



Regents of the University of Alaska have voted unanimously to ask the governor and legislature for an increase of \$10.5 million in state general funds for the university's FY05 operating budget.

The board fully expects the governor to include its increment request in the budget his office is to submit to the legislature by December 15.

Meeting in Fairbanks on November 5-6, the regents considered the university's operating and capital budget requests for the next fiscal year.

In the capital budget request, regents are seeking \$40.2 million for university projects which include UAA's Integrated Science Facility (\$13.6 million) and the UAF School of Fisheries and Ocean Sciences/NOAA facility at Lena Point near Juneau (\$9 million). The request also includes essential life, safety, renovation and equipment priorities around the system, and other projects in Anchorage, Fairbanks, Juneau, Dillingham and Seward.

Last year the university received \$215.6 million in general funds and \$433.9 million in receipt authority for a total operating budget of \$649.6 million. The request for FY05 is \$226.1 million in general funds and the same amount in receipt authority for a total budget of \$660.1 million. The request for \$10.5 million in general funds represents a

4.9% increase over FY04. The overall proposed budget for FY05 of \$660.1 million is 1.6% greater than the FY04 authorized budget.

Seeking receipt authority is necessary because by law the university must request authority for the revenue it generates itself and for federal and other grants. The total university budget must be authorized by the legislature regardless of the source of the funds.

The university's operating budget request was developed using assumptions that include a 3% enrollment increase and a previously approved tuition rate increase of 10%. It is estimated that the tuition increase, coupled with the projected enrollment increase, will bring in an additional \$9.2 million.

Enrollment at the university system reached its highest level ever this fall after three years of steady growth. Enrollment has surged 6.3% since the fall 2002 and 13% over the past two years. After several years of declining numbers beginning in 1995, enrollment has been climbing since 2000.

Regents want to continue the university's momentum because they consider it vital to the state's economic growth and development. Their aim is to keep enrollment growing by 3 to 5 percent annually.

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The University of Alaska Board of Regents is the governing body responsible for the university policy and management through the president. Regents are appointed by the governor for eight-year terms, subject to legislative confirmation. A student regent is appointed for two years from candidates nominated on each campus. (Regents' term of office shown in parentheses.)

The budget request does not include the money necessary for increased contributions into the Public Employees Retirement System and the Teachers Retirement System which will add \$8.8 million to UA's cost of participating in the retirement programs. The request also does not include the \$3.2 million the university says it will cost to keep the UA Scholars Program in place.

For the last two years the UA Scholars Program has been funded with a combination of money from the university's Natural Resources Trust Fund and other reallocated funds, and that's the way the program will continue in FY05.

University President Mark Hamilton told the regents that he has already started working with representatives of the other public entities which are as affected by

increased retirement fund costs such as school districts, municipal and borough governments. Increased retirement fund costs are largely the result of poor stock market performance.

"I've begun to talk with our potential allies to bring this forward so we can say, 'Come on, state. We didn't invest this money; let's not hold people accountable for this,'" he said.

Regents held the first day of their meeting at the new Tanana Valley Campus Center in downtown Fairbanks. They took a tour of the Center which is the old state courthouse where renovations were necessary before TVC could move in. TVC culinary arts students prepared and served dinner for the regents prior to the evening session.

The regents took up a few other agenda items, but most of their time was spent on budget discussions.

Future Board Meetings

December 3-4, 2003
Anchorage

February 18-20, 2004
Juneau



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