is the Foundation paying for University services and/or how much is the University paying for Foundation services? Are these costs reflected in the University's budget or are they unbudgeted and will be report in the Final Authorized and Actual scenarios? (May be answered with budget release).	The Foundation positions are no longer included in UA's State of Alaska budget. The only exception would be for any split positions, where a portion of the position's salary would be included in UA's budget. The Foundation is not paying for University services, however, the University provides $440,000 annually to the Foundation to support its operations; such cost is reflected in the University's System Office budget.