

Pat Pitney  
Interim President

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November 18, 2021

Dear University of Alaska employees,

Last week, the Board of Regents approved the University of Alaska FY23 operating and capital budget requests, including a modest increase in the operating budget. I am optimistic that we are rounding the corner to financial stability after eight years of budget cuts compounded by declining enrollment and the financial impacts of the COVID pandemic. Our academic and research programs are critical to the state's economic recovery and overall success, and I am grateful to all of our faculty and staff for their work to maintain quality programs in this transition to our smaller footprint.

The \$280.7 million operating budget, in state unrestricted general funds (UGF), represents a modest 3 percent increase, approximately \$8 million more than our current fiscal year. Even with an increase in state funding, we will need to continue to identify additional efficiencies and internally reallocate unrestricted funding to cover projected operating cost increases, estimated at \$11 million, and enrollment revenue declines. We have been fortunate that federal and state COVID recovery funding has helped reduce the financial impacts of the pandemic, protecting many university jobs.

That said, I'm happy to share that the budget includes a modest compensation adjustment for non-represented staff (including firefighters), only the second increase in five years. I recognize that our employees have been working hard as our staffing numbers have decreased, and that this workload combined with the lack of compensation adjustments have taken a toll on morale. The continuing need to stabilize finances means we will not complete the market adjustments proposed in 2019. Instead, consistent with the compensation philosophy approved by the Board of Regents last week, we are planning other actions to improve the employee compensation structure. Compensation changes related to collective bargaining agreements yet to be negotiated are not included in the budget increment request. When those CBAs are approved, we will submit a request for funding through the appropriate legislative process.

The capital budget request includes \$50 million dedicated to maintaining our physical infrastructure and \$20 million to modernize our student IT system. The capital budget request also identifies several areas for strategic economic investment where our universities can partner with the state, including health, critical minerals, oil and gas recovery, unmanned aerial vehicles, mariculture, and alternative energy. State discretionary funds available through federal economic recovery programs may be available for these initiatives. The approved budget request now goes to the Governor's Office of Management and Budget and on to the legislature.

I am encouraged by the recent success of our philanthropic UA Giving Day - more than \$1 million raised in 49 hours from donors across the state. This broad community support is

indicative of the value Alaskans place in our programs as we begin the legislative budget process.

Throughout the next legislative session, along with the regents, the chancellors and our advocates, I will be sharing with legislators the value our universities bring to every industry and community in the state through our teaching, service and research mission. Our best advocates are our staff and faculty who share updates from their programs - please continue to share your stories of innovation and success.

Thank you for your hard work and commitment to the university.

Sincerely,  
Pat Pitney, UA Interim President