



April 29, 2013

To: UAF faculty and staff members

From: Chancellor Brian Rogers

Re: FY14 budget status

The Alaska Legislature recently passed the state operating and capital budgets for FY14. While our state funding is as good as can be expected given the overarching state budget picture, it will mean some changes in the way we operate next year.

UAF is a large, complex organization and our budget is as well. The root of our budget challenge, however, is fairly simple. Generally, less than 40 percent of our yearly revenue comes from the state, while the rest comes primarily from research funding, tuition and auxiliary service fees. Each year, our fixed costs increase. While FY14 additional state appropriations have come close to half of our increased costs, other sources, including research funding, tuition and fees have not.

There are two ways we can balance our budget: increasing non-state revenue or decreasing spending. Based on state and national economic conditions, there is little probability that tuition and research funding will increase enough to offset rising costs. Thus UAF will face significant, yet manageable, budget issues for FY14, the fiscal year beginning July 1.

In past years, UAF has asked departments throughout the university to make across-the-board budget reductions to cover such shortfalls. This year, we are taking a different approach in an effort to limit the impact on every budget in the university. Instead of imposing a university-wide 4 to 5 percent departmental pullback, we are looking to specific budget management actions to address the budget gap. Actions under consideration include a mix of:

- Reducing off-campus lease obligations
- Saving money thru energy management
- Delaying hiring actions to maximize vacancy savings
- Identifying specific reductions to programs and services
- Utilizing staff benefit rate reductions
- Managing year-end reserves

I know it is easy for rumors and speculation to circulate as we are working though the unknowns. I want to reassure you that this is a manageable situation. This is not a crisis situation where drastic measures are needed. Together, we can both balance our budget and maintain the quality of our teaching, research and service programs at UAF.

The provost, vice chancellors and I have been working through our options to determine the specifics of these budget actions. When the budget picture is fully developed and approaches have been carefully evaluated, Vice Chancellor Pat Pitney will provide more guidance to units and departments during the first week of May. More information on the FY14 budget is also available via the UAF Office of Management and Budget website at <http://bit.ly/FY14UAF>.