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UNIVERSITY of ALASKA
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RE: Governor Dunleavy signs UA FY26 budget with base increases to support key programs, infrastructure, and compensation

June 13, 2025

Dear University of Alaska Community -

Late yesterday, Governor Dunleavy signed the FY26 operating and capital budgets, officially enacting funding for the coming fiscal year. The enacted budget includes approximately 75% of the Board of Regents' November request for compensation and fixed costs, with roughly $351 million in state funds and approximately $750 million in federal receipts and university-generated revenue, for $1.1 billion in total funds. While some requested items were not funded due to the state's fiscal constraints, the budget supports continued stability and allows us to advance our priorities in education, research, and workforce development.

UA's state budget requests over the last several years have balanced fiscal restraint with strategic investment and maintaining stability, and our FY26 request continued that approach. We are grateful for the Legislature and Governor's support of our funding requests and for maintaining investment in our educational mission. We look forward to working with them to build on the progress of the last several years, and weather the uncertainty on the horizon in a sustainable way.

Operating Budget Summary

- **Compensation:** All planned UA employees' pay increases are in place for FY26. Most employees will receive a 2.75% across-the-board raise.
    - Although the legislature only funded part of UA's compensation request, UA will cover employee compensation increases through the appropriated state funding, internal re-allocations, and savings.
- **Fixed costs:** The budget includes approximately $3.7 million to help address unavoidable fixed cost increases, including cybersecurity demands, facilities maintenance, and utilities.
- **Recruitment, Retention, and Graduation:** Our efforts to increase our recruitment, retention, and graduation rates remain the Board's highest priority. While additional state funding to support these efforts was not added to the budget this year, we'll work to reallocate existing resources to continue making progress in those areas.
- **Athletics:** The $4 million requested for UAA and UAF athletics was not included. During the May meeting, the Board reiterated the importance of athletics to UA's success and encouraged the UAA and UAF to prioritize them within their operations.

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- **R1 research initiative:** The FY26 budget does not include the requested $5 million to support UAF's R1 research status goal. However, the $12.5 million appropriated in FY25 remains available and will continue to support those efforts. UA remains committed to a strong and multifaceted research mission across the system.

Capital Budget Summary: The capital budget includes $10 million in state funding and $87.5 million in receipt authority for a total of $97.5 million. Approved requests include:

- $6.75 million for deferred maintenance needs system-wide (reduced from $10 million);
- $1.25 million for the UAA Leaders Archives Consortium Library renovation (plus $34.5 million in receipt authority);
- $2 million for UAS mariculture program expansion; and
- $53 million in receipt authority to accept private donations to the UAF Troth Yeddha' Indigenous Studies Center.

Higher Education Investment Fund (HEIF): This year's Alaska Performance Scholarships (APS) are secure, and we anticipate continued growth in the number of eligible students attending UA this fall.

- While some of the fund's principal was used in the legislature's budget for other operations, we have received assurances from state leaders that the fund will be made whole, thus securing scholarships and access to academic and vocational post-secondary programs well into the future.

Thank you for your continued dedication to the University of Alaska. Your work makes a lasting difference for students and the state.

Wishing you a safe and happy summer,

Pat Pitney

President

University of Alaska