



UNIVERSITY
of ALASKA

Many Traditions One Alaska

Proposed FY2017 Operating Budget

Board of Regents
November 4, 2015
Anchorage, Alaska

Approved by BOR 11/04/2015

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University of Alaska
Proposed FY2017 Operating Budget
Introduction

The operating budget discussion at the Board of Regents' (BOR) meeting will provide Regents with a status of UA's current operating budget, UA's proposed FY2017 operating budget, and the impact of the high demand program requests on student outcomes and measures. Administration is seeking BOR feedback on key priorities.

Current FY2016 Operating Budget: Context

FY2016 final legislation decreased UA's overall operating budget state appropriation by \$19.8 million (5.3%) from \$370.6 million to \$350.8 million. The \$19.8 million net decrease includes a general fund reduction of \$31.4 million, a \$10.1 million one-time increment for compensation, and increments for a few specific programs. Specific program increments restored the FY2015 one-time funding for facilities maintenance and repair (\$1.1 million) and student services (\$400.0 thousand), and provided UAF with \$1.86 million to continue funding the Alaska Center for Unmanned Aircraft Systems Integration (ACUASI) program and \$250.0 thousand (\$125.0 general funds and \$125.0 mental health trust funds) for the UAA Alaska Justice Information Center. During the budget discussion, administration will discuss the budget reduction impacts.

FY2017 Operating Budget: Assumptions and Request

The proposed FY2017 budget proposal is UA's "base case" budget. It does not assume a budget cut in FY2017 rather it assumes our fixed costs and a few high priority programs will be funded.

The FY2017 program priorities include \$1.9 million (state appropriation), submitted by UAA, UAF, UAS and System-wide (descriptions begin on page 10). The president is evaluating one-time funds that may be available to jump start some of the programs in FY2016 as UA is committed to these initiatives that cannot wait until FY2017.

The adjusted base requirement includes contractual and annual staff employee compensation increases as well as non-personnel, and must pay fixed cost increases. The cost increases are based on the following:

- The FY2017 compensation estimate includes:
 - Contractual salary and benefit increases for unionized staff (UAFT, Local 6070, UNAC, UNAD)
 - Comparable salary and benefit increases for non-bargaining staff
- Retirement rates are expected to remain the same
- Additional must pay fixed cost increases include:
 - Utilities
 - Facilities Maintenance and Repair (M&R)
 - New Facilities Estimated Operating Costs
 - Unfunded Federal Mandates

The Office of Management and Budget (OMB) guidance includes a base reduction of 4.5% or \$15.8 million for FY2017. UA is working on a "contingency" overlay version of the budget for continued discussion with the board over the coming months that will include vertical rather than horizontal reductions. While this is a more challenging approach, it will better position the university to focus its resources on where we can have the greatest positive effect on our students

and state for years to come. The contingency budget will take time and a process to build and will be informed by higher education experts, state leaders, the Regents, and our internal stakeholders. A wide variety of options will be considered during the process ranging from the preliminary recommendations from the Statewide Transformation report, administrative and academic program consolidation and elimination, increased partnerships and outsourcing and other options in between. The Board has also identified e-Learning, general education requirements (GERs), developmental education and teacher education as high priority areas that will be evaluated during the process.

Approved by BOR 11/04/2015

University of Alaska
Proposed FY2017 Operating Budget Request Summary
(in thousands of \$)

	UA Board of Regents' Budget		
	Unrestricted General Funds (UGF)	Designated, Federal and Other Funds	Total Funds
Base - FY2016 Operating Budget	350,787.0	562,999.5	913,786.5
FY2017 Adjusted Base Requirements			
Compensation by Employee Group			
UA Federation of Teachers (UAFT)	716.0	716.0	1,432.0
Local 6070	1,179.2	1,179.2	2,358.4
United Academics Faculty (UNAC)	2,701.5	2,701.5	5,403.0
UA Adjuncts (UNAD)	124.4	124.4	248.8
Fairbanks Firefighters Union (FFU) (under negotiation)			-
UA Staff	8,182.1	8,182.1	16,364.2
FY2017 Compensation Increase Subtotal	12,903.2	12,903.2	25,806.4
Additional Operating Cost Increases			
Utility Cost Increases	1,750.0	1,250.0	3,000.0
Utility Replacement Funding	4,600.0	-	4,600.0
Facility Maintenance and Repair	2,318.0	2,318.0	4,636.0
New Facilities Estimated Operating Costs	1,400.0	-	1,400.0
UAF Engineering Building O&M	1,400.0		1,400.0
Unfunded Federal Mandates	1,025.0	125.0	1,150.0
UA Support Services for Students with Disabilities	250.0		250.0
UA Title IX Compliance Coordinators	500.0		500.0
UA Compliance Officers	275.0	125.0	400.0
Other Fixed Costs	800.0	-	800.0
UA Electronic Journal Subscriptions	800.0		800.0
Additional Operating Cost Increases Subtotal	11,893.0	3,693.0	15,586.0
FY2017 Adjusted Base Subtotal	24,796.2	16,596.2	41,392.4
	7.1%	2.9%	4.5%
FY2017 High Demand Program Requests (program descriptions begin on page 10)			
Student Achievement and Attainment	500.0	241.0	741.0
Productive Partnerships with Alaska's Schools	200.0	-	200.0
Productive Partnerships with Public Entities and Private Industries	520.0	450.0	970.0
R&D & Scholarship to Enhance Alaska's Communities & Economic Growth	727.0	2,650.0	3,377.0
FY2017 High Demand Programs Subtotal	1,947.0	3,341.0	5,288.0
	0.6%	0.6%	0.6%
FY2017 Increment	26,743.2	18,129.9	44,873.1
FY2017 Operating Budget Total	377,530.2	582,936.7	960,466.9
% Chg. FY2016-FY2017 Operating Budget	7.6%	3.2%	4.9%

Compensation Increases

(GF: \$12,903.2, NGF: \$12,903.2, Total: \$25,806.4)

The compensation estimate includes the FY2017 contract renewal amount for UA Federation of Teachers (UAFT), Local 6070, United Academics Faculty (UNAC), and UA Adjuncts (UNAD). The Fairbanks Firefighters Union (FFU) contract is under negotiation for FY2017. Upon the recommendation and support of the Chancellors, President Johnsen is recommending to the Board of Regents a raise for the UA staff of 2.5% for FY2017.

Utility Cost Increases

(GF: \$1,750.0, NGF: \$1,250.0, Total: \$3,000.0)

This request covers the projected FY2017 utility and fuel oil cost increases, estimated at a 5% increase over FY2016 and partial funding to improve water quality issues on the Fairbanks Campus.

In April of 2015, UAF water quality levels on the Fairbanks Campus were found to exceed federal pollutant limits, and although safe to drink, are important to monitor. UAF is currently staffing a high-level of filtration and monitoring operations to mitigate water risks to the Fairbanks Campus community; however, this is not easily sustainable and purchasing water from College Utilities would reduce long term costs and health and safety risks.

Utility Replacement Funding

(GF: \$4,600.0, NGF: \$0.0, Total: \$4,600.0)

Since FY2006, UA has relied on state funding through the fuel trigger mechanism to help cover utility cost increases. The funding was based on the price per barrel of oil, thus with low oil prices comes no additional funding. Unfortunately, the cost of utilities has not dropped as quickly as the funding. This request covers replacement funding for the utility cost shortfall as a result of the elimination of the trigger mechanism.

Facilities Maintenance and Repair

(GF: \$2,318.0, NGF: \$2,318.0, Total: \$4,636.0)

UA's annual maintenance and repair is calculated as a percentage of current building value, plus a component that accrues directly with building age. Each university annually dedicates a portion of its operation budget to facilities maintenance, often referred to as M&R. As the deferred maintenance and renewal/repurposing backlog continues to grow, the amount of funding necessary to maintain buildings increases and more M&R funding must be re-directed to cover unforeseen deferred maintenance costs that cannot be deferred any longer without risking safety or localized mission failure.

New Facilities Estimated Operating Costs

(GF: \$1,400.0, NGF: \$0.0, Total: \$1,400.0)

- **UAF Engineering Facility O&M (based on partial facility completion)**

(GF: \$1,400.0, NGF: \$0.0, Total: \$1,400.0)

This increment provides the funding necessary to meet the ongoing operating costs associated with the partial completion of the UAF Engineering Facility. This estimate is based on a percent of the total project cost for utilities, custodial, grounds/landscaping, insurance and maintenance and repair (M&R). The remaining O&M funding will be requested upon completion of the facility.

Unfunded Federal Mandates

(GF: \$1,025.0, NGF: \$125.0, Total: \$1,150.0)

- **UA Support Services for Students with Disabilities**
(GF \$250.0, NGF \$0.0, Total \$250.0)
(UAA \$100.0; UAF \$150.0)

Providing reasonable accommodations for otherwise qualified students with documented disabilities is a requirement under Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 (ADA). The 2008 amendments to the ADA expanded the definition of disability and extended protections to a greater number of persons. The amendment significantly increased the workload in the Disability and Support Services (DSS) offices, and UA anticipates that this upward trend will continue in future years.

Failure to adequately fund appropriate and timely accommodation of students puts the institution at risk of violating the law. Current staffing levels struggle to meet the needs of UA students. Since the ADA amendments took effect, the DSS offices across the UA system have experienced increased demand for services and required accommodations. A growing number of students are expected to request accommodations in future years as larger populations of students with more involved and specialized needs such as those with autism, psychological/emotional disorders, and veterans require a more complex level of collaborative services.

While DSS provides a wide range of support services, some of the accommodation needs of the Deaf and Hard of Hearing population have an especially dramatic impact on budget. Most students with hearing loss require real-time communication access strategies, which are most often American Sign Language (ASL) Interpreters. Interpreters typically work in pairs, with each well-credentialed independent contractor earning \$50 per hour with minimum hour requirements regardless of assignment.

This joint funding request is intended to ensure UA Disability and Support Services meets its federally mandated obligations to students with disabilities. Positions and services will be located in Anchorage and Fairbanks, but will also provide support services to rural Alaska locations.

- **UA Title IX Compliance Coordinators**
(GF: \$500.0, NGF: \$0.0, Total: \$500.0)
(UAA \$200.0; UAF \$205.0; and UAS \$95.0)

The State of Alaska has the highest rate of sexual and domestic violence in the country. Because of this statistic there is heightened scrutiny by the federal Office of Civil Rights (OCR) on UA's compliance with Title IX mandates to combat sexual assault and harassment. Universities are required to do more to protect the rights and educational access of students who are affected by sexual misconduct. With locations throughout the State, the compliance challenge affects a significant portion of the UA campus communities. Title IX mitigates the detrimental effects of sexual misconduct by promoting, fair and impartial investigations and requiring remedies to eliminate the effects of harassment. Investigations include, but are not limited to, allegations related to dating violence, gender discrimination, sexual violence, sexual harassment, domestic violence and stalking on UA's campuses.

FY2017 Operating Budget Request Items (continued)

Federal requirements are increasing and the establishment of an additional staff position at UA will maximize the institution's ability to address OCR requirements, educate constituents about their rights/responsibilities and take necessary steps to prevent the recurrence.

Investigations require recorded interviews to capture the evidence stated by the accused, the complainant and any witnesses. For efficiency and for timely response (as required by law), UAF is also requesting funding for transcriptionist services.

Title IX works to return complainants of such violations to their pre-incident status as well as provide mandated training and preventative programming creating a zero-tolerance environment and culture of reporting all instances of discrimination without fear of reprisal. It is equally important for the Title IX team to build partnerships with university and local police departments, Standing Together Against Rape (STAR), Abused Women's Aid In Crisis (AWAIC), Green Dot (a domestic violence prevention program), and Aiding Women in Abuse and Rape Emergencies (AWARE Inc.), and to serve as leadership in addressing gender discrimination and violence in Alaska.

The provisions of Title IX and related regulations are specifically intended to ensure that students are able to succeed (student success) and that the teaching and learning may take place in an environment free from violence, discrimination and harassment. These issues inherently impact and are impacted by the local community. Responding to these issues will involve a coordinated approach between the campus, local law enforcement, and community support organizations.

o **UA Compliance Officers**
(GF: \$275.0, NGF: \$125.0, Total: \$400.0)

UAA (GF \$150.0, NGF \$0.0, Total \$150.0)

The UAA College of Health is under increased scrutiny to be compliant with statutes, regulations and policies as a result of the Healthcare Information Protection and Portability Act (HIPPA) and student clinical, practicum and field placements, health research and faculty conduct. Based on a recent COH compliance assessment by Aegis Compliance & Ethics Center, LLP using Federal Sentencing Guidelines and various Office of Inspector General, U.S. Department of Health and Human Services (HHS-OIG) compliance directives, it was determined the COH is significantly at risk. At risk for lawsuits, grievances, fines and negative publicity.

The number one compliance program requirement is the designation of a single person to accept responsibility for the program and manage its day-to-day operations to ensure the Compliance Program remains visible, active, and accountable. A full-time COH Compliance Officer will develop, implement and oversee an effective compliance program to address areas of risk via written standards and procedures, conducting training and education, providing hotline oversight, conducting internal monitoring and auditing, and developing corrective actions to ensure COH has taken steps to fix noncompliant situations. With a Compliance Officer in place, COH could avoid recent situations where impaired faculty had continued access to students, with negative impact on public opinion and student outcomes.

FY2017 Operating Budget Request Items (continued)

UAF (GF \$125.0, NGF \$125.0, Total \$250.0)

The UAF Office of Research Integrity (ORI) promotes integrity in research and teaching while ensuring a safe and productive work environment. ORI facilitates the responsible conduct of research through educational, preventive, and service activities. Ensuring the integrity of the research record is one of the central goals of responsible conduct in research training. Researchers in all fields rely on others to limit or acknowledge bias and to accurately report their findings. Although the burden for ensuring the integrity of the research record lies predominantly with the researchers themselves everyone involved in the research process, whether they are collaborators, students, technicians, administrators, or volunteers, has a role to play in supporting the responsible conduct of research.

This request for one regulatory personnel position will facilitate required training/certification and post-approval monitoring components that are currently not staffed at an acceptable level, which presents a risk to the university. Compliance officers are charged with monitoring of the Animal Care and Use Program (strategic as it is closely connected to the expansion of the Veterinary Medicine high demand program), Human Protections, Biosafety, and other Federal regulations (often associated with international grants or moving intellectual property/assets across geographic/international boundaries). This request will allow the institution to realize a robust compliance program to withstand the level of oversight and inspection to which it is subject. A high degree of training and education is required for this position.

Other Fixed Costs

(GF: \$800.0, NGF: \$0.0, Total: \$800.0)

- **UA Electronic Journal Subscriptions**
(GF: \$800.0, NGF: \$0.0, Total: \$800.0)
(UAA \$180.0; UAF \$600.0; and UAS \$20.0)

Access to the most current information resources and scientific knowledge is vital for students, faculty, staff and researchers. Providing online access to current information resources requires ongoing annual licensing agreements with a percentage increase each year. Access to online scholarly and research information is essential for on campus and distance education, faculty and student research, and for applying for grant funding and patent applications.

In addition to serving Anchorage, the Consortium Library provides access to the UAA students, staff and faculty in MatSu, Valdez, Kodiak, Soldotna, and Homer and the Library manages the Joint Library Catalog for most of the university, public and special libraries in Southcentral and Southeast Alaska. The MatSu and Sitka school libraries are also included in the Joint Library Catalog. In addition to serving the Juneau campus, the Egan Library provides access to information resources to the UAS students, staff, and faculty in Sitka and Ketchikan.

Technology enables and enhances every function, every business process, every facet of UAF. Typically these systems require an ongoing annual licensing renewal with a percentage increase each year. These renewals are essential and required to continue using the technology that run the university. These resources are essential for instruction, research, and applying for grant funding. In addition to serving Fairbanks, the Rasmuson Library is responsible for the delivery of library resources to UAF students, faculty, researchers and staff throughout Alaska at UAF rural campus and learning centers, including Northwest Campus, Chukchi Campus, Bristol Bay

FY2017 Operating Budget Request Items (continued)

Campus, Interior Alaska Campus and its learning centers, Kuskokwim Campus, and all eLearning and Distance Education students.

Whenever possible, journal subscriptions and other media resources are shared with all of the UA campuses to offer broader access in a more cost-efficient manner. In FY16, expenses in this area were reduced by over \$120 thousand via subscription cancelations; however, the journal subscription costs continue to rise at a rate of 10 percent per year. Without additional funding, further reductions in popular and high-use subscriptions will be required.

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**University of Alaska
FY2017 High Demand Program Requests by Initiative**

University / Program Title	Unrestricted General Funds (UGF)	Designated, Federal and Other Funds	Total
STUDENT ACHIEVEMENT AND ATTAINMENT			
UAA/UAF/UAS Course Redesign for Large Enrollment/Entry-level Classes	300.0		300.0
UAF Complete the Establishment of the Collaborative 2+2 Alaska Veterinary Medicine Program with Colorado State University	200.0	241.0	441.0
Student Achievement and Attainment Subtotal	500.0	241.0	741.0
PRODUCTIVE PARTNERSHIPS WITH ALASKA'S SCHOOLS			
UAF Community Campus and Tribal College Partnerships	200.0		200.0
Productive Partnerships with Alaska's Schools Subtotal	200.0	0.0	200.0
PRODUCTIVE PARTNERSHIPS WITH PUBLIC ENTITIES AND PRIVATE INDUSTRIES			
UAS Fisheries Initiative BS Marine Biology and Fisheries Program	120.0		120.0
UAF Chemical Engineering (ChemE) Degree Demand to Support Growth of LNG/Oil/Gas Refining Industries	400.0	450.0	850.0
Productive Partnerships with Public Entities and Private Industries Subtotal	520.0	450.0	970.0
R&D & SCHOLARSHIP TO ENHANCE ALASKA'S COMMUNITITES & ECONOMIC GROWTH			
UAF Understanding the Impact of Ocean Conditions on Commercial Fisheries	227.0	400.0	627.0
UAA Increase Institute of Social and Economic Research (ISER) Capacity	250.0	250.0	500.0
UAF Energy Partnerships for Alaska's Future	250.0	2,000.0	2,250.0
R&D & Scholarship to Enhance Alaska's Communities & Economic Growth Subtotal	727.0	2,650.0	3,377.0
FY2017 High Demand Program Requests Total	1,947.0	3,341.0	5,288.0

FY2017 High Demand Programs

(GF: \$1,947.0, NGF: \$3,341.0, Total: \$5,288.0)

Student Achievement and Attainment

(GF: \$500.0, NGF: \$241.0, Total: \$741.0)

○ **UAA/UAF/UAS Course Redesign for Large Enrollment/Entry-level Classes**

(GF: \$300.0, NGF: \$0.0, Total: \$300.0)

As the e-learning environment matures, institutions are beginning to move away from courses developed and offered by individual faculty, to courses developed by a team that includes faculty, instructional designers, graphic designers and others. These strategies commonly build a set of supporting materials from copyrighted, open source, and locally developed materials. These efforts are commonly initiated to provide students a better learning environment while reducing costs. In many ways, this is best characterized by NCAT's "course redesign" efforts.

Course redesign is the process of redesigning whole courses (rather than individual classes or sections) to achieve better learning outcomes by taking advantage of the capabilities of groups of faculty as well as of information technology. Course redesign is not just about putting courses online. It is about rethinking the way we deliver instruction in light of the possibilities that new technology offers. While this work requires significant upfront costs, often times these are recouped both through efficiencies in delivery as well as through improved student learning. This work commonly focuses on the set of 25-50 classes that generate more than 50% of the SCH's transcribed nationally each year.

○ **UAF Complete the Establishment of the Collaborative 2+2 Alaska Veterinary Medicine Program with Colorado State University**

(GF: \$200.0, NGF: \$241.0, Total: \$441.0)

Throughout the state, there is demand for veterinarians who understand the unique needs of Alaska's pets and farm and work animals. In addition, Alaska's young people are eager to pursue a career in veterinary medicine but face challenges because veterinary programs in the Lower 48 usually have a strong preference for in-state students. To address that need, UAF formed a partnership with Colorado State University (CSU) that will allow students to complete their undergraduate veterinary education plus the first two years of their professional program at UAF. Students will complete their final two years at the veterinary teaching hospital at CSU. The Legislature provided \$200 thousand in initial funding (FY14) to hire veterinarians to design the program. Through strategic reinvestment, UAF allocated additional funding to hire faculty and staff, and renovate space for the program. A special tuition surcharge will also help support the program. The first class has been admitted and will enroll at UAF in fall 2015. This request is for the funding for the final two faculty positions, needed primarily to teach year two classes. This program will address both Alaskan workforce needs and provide a specialized education that will appeal to many of Alaska's students.

Productive Partnerships with Alaska's Schools

(GF: \$200.0, NGF: \$0.0, Total: \$200.0)

○ **UAF Community Campus and Tribal College Partnerships**

(GF: \$200.0, NGF: \$0.0, Total: \$200.0)

This request supports planning and development for College of Rural & Community Development (CRCDD) community campus partnerships with new and existing tribal colleges in Alaska. Tribal colleges present a unique opportunity for rural campuses to partner with tribal governments and

institutions to expand academic and administrative capacity, increase student completion rates, and help sustain delivery of post-secondary education throughout Alaska. The American Indian College Fund reports that 86 percent of Tribal College and University (TCU) students complete their chosen program of study. This funding will support initial planning and development of at least one new tribal college in Alaska and assess expanded partnership with Alaska's only current tribal college, Iisagvik. Accredited Tribal Colleges have access to dedicated federal funding unavailable to the UA system, which will support higher education access and affordability throughout Alaska.

Productive Partnerships with Public Entities and Private Industries
(GF: \$520.0, NGF: \$450.0, Total: \$970.0)

○ **UAS Fisheries Initiative BS Marine Biology and Fisheries Program**

(GF: \$120.0, NGF: \$0.0, Total: \$120.0)

This initiative focuses on planned expansion of the existing UAS Bachelor of Science (B.S.) Marine Biology program to include Marine Fisheries. More than one-quarter of all work-related income in Southeast Alaska is in maritime and fisheries sectors, including over 4000 jobs in the seafood sector alone. This initiative will fund an additional tenure-track fisheries faculty position and allow UAS to offer a combined BS in Marine Biology and Fisheries degree. This signature program within the UA system is expected to significantly expand the number of undergraduate marine biology and fisheries graduates. The request directly supports state workforce needs identified in the Alaska Maritime Workforce Development Plan. UAS is truly a destination-of-choice campus for undergraduates with interests in marine biology and fisheries. The addition of marine fisheries to the existing program builds on existing assets and opportunities. UAS already has a strong teaching-focused faculty, a supportive campus-based learning environment, and state-of-the-art classrooms and labs located on Juneau's marine shoreline. UAS has an excellent track record of engaging undergraduates from communities throughout Southeast and coastal Alaska. This enhancement opens doors for further partnerships involving Alaska Native populations—including students, corporations, and tribes—as well as with the Alaska Native Science and Engineering Program (ANSEP).

○ **UAF Chemical Engineering (ChemE) Degree Demand to Support Growth of LNG/Oil/Gas Refining Industries**

(GF: \$400.0, NGF: \$450.0, Total: \$850.0)

This increment will serve as the State portion of a planned partnership to build a Baccalaureate degree in Chemical Engineering (ChE) in Alaska to meet industry demand. A three-part funding approach is envisioned for this program, including state support, chemical engineering industry funds and tuition revenue. Petroleum and petroleum products, the energy conversion process, and minerals processing industries need to be supported by chemical engineers with fundamental appreciation for, and experience with, living in Alaska. Currently all engineers working in Alaska on projects demanding chemistry expertise were educated outside of Alaska or hold degrees in different engineering disciplines. A Bachelor of Science (BS) Chemical Engineering program will create a highly trained workforce to meet existing and future needs in Alaska. UAF already offers many of the courses necessary for an accredited ChE program. However, additional funding is needed to develop and offer the remaining courses and to have sufficient teaching faculty to meet anticipated enrollment growth of 120 students annually. State funding, in conjunction with private match and tuition funds, will support three full-time, tenure-track, chemical engineering faculty, and additional part-time faculty and administrative support. These faculty will provide instruction and advising, and will work closely with employers of the graduates to ensure that the program is meeting their needs. These faculty will also secure external funding for research projects relevant to industry needs that will provide experiential learning opportunities for students.

**Research and Development and Scholarship to Enhance Alaska's Communities and Economic Growth
(GF: \$727.0, NGF: \$2,650.0, Total: \$3,377.0)**

○ **UAF Understanding the Impact of Ocean Conditions on Commercial Fisheries**

(GF: \$227.0, NGF: \$400.0, Total: \$627.0)

This is an extension of the ocean acidification capital research funding received in FY13 for assessing the impact on Alaska's fisheries. This request provides core operating support. Climate change and ocean acidification are especially likely to impact Alaska's waters and have considerable potential to affect the State's marine resources, both those harvested commercially and those used for subsistence. UAF needs faculty members with expertise in these critical areas of research who are also committed to education of the next generations of resource managers and marine scientists. UAF's School of Fisheries and Ocean Sciences (SFOS) is the sole State entity conducting research and disseminating knowledge through its academic program and public service.

○ **UAA Increase Institute of Social and Economic Research (ISER) Capacity**

(GF: \$250.0, NGF: \$250.0, Total: \$500.0)

ISER requests incremental funding of \$250,000 to maintain and grow its capacity for critically-needed Alaska fiscal and economic analysis. The funding will enable immediate recruitment of one new faculty member and one fulltime research professional as well as increase base funding for current ISER faculty and research professionals engaged in fiscal and economic research. It will also jump-start ISER's ability to raise a similar amount of funding from other sources by increasing ISER's research capacity and demonstrating the university's commitment, and will significantly enhance ISER's ability to recruit high-quality young researchers who will become ISER's core capacity for decades into the future.

This request responds directly to the very serious fiscal and economic challenges facing Alaska. Over the next five years Alaska will need critical, objective and trusted analysis of a very wide range of complex issues relating to public needs and demands for state services and infrastructure, how these services and infrastructure can be efficiently provided, how they can be paid for, and how our ability to provide and pay for them affects the future of Alaska's economy, population and society. For decades, ISER research has helped Alaskans and policy-makers understand Alaska's economy, government, finances, population and society—and how they are affected by public policy choices. ISER is very prominently engaged in the current fiscal discussion—both in explaining the challenges faced by the state as well as in developing and analyzing options for addressing them. The state critically needs ISER to continue and grow this research as it faces imminent and complex choices with far-reaching consequences.

Additional base funding is essential for ISER's ability to respond to this need. Almost all ISER base funding now goes to supporting ISER administration, faculty teaching, public service, and research proposal development: almost all ISER research is supported by grants and contracts. This hampers ISER's ability to research broader questions of how and why Alaska's economy, population, government and society function and are changing over time, and to systematically develop and maintain economic and fiscal databases and modeling tools. Grant and contract funding is uncertain and unstable, making it difficult to maintain long-term research programs, and inevitably raises questions about the independence and objectivity of research on controversial policy issues. Finally, higher base funding will be critical to ISER's ability to recruit highly-qualified and motivated young scholars to replace several long-time key faculty and staff who have retired or will be retiring soon, most prominently Scott Goldsmith.

FY2017 Operating Budget Program Descriptions

- **UAF Energy Partnerships for Alaska's Future**

(GF: \$250.0, NGF: \$2,000.0, Total: \$2,250.0)

This program builds on the Alaska Center for Energy and Power's (ACEP) existing collaboration with Alaska's energy industry to leverage the State's first-mover advantage in the global microgrid space, which is forecast to expand to \$40 billion per year by 2020. Alaska is considered a global leader in this technology field with 12 percent of the world's diesel renewable hybrid microgrids. This presents a significant opportunity to develop new market opportunities for Alaska expertise and create jobs and revenue for Alaska-based organizations.

This funding will be used to expand ACEP's Alaska Microgrid Commercialization Center as a partnership between UAF, UAA and private industry to accelerate Alaska innovation in this area. It will also be used to explore and implement strategies for increasing global awareness about Alaska's expertise in this key technology area. Non-state funding for this program includes a combination of private and federal (US Economic Development Administration and Department of Energy) funds. One position will be hired to support this program.

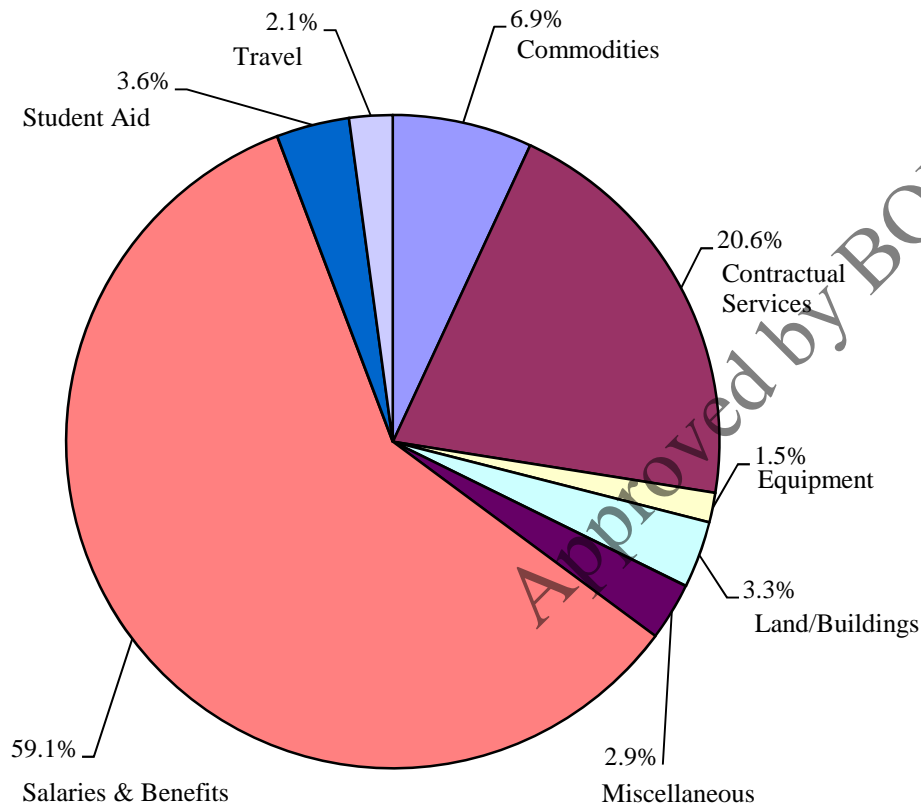
Approved by BOR 11/04/2015

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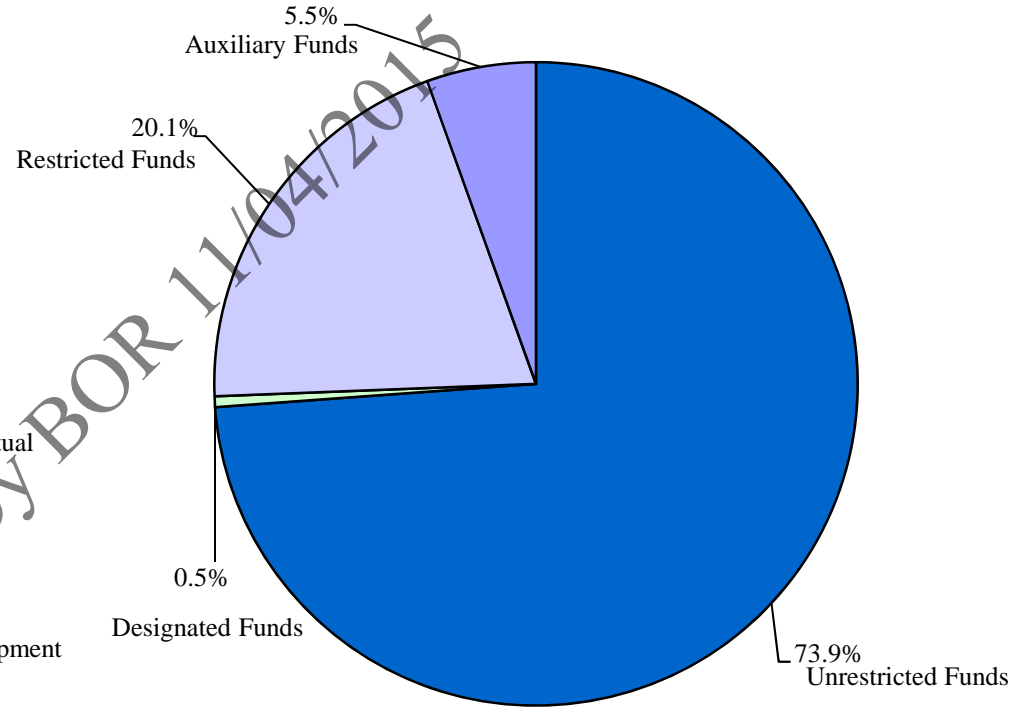
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University of Alaska Expenditure by Category and Revenue by Fund Type FY2015

Expenditure by Category

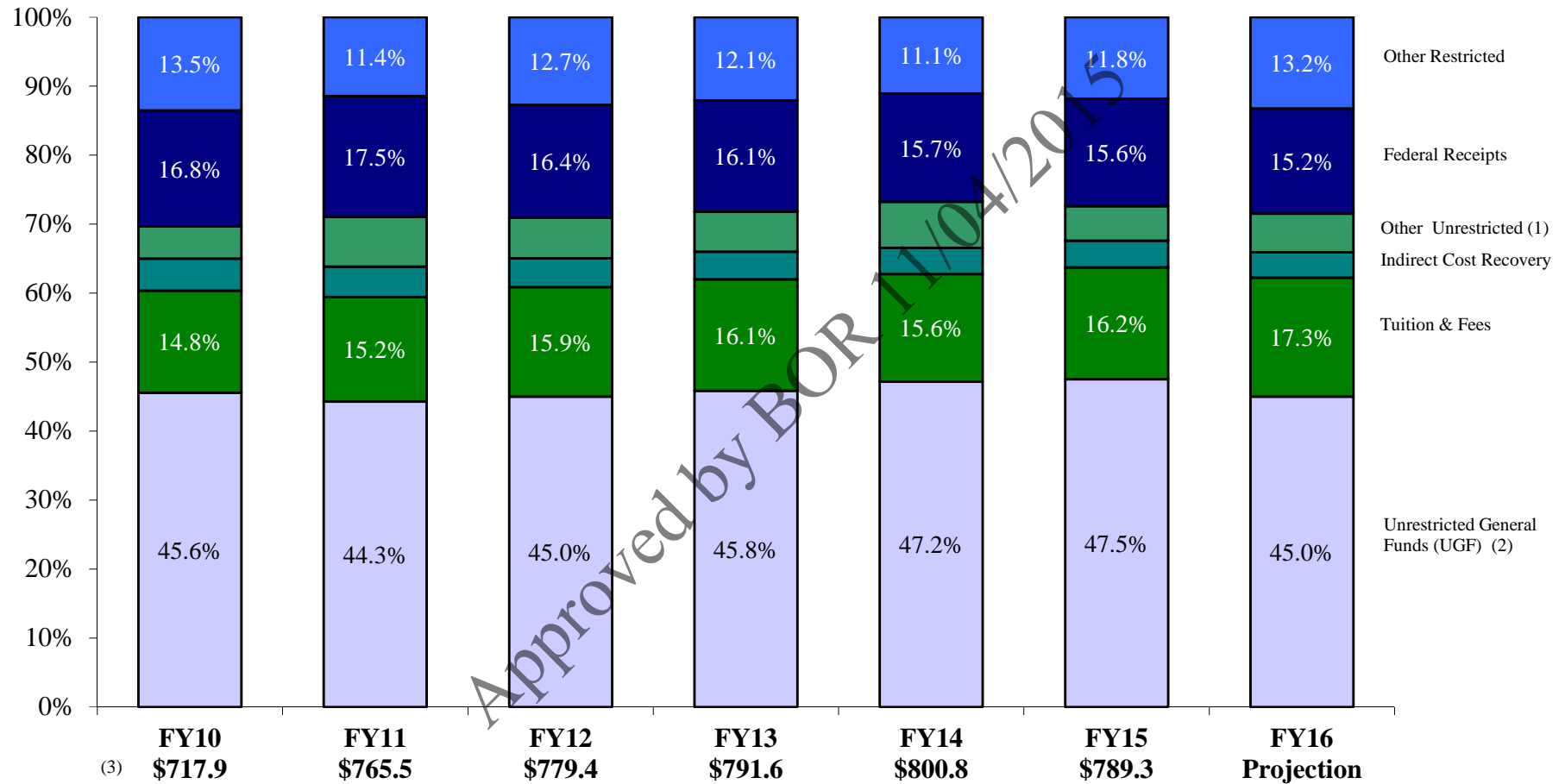


Revenue by Fund Type



Unrestricted Funds	\$623.2
Restricted Funds	169.9
Designated Funds	4.5
Auxiliary Funds	<u>46.3</u>
Sub-Total	843.9
UA Intra-Agency (UAIAR)	<u>(54.6)</u>
Total (in millions)	\$789.3

University of Alaska Revenue by Source FY10-FY15, FY16 Projection



1. Other Unrestricted funds include Technical Vocational Education Program (TVEP) funds.
2. Unrestricted General Funds (UGF) include one-time funding for utility cost increases: FY06 \$2,355.6; FY07 \$2,640.0; FY08 \$4,957.9; FY09 \$4,840.0; FY10 \$3,630.0; FY11 \$3,080.0; FY12 \$3,960.0; FY13 \$4,680.0; FY14 \$6,280.0; and FY15 \$4,590.0.
3. Excludes UA Intra-agency Receipts.

Approved by BOR 11/04/2015