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Dear UA Community –

This week the Audit Committee of the Board of Regents will meet to discuss important budget matters and identify meaningful ways to meet the budget shortfall caused by a number of factors, most notably state funding cuts, enrollment decline, and the fiscal impact of COVID-19.

Several weeks ago, the Audit Committee requested a financial plan to include more detail on proposed base reductions and one-time funding from available reserves to meet a total of \$45 million in state UGF reduction through FY22. However, our total budget gap is estimated to be considerably more by FY 2022 due to the unforeseen impacts of the COVID-19 expenses and revenue losses. While we identified academic and administrative cuts, we are still facing a substantial gap and have much additional work to do.

The committee will address the gap, where we might find additional cuts to base funding, and will consider refinancing our debt service obligation. I also want you to know that one additional item under consideration is whether we can afford to fund the market compensation increase this year. I know that salary increases are important, and no one deserves it more than our hard working employees, but due to the current and projected financial situation we may not be able to reallocate additional funds this year.

As you can tell, these are very important discussions and you can find additional information about the budget at (<https://www.alaska.edu/d/syst.../ua-budget-update-may-2020.php>).

In addition to the Audit Committee, the Academic and Student Affairs Committee will continue its work on academic reductions. The committee already has made its recommendations on 46 program reductions or deletions, and the final three programs will be reviewed this Wednesday, May 13. The academic program recommendations then go on to the full board for its consideration in June.

You can also learn more about the work of both of these Board committees on May 13 by tuning in to the livestream of the Audit Committee from 8:30 - 11:30 a.m. followed by the Academic and Student Affairs Committee from 1 - 5 p.m. The livestream can be found at alaska.edu/bor/live.

If you are unable to watch live, please watch the recording once it is posted to BoardDocs so we all can be informed about the important budget and program discussions occurring across the UA System.

Thank you for your commitment to the University of Alaska; together we will rise to meet these challenges.

Jim Johnsen