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Kelly Cunningham
Budget Coordinator
Alaska Legislative Finance Division
P.O. Box 113200
Juneau, AK 99811-3200

Via Electronic Communication: Kelly.Cunningham@akleg.gov

RE: The University of Alaska's Response to the Legislative Intent Language

Dear Ms. Cunningham:

Please find here the University of Alaska's response to the following legislative intent language enacted in the FY2021 Operating Budget (CCS HB 205):

1. It is the intent of the legislature that the University of Alaska update the "Small Scale Modular Nuclear Power: an option for Alaska?" report published by the University in 2011.

The University of Alaska Fairbanks (UAF) Alaska Center for Energy and Power (ACEP) is currently finalizing report updates. A final report is expected to be ready for distribution by the end of 2020.

Beginning November 19th, ACEP is hosting a four-part series over eight weeks designed to educate Alaskans on emerging small modular and micro nuclear power technologies. Each session will include invited speakers with national and international expertise in this field. Discussion will range from advanced nuclear technologies to licensing and permitting, economics, and safety. Registration information on the series can be found here: <https://alaska.zoom.us/meeting/register/tZclc--tpj4pHdBpi5MFgBQ5CncUCZ81JIS0>

2. It is the intent of the legislature that the University of Alaska, with the smaller Unrestricted General Fund reduction, limit the transfer of money out of rural campuses through Reimbursable Service Agreements while maintaining services to those campuses.

This legislative intent language accompanied a \$12.5 million unrestricted general fund (UGF) increase for the University of Alaska (UA) in FY2021. The Governor vetoed this increase to keep UA's UGF funding aligned with the three-year (FY2020-FY2022) agreement between the Governor and the UA Board of Regents.

The UA remains committed to the success of its community campuses serving communities and students across the state. The universities have maintained services to the community campuses they support and to the extent possible have limited new charges for those services.

3. It is the intent of the legislature that the University of Alaska charge not more than 17.5 % for indirect costs to the Future Farmers of America under funding agreements between the University of Alaska and the Future Farmers of America.

The University of Alaska Fairbanks (UAF) through the Institute of Agriculture, Natural Resources and Extension (formerly known as School of Natural Resources & Extension) has never charged any amount for indirect costs on agreements under the Future Farmers of America (FFA) program. Indirect charges would only occur if the FFA sought and received external grant funding to expand programming. In such a scenario, the granting agency would determine the allowable indirect rate and that amount would come from the grant funds, not unrestricted state funding. USDA Smith Lever funding does not allow indirect charges but does require a 1:1 match by non-federal funds. IANRE supplies the match funds from state and foundation funding.

In addition to the Legislative intent language, UA received the following questions related to the FFA program:

1. Please provide a copy of funding agreement, MOU, or other charter documents UAF has with the FFA organization.

There are no formal agreements or documents between FFA and UAF.

2. Please provide a breakdown of FFA funding from FY16-FY20 showing:

- a. Total funding as well as amounts going to programming, personnel, admin, etc.
- b. A simple breakdown of program revenue

FY16-FY20 Cooperative Extension Service (CES) FFA budget:

CES FFA Budget	FY16	FY17	FY18	FY19**	FY20
Personal Services	61,400	61,800	66,300	64,900	52,600
*Staff Benefits Expense	16,550	23,000	23,000	22,500	23,000
Travel	9,225	9,200	5,800		
Contractual Services	21,850			6,700	6,700
Commodities	1,400				
Total Expenditures	110,425	94,000	95,100	94,100	82,300
State Appropriation	110,425	94,000	94,000	6,700	6,700
USDA NIFA Capacity Grant				21,800	18,900

USDA NIFA Capacity Grant Match				21,800	18,900
Natural Resources Fund				43,800	37,800
UA Receipts			1,100		
Total Revenue	110,425	94,000	95,100	94,100	82,300
<p>*Staff Benefits Expense is estimated due to consolidated budget line item. **Explanation of FY19 budget change: Salary funding for the FFA position was moved from State Appropriation to 25% USDA NIFA Capacity Grant, 25% USDA NIFA Capacity Grant Match and 50% Natural Resources Fund (an Endowment). Both the Capacity Grant and the Endowment are designated specially for programs that work with youth. This shift in salary funding allowed the Institute of Agriculture, Natural Resources and Extension to utilize general funds (State Appropriation) in an efficient manner to balance the State Appropriation approved for FY19.</p>					

- c. If any grants or federal funding was awarded over this time period, documentation about the F&A rate charged.
The USDA NIFA Capacity Grant was the only grant over this timeframe. There was no indirect cost recovery charged to this grant.

If you have any questions or concerns, please feel free to contact me.

Sincerely,

Michelle Rizk, VP University Relations
University of Alaska

cc: Shelly Willhoite, Chief Budget Analyst State Office of Management & Budget
University of Alaska Board of Regents
Pat Pitney, President (Interim), University of Alaska