

New Am # 1



NEW
Amendment # 1

Amendment to CS HB95 (FIN)

Offered by: Reps. Gardner and Guttenberg

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Appropriation Items	General Funds	Other Funds
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Line 9:

University of Alaska

[795,504,700]	[287,235,500]	[508,269,200]
831,167,400	301,944,300	529,223,100

Allocations

Line 10:

Budget Reductions/Additions-

Systemwide	[2,548,700]
	38,211,400

Purpose:

This amendment adds \$14,708,800 general funds which will allow the University to leverage an additional \$20,953,900 in federal and other revenue for a total of \$35,662,700 total funds to address the University of Alaska Board of Regent's request entitled "Priority Program Enhancement and Growth Program". The funds would continue the growth of workforce development and research that will benefit the state. The three priority program enhancement areas are Preparing Alaskan for Jobs (providing additional funding for high demand programs in health, engineering and construction); Research Investment in biomedical and health research, engineering, transportation and energy and climate impact on Alaska's Natural Resources; and improved accountability in student success and college readiness.

FY08 University of Alaska Budget Request Summary (\$000's)

	State Apprp.	State Inter.				Total NGF
		University Receipts	Federal Receipts	MHTAAR	CIP	
Preparing Alaskans for Jobs	6,708.8	2,480.0	100.0	260.0	-	2,840.0
Health	2,056.5	320.0	100.0	260.0	-	680.0
Engineering and Construction	930.0	205.0	-	-	-	205.0
Fisheries	1,000.0	1,000.0	-	-	-	1,000.0
Additional High Demand Programs	605.0	270.0	-	-	-	270.0
Strengthening Existing Programs	2,117.3	685.0	-	-	-	685.0
University Research Investment (Phase 2 of 5)	6,000.0	3,830.9	12,288.4	-	-	17,113.9
Biomedical and Health Research	1,500.0	-	4,300.0	-	994.6	4,300.0
Engineering, Transportation and Energy	2,000.0	3,830.9	874.5	-	994.6	5,700.0
Climate Impact and Alaska's Natural Resources	2,500.0	-	7,113.9	-	-	7,113.9
Accountability	2,000.0	1,000.0	-	-	-	1,000.0
Student Success and College Readiness	1,500.0	500.0	-	-	-	500.0
Academic and Program Support	500.0	500.0	-	-	-	500.0
Total Priority Programs	14,708.8	7,310.9	12,388.4	260.0	-	20,953.9
DNR Project Funding Change	150.0	(150.0)	-	-	-	(150.0)

where employer rates increased 20 percent and 17 percent in the first two years. Future contribution rate increases are expected to moderate. The philosophy is the University contribution should cover 80 percent of health costs and through the past increases, UA has met this standard.

Additional Non-Discretionary Fixed Cost Increases (GF: \$4,549.5, NGF: \$6,152.2, Total: \$10,701.7)

This request covers the non-personnel related fixed cost increases described below. These fixed increases, driven primarily by utilities prices, network bandwidth requirements for every day operations, and new facility operating costs, are unavoidable. The operating budget adjusted base detail on page 8 provides a detailed breakdown of the cost for each of the categories below.

- **Utilities, Library and Operating Costs Increases**
This request covers the projected FY08 utility and fuel oil cost increases, depending on campus location, estimated at a 10-20 percent increase over FY07. Anchorage was recently required to switch natural gas providers and is expecting a 20 percent increase in FY08.

This request will also address the fixed costs increases for libraries including increased costs for electronic library materials, digital library licensing, increasing access to web based archives and on-line research and necessary library materials for program expansion and other non-discretionary cost increases in contractual services, commodities, etc.
- **Risk Management/Insurance Fees**
Risk management fees have increased over the past few years. UA has managed its fee increases by adjusting coverage; however, increases are needed to maintain the appropriate insurance coverage. This amount would support required insurance and risk assessment and operation increases.
- **Network Bandwidth**
An increasing amount of network bandwidth is required to maintain instructional delivery, video conference advances, and research strength. Every month UA usage increases with the added technology demands. Minimum funding was dedicated to this in FY07; however, upgrades beyond this will require substantial capital investment.
- **Maintenance and Repair (M&R) Increment**
UA's annual maintenance and repair is calculated at 1.5 percent of current building value. Each MAU is asked to annually increase its M&R contribution in order to keep pace with its ever increasing building value. This request covers the M&R requirement.
- **New Facility Operating and M&R Cost**
This request covers the M&R requirement and anticipated new facility operating costs which include the following: UAA (ANSEP, Ward Building, MAPTS, Kachemak Bay Campus, and the PWSCC addition); UAF (LARS).

Priority Program Enhancement and Growth

Preparing Alaskans for Jobs

(GF: \$6,708.8, NGF: \$2,840.0, Total: \$9,548.8)

In FY07, \$6M of general fund was requested and over \$4M of general fund increases were appropriated and invested in programs addressing high demand occupations, including the Behavioral Health Program Partnership covering rural human services, public policy, vocational education, nursing and

allied health programs at sites throughout the state, and a general baccalaureate engineering program at Anchorage. FY07 was one of the three years since 1999 that state appropriations went beyond fixed cost increases.

The FY08 request will provide funding for additional high demand programs in health, engineering and construction, as well as disciplines with expanding student demand including geography, journalism, business and core disciplines. Marketing and outreach needs also will be accommodated. Examples of specific program investments being proposed include strengthening the master's in public health, expanding the WWAMI program, which provides first-year medical school instruction in partnership with the University of Washington; a dental hygiene program in Fairbanks; additional behavioral health instruction; fisheries and ocean sciences undergraduate and related programs; engineering; and construction management 2+2 program that tracks from a 2-year technical degree to a baccalaureate degree. A detailed description of the programs requesting funding begins on page 55.

University Research Investment (Phase 1 & 2 of 5) (GF: \$6,000.0, NGF: \$17,113.9, Total: \$23,113.9)

This request was included in UA's FY07 budget for \$4M, and received funding of \$1M toward the Joint Psychology PhD, Bio-Med Research and GINA (Geographic Information Network of Alaska). This request represents completion of Phase 1 and 2 of a 5-phase funding increase necessary for Alaska to capitalize on the many benefits of research as an industry. Currently, externally funded research activity fuels over 2,300 jobs in Alaska. At UA, research activity leverages approximately \$7 externally for every dollar from the state. If the state provides a phased approach to increasing its annual university research investment by \$20M and provides capital funding for up-to-date research facilities, over the next five years the state can expect an additional \$120M in externally funded research activity. Additionally, the state's investment and policy direction would create the environment to promote industry research endeavors.

- **Biomedical and Health Research**

This area of research buttresses the University's vastly expanded instructional programs in medical and allied health professions and behavioral health (e.g., doubling nursing output, expanding WWAMI, and a new joint UAF/UAA PhD in Psychology) by further building faculty expertise. It also capitalizes on state and University infrastructure investments (e.g., UAA Integrated Science Building, UAF's WRRB, BiRD, and BIOS, and the State Health and Virology Laboratories), and over \$45M of National Institutes of Health capacity building and competitive research grants. This has been one of the most rapidly growing areas of investment by and in the University over the last several years. It is tightly targeted at recognized Alaska health disparities and emerging health threats such as the avian influenza virus identified in the state report "Health Research in Alaska." In addition to strengthening faculty expertise in areas ranging from nutrition and toxicology to obesity, substance abuse and neuroscience, the University plans to substantially enhance its research into health policy issues including costs and accessibility.

- **Engineering, Transportation and Energy**

The University has greatly expanded its programmatic offerings in engineering and related fields. Research opportunities are stimulated by continued leveraging opportunities offered by the Department of Energy's Arctic Energy Office, and the recently legislated University of Alaska Transportation Center (UATC) and Arctic Engineering Research Center. As just one example of opportunities, UATC is provided up to \$3.5M per year of funding from the Department of Transportation, dependent upon a 1:1 match of non-federal funds. Similarly, with federal support, the Center for Supply Chain Integration at UAA is playing a leading role in