

## University of Alaska FY10 Budget Update

UA Summary of Governor's proposed budget

December 15, 2008

### Operating Budget:

- The university appreciates the Governor's recognition of our ability to deliver programs important to Alaskans. The Governor's proposed budget aligns very well with UA's budget, especially the priority programs. Her budget would represent a 4.2 percent increase in state general funds over the current fiscal year.
- The Governor's budget includes \$3.6 million for several high priority programs, including K-12 Outreach (\$800,000 of \$2.6 million requested); Energy (\$1 million of \$3.8 million requested); and Health programs (\$1.8 million of \$3.1 million requested). *See Table 2: Board of Regents' FY10 Operating Budget Priority Program Requests*
- The budget does not fully cover the university's day-to-day fixed costs (shortfall ~\$6.3 million\*). Without funding day-to-day operational and mandated costs, it will be difficult to expand programs. *See Table 1: Board of Regents' Request and Governor's Proposed Budget Comparison*
- Throughout the budget process, the university will work to secure full funding for these day-to-day operational expenses. We also look forward to continued conversations with the Governor and Legislature about the importance of the unfunded programs our students want and Alaska's businesses need.
- Other Board of Regents' priorities not included in the Governor's budget proposal include: full funding of K-12 Outreach; Energy and Health programs; and funding for Engineering, Climate and Workforce/Campus Programs.

### Capital Budget:

- The Governor's budget includes \$10 million of UA's \$50 million annual need for the Board's No. 1 capital budget priority—major renewal & renovation (R&R) for existing facilities. *See Table 3: Board of Regents' FY10 Annual Major R&R Request*
- The Governor obviously understands maintenance is important, and we appreciate that. However, we will work with the Legislature on fully funding the university's annual maintenance need, which covers over 400 buildings and 6 million square feet from Ketchikan to Kotzebue.
- We'll also work to provide the Legislature information on our other capital priorities not included in her budget, including UAF's Life Sciences Innovation and Learning Facility; UAS's Auke Lake Way Campus Entry Improvements & Road Realignment; UAA's Sports Arena; and funding to pay down deferred maintenance.
- In addition, we must find a solution to address backlogged maintenance throughout our campuses in multiple villages, towns and cities (the level of deferred maintenance is now at an estimated \$800 million).
- \$2.2 million also is included for the Graduate Medical Education Family Practice Residency Program and \$1.1 million for machine simulators related to workforce training.

Full details of the Board of Regents' FY10 Operating and Capital Budget Requests can be seen at: <http://www.alaska.edu/swbir/budget/>

*\* Note: The shortfall would be \$8 million; however we are assuming \$1.7 million of utility cost increases may be covered through the state's "trigger mechanism" for fuel. The "trigger mechanism" makes additional funding available once the average price of oil reaches a certain threshold.*

**Table 1: Board of Regents' and Governor's Proposed Budget Comparison (millions)**

	Board of Regents'		Governor's Budget	
	State \$	Total	State \$	Total
<b>FY09 Operating Budget</b>	<b>313.1</b>	<b>838.1</b>	<b>313.1</b>	<b>838.1</b>
<b>FY10 Adjusted Base Requirements</b>				
Compensation Increases	9.1	14.8	9.1	14.8
Non-Personnel Services Fixed Cost Increases	3.2	10.8		7.6
Compliance Mandates (personnel)	0.7	1.1		0.4
Utility Cost Increases	1.7	2.8		
New Facility Operating and Maintenance Costs	2.8	3.1	0.4	0.7
<b>Adjusted Base Requirements</b>	<b>17.5</b>	<b>32.6</b>	<b>9.5</b>	<b>23.5</b>
Governor's over/under Regents' (excludes utilities)			(\$6.3)	
<b>Priority Program Enhancement and Growth</b>	<b>11.9</b>	<b>23.7</b>	<b>3.6</b>	<b>8.1</b>
<b>Total FY10 Increment Request</b>	<b>29.3</b>	<b>56.3</b>	<b>13.1</b>	<b>31.6</b>
<b>Total FY10 Operating Budget Request</b>	<b>342.4</b>	<b>894.4</b>	<b>326.2</b>	<b>869.7</b>
% Change FY09 Budget to FY10 Request	9.4%	6.7%	4.2%	
<b>Total FY10 Operating Budget Adjustments</b>	<b>3.0</b>	<b>(44.7)</b>		<b>(47.6)</b>
<b>Total FY10 Operating Budget Request with Adj.</b>	<b>345.4</b>	<b>849.7</b>	<b>326.2</b>	<b>822.1</b>

**Table 2: Board of Regents' FY10 Operating Budget Priority Programs Request Regents' and Governor's Proposed Budget Comparison (thousands)**

<b>Priority Program Enhancement and Growth</b>	Regents'	Governor's
K-12 Outreach	\$2,628.1	
<i>Bridging Programs, Tech Prep and Career Awareness</i>	1,490.0	800.0
<i>Outreach, Testing, Placement and Teacher Preparation</i>	1,138.1	
Energy, Engineering, Climate	\$3,823.4	
<i>Energy and Cooperative Extension Service</i>	1,438.4	1,000.0
<i>Engineering</i>	1,560.0	
<i>Climate</i>	825.0	
Health Programs	\$3,073.2	
<i>BioMed Capacity</i>	1,229.3	
<i>Academic Programs</i>	1,843.9	1,843.9
Workforce and Campus Programs	\$2,341.8	
<i>Workforce Programs</i>	1,216.5	
<i>Advanced Indigenous Studies</i>	335.3	
<i>Student Achievement</i>	790.0	
<b>Priority Program Enhancement and Growth</b>	<b>11,866.5</b>	<b>3,643.9</b>

**Table 3: Board of Regents' FY10 Annual Major R&R Request Regents' and Governor's Proposed Budget Comparison (thousands)**

	Regents'	Governor's
<b>Maintaining Existing Facilities and Equipment R&amp;R Annual Requirement</b>	50,000.0	10,000.0
UA-Anchorage Priority R&R	11,400.0	2,142.4
UAA-Community Campuses Priority R&R	1,922.7	456.6
UA-Fairbanks and TVC Priority R&R	28,921.1	6,272.6
UAF-Community Campuses Priority R&R	926.0	219.9
UA-Juneau Priority R&R	2,850.0	459.1
UAS- Community Campuses Priority R&R	2,940.0	241.4
UA-Statewide Priority R&R	1,040.2	208.0