

UNIVERSITY OF ALASKA
FY26 Budget Development Guidelines

July 12, 2024

TO: Chancellors Palmer, Parnell, and White
FROM: President Pitney
COPY: VP Rizk, CFO Fulp, VP Layer, CHRO Dahl, and CITO Shier

The budget development guidelines serve as a tool to prioritize requests to maximize progress toward the Board of Regents' Roadmap to Empower Alaska. The roadmap is a robust plan for the University of Alaska System to advance Alaska's economy through education, workforce development, research, and strong partnerships across the state.

Each university and the system office have roles to play in achieving the system's overall success.

UA Anchorage is Alaska's Comprehensive, Workforce - Emphasis, Health University
UA Fairbanks is Alaska's Research and Arctic University
UA Southeast is Alaska's Experiential Learning University
UA System Office Advances Post-secondary Education by Driving Value to the Universities

As you are developing your FY26 budget plan, please consider the following guidelines, which the system office will use to develop the overall UA budget request:

Revenue Drivers (FY26 Projected)

Earned revenue transition to greater revenue contributor

- Tuition from Enrollment Growth +3%-8%
 - Possible tuition rate increases will be discussed
- Other unrestricted funds +2%-3%
 - Indirect Cost Recovery
 - Unrestricted UA Receipts
- Restricted and Designated funds +2%-3%
 - Federal
 - Other designated funds

Active Financial Management

Demonstrate active financial management through collaboration, discipline, and efficiency, such as:

- Property self-insurance options
- Shared staffing and resources
- Improving student experience and reducing barriers to entry
- Reviewing administrative functions for process simplifications

Expenditure Drivers

- Salary increase ~2.75%, \$10-\$11 million (wage base ~\$339 million)
- Staff benefits increase \$4-\$6 million (benefits base ~\$135 million)
 - Explore benefit cost mitigation options (e.g. plan design and out-of-pocket maximums)
 - Evaluate UA's employer/employee health cost share (employer currently 82%; nationally ~73%)
- Cyber Security (\$1-\$2 million)
- Property Insurance Premium (\$1-\$2 million)
- Facilities Maintenance (\$1-\$2 million)

Capital Budget

- Deferred maintenance and renewal (DM&R) funding strategy
- Attention will remain on DM&R, however, requests for minimal state funds for new substantially externally funded facilities may be considered

Program Requests

Prioritize state funding requests to support Board of Regents' Priority Strategy - Increasing Recruitment, Graduation, and Retention (includes Systemwide Enrollment Plan & Athletics). The state funding request for programs will be ~3% of UGF (\$10M = UAA \$4M, UAF \$5M, UAS \$1M).

Other Board of Regents' Priority Strategies will be addressed as follows:

- Sustaining Facilities Maintenance and Modernization Plan (capital budget)
- Achieving Cost-Efficient Operations (active management, Natural Resources Fund)
- UAF reaching R1 research status in 2027
- Empower Alaska Branding (Natural Resources Fund)
- Building Arctic Leaders (External Partners, Federal Funds, Internal Funding Sources)

Reference

Board of Regents' Roadmap to Empower Alaska (<https://www.alaska.edu/pres/goals-metrics/>)

Pillars:

- Financially Responsible and Future-Focused
- State and Arctic Leadership
- Quality Education and Reputation

System Goals:

- Deliver academic excellence and success at all levels (faculty/curriculum-focused)
- Modernize Student Experience (increase enrollment, retention, and graduation)
- Contribute to Alaska's skilled workforce and engaged citizenship
- Operate efficiently, effectively, and responsibly
- Grow our world-class research
- Provide a welcoming, diverse, equitable, and inclusive university for all (students, faculty, and staff)

Guiding Principles:

- Student-centric
- Consistent with and/or employs national best practices.
- Innovative and transformative
- Leverages current assets and resources
- Rewards collaboration across universities
- Data-informed and data-driven

Appendix

Below is an overview of the timeline for preparing, reviewing, and presenting the FY26 Operating and Capital Budgets and Financial Management Reports.

FY24/FY25 Financial Management

Chancellors and the System Office will review and update their FY25 budget plans and add context to the periodic Financial Management Report produced by the System Finance Office. The Financial Management Reports will align with regularly scheduled BOR meetings.

September Board of Regents Meetings Preparation

- FY24 Financial Management Report (pre-audit year-end report)
- First review of the FY26 Operating and Capital Budgets
- Preview AY26 tuition rate(s)

07/08/24	Executive Council discussion of FY26 budget priorities
08/01/24	MAUs submit FY26 operating and capital budget requests <ul style="list-style-type: none"> • Provide tuition rate/enrollment projections • Consider federal funding opportunities • Includes a prioritized deferred maintenance request
08/19/24	Executive Council, review and discuss draft FY26 budget documents
08/23/24	Post FY26 Budget documents (Note: 8/30/24 if one week before meeting)
09/03/24	Public Testimony
09/05/24	Board of Regents Audit & Finance Committee meeting review FY24 Financial Management Report (FY24 pre-audit year-end report)
09/06/24	Board of Regents meeting first review of the FY26 Operating and Capital Budgets
Mid-Sept	Initial budget meetings with Governor and Legislative Finance

November Board of Regents Meetings Preparation

- Approve FY26 Operating and Capital Budgets
- FY25 Financial Management Report (period ending September 2024)
- Approve AY26 tuition rate(s)

09/30/24	Executive Council, review and discuss draft FY26 budget documents
10/21/24	Executive Council, review FY26 budget documents
10/25/24	Post FY26 Budget documents (Note: 11/01/24 if one week before meeting)
11/04/24	Public Testimony
11/07/24	Board of Regents Audit & Finance Committee meeting review FY25 Financial Management Report (Sept 2024)
11/08/24	Board of Regents meeting to approve the FY26 Operating and Capital Budgets
12/15/24	Governor's proposed budget released