

Section 4. Budget Planning, Resource Reinvestment & Reallocation

A. Six-year trend and one-year changes of unreserved fund balance (UFB) by allocation and fund, by VC level unit.

UAF’s unreserved fund balance (UFB) principles exist as a set of guidelines for unit financial managers and encourage accuracy in reporting projections. The target range for year-end balances on unrestricted sources is 2-4%. The FY24 UFB of \$12.1 million represents approximately 2.6% of all restricted and unrestricted funding sources (\$468 million; does not include Intra-Agency Transfers).

Table 4.1 represents the total UAF unreserved fund balance (UFB) managed at the campus (allocation) level from FY19–FY24, regardless of the source. Only unrestricted UFB (F1) is available for use by unit management. Table 4.2 lists F1 UFB by vice chancellor (VC) level.

Table 4.1 FY19–FY24 UFB by Fund Type & Allocation

UFB by Fund Type	FY19	FY20	FY21	FY22	FY23	FY24
Total Unrestricted (F1)	8,953,266	10,167,222	15,714,137	13,957,928	13,801,421	12,106,411
Recharge Svc Centers (F7)	7,785,057	7,904,285	3,801,565	(11,489,795)	(15,275,574)	(22,807,951)
Leasing (FL) & Enterprise (FE)	(637,407)	(1,054,968)	2,170,540	4,532,643	4,725,633	5,598,584
Grand Total	16,100,916	17,016,539	21,686,242	7,000,776	3,251,479	(5,102,957)

F1 UFB by Allocation	FY19	FY20	FY21	FY22	FY23	FY24
Troth Yedha' Campus	7,998,187	8,153,236	12,369,111	11,406,015	11,116,802	11,073,604
Bristol Bay Campus	87,739	248,990	317,386	85,469	205,069	161,522
Chukchi Campus	20,549	42,769	113,032	51,691	72,491	22,996
Community and Technical College	226,106	161,476	812,663	364,918	90,148	257,228
Interior Alaska Campus	275,259	171,152	102,035	126,782	189,314	62,871
Kuskokwim Campus	52,436	248,659	17,291	163,084	736,269	(1,492)
Northwest Campus	54,386	250,218	75,509	13,644	112,168	79,804
College of Rural & Community Development	238,604	890,722	1,907,111	1,746,325	1,279,160	449,877
Grand Total	8,953,266	10,167,222	15,714,137	13,957,928	13,801,421	12,106,411

Table 4.2 FY24 Fund 1 UFB by VC Level Unit

Cabinet	FY24	Percent of Total
Provost	4,923,768	41%
Vice Chancellor for Research	4,639,112	38%
Vice Chancellor for Rural, Community, & Native Education	2,532,806	21%
Vice Chancellor for Administrative Services	2,314,778	19%
Central Managed	1,500	0%
Chancellor	(731,868)	-6%
Vice Chancellor for Student Affairs & Enrollment Mgmt	(1,573,686)	-13%
Grand Total	12,106,411	100%

Provost had the largest UFB at 41% (an increase from 27% from the previous year), followed by the Vice Chancellor for Research (VCR), at 38% of the F1 total (up from 33% from the prior year). The deficit in Chancellor is due to a funding shortage for Athletics, which has limited ability to reduce expenditures due to NCAA requirements. Central decreased from 9% of total in FY23 to essentially a zero balance in FY24. This area includes student waivers, debt payments, utilities, risk (insurance) expense, and other large institutional categories. Increasing costs in these areas has consumed the fund balance in Central and lead to the need for reallocation of funds from the units in future years.

Student Affairs and Enrollment Management, which has seen a large increase in costs due to regulatory requirements and the need for robust programs to drive the upward growth of enrollment in UAF academics, is currently working to reconcile the loss of general fund support between FY20 and FY22, during which this area used up prior fund balance to maintain and grow programs, with the need to maintain momentum and staffing in these areas. This is a top priority for UAF administration.

B. FY24 approved budget requests, outlook and management actions in progress.

Appendix 4.B.1 – FY24 Budget Planning Update, Chancellor White memo, August 17, 2022

Appendix 4.B.2 – FY24 Budget Update and Outcomes, Chancellor White memo, June 28, 2023

UA and UAF developed the FY24 operating budget plan with a focus on the following themes: building faculty capacity, prioritizing student needs/enrollment, nimbleness to meet workforce and research economic development needs, and critical core functions. Additionally, the budget was crafted around these priority focus areas:

- Increase enrollment through retention in degree programs for Alaska’s workforce
- Develop workforce and focused economic development initiatives
- Promote Arctic policy, research, and leadership
- Strengthen teacher education through the Alaska College of Education Consortium
- Advance the Alaska Native Success Initiative
- Build finance industry partnerships to expand business workforce
- Increase fisheries and ocean sciences presence in Southeast Alaska
- Revise business models for efficiency and modernization

Stability, revenue enhancement and partnership opportunities, and capital funding for deferred maintenance are other factors included budget development.

FY24 Legislative Budget Outcomes

In June 2023, Governor Dunleavy released the State of Alaska FY24 budget. UAF’s FY24 financial position improved with requested base funding for compensation as outlined below.

Base Operating Budget

The UA System received \$19.6 million in compensation increases for faculty and staff and includes:

- \$6.4 million for supplemental FY23 and retroactive pay increases (1%).
- \$13.2 million compensation increase for faculty and staff in FY24 (2.75%).

Of the combined total (\$19.6 million), \$9.4 million will come to UAF.

As part of the budget setting process, the governor reduced what the legislature passed for UA by using line item vetoes. Included in the governor’s UA vetoes were fixed costs, high priority program requests, and some deferred maintenance capital projects. Addressing these priorities remains a top concern.

Capital budget

UAF initially did not receive any capital funding for deferred maintenance. However, UAF was

awarded \$2.3 million in supplemental funding for deferred maintenance after the legislative session concluded.

Also included in UAF's capital budget is \$2.5 million in non-general funds/receipt authority for the University Park Early Childhood Development Center. This receipt authority means that UAF can receive funds from an external source, should such a partnership be developed.

Capital Research and Workforce Training

The UAF Alaska Center for Unmanned Aerial Systems received \$10 million of additional investment to support its ongoing work in researching, developing, testing, and eventually implementing commercial drone operations. This funding will help ensure ACUASI becomes the premier drone research center in the United States and helps to fuel the state economy.

UAF also received \$500,000 in support of Alaska Food Security and Independence agricultural research to address increasing food security demands through the Institute for Agriculture, Natural Resources and Extension.

Troth Yeddha' Initiative

Appendix 4.B.3 – Foundation Award to Support Troth Yeddha' Initiative, President Pitney memo, August 1, 2023

UA President Pitney will provide foundation funds to support staffing for UAF's Troth Yeddha' initiative. It includes \$100,000 each year for FY24, FY25 and FY26.

FY24 UAF Strategic Investments: Base and One-Time

Appendix 4.B.4 – FY24 Strategic Investment Allocation, Chancellor White memo, September 27, 2023

In September 2023, the Chancellor committed funding for FY24 investments via a mix of one-time funds and base general funds. Investments include \$2.3 million in base funds for critical needs and \$3.2 million in one-time funds to address enrollment needs and other shortfall and critical compliance. These investments support initiatives in alignment with UAF's strategic goals and Strategic Enrollment Planning (SEP) recommendations.

FY24 Federal Appropriations

Appendix 4.B.5 – UAF FY24 Federal Appropriations Outcomes

Unlike the state of Alaska and University of Alaska (UA) fiscal year, the federal fiscal year runs from October through September. In collaboration with each of the universities, the UA system submits federal appropriations requests to Alaska's Members of Congress in an effort to secure federal funds through Congressional appropriations bills directly to support its education, research and public service mission. Requests are aligned with specific bills for eligibility. This process is not related to competing for federal funding through federal agency solicitations.

There are three types of appropriation requests:

1. Earmark: federal funding directed specifically to a UA entity for a specific project;

2. Plus up: federal funding add to an agency's budget with the understanding between the UA faculty and staff member and the program manager that the funding will be awarded to UA; and
3. Programmatic: requesting a total funding level for a specific federal program.

In FY24, UAF secured 4 earmarks totaling \$12.1 million and 5 plus ups totaling \$18 million. Successful federally supported programs/projects include: UAF child care facility, Troth Yeddha' Indigenous Studies Center, arctic coastal mapping, Alaska radiocarbon research and development, forecasting development of Arctic maritime and permafrost conditions, ocean-ice-atmosphere observation (PISCES), preserving Alaska Native culture, knowledge and history (Rasmuson Library), RISE-UP initiative, suicide prevention on OCONUS installations, and USArray.

C. FY25 approved budget requests, outlook and management actions in progress.

Appendix 4.C.1 - FY25 Budget Planning Update, Chancellor White memo, November 20, 2023

Appendix 4.C.2 - FY25 Budget Update, President Pitney memo, December 14, 2023

Appendix 4.C.3 - FY25 Budget Planning Guidance, Chancellor White memo, May 24, 2024

Appendix 4.C.4 - FY25 Budget Update, Chancellor White memo, July 2, 2024

UA and UAF developed the FY25 operating budget plan with a focus on the following key principles: empowering Alaska, increasing enrollment through retention in degree programs for Alaska's workforce, maintaining responsible financial stewardship, and developing a deferred maintenance and renewal funding strategy. Additionally, the budget was crafted to include:

- Program investment support for UAF R1 research and indigenous leadership.
- Requests must demonstrate return on investments and impact on goals and measures.
- Economic development/state partnerships funding extensions.

FY25 Legislative Budget Outcomes

In June 2024, the Governor Dunleavy released the final FY25 State of Alaska budget as detailed below.

Base Operating Budget & Compensation Increases

The UA System received state funds to support a 2.5% compensation increase for faculty and staff. Of this, \$8.3 million will come to UAF. The funding will also cover the new graduate student wages negotiated by the union in spring 2024. The new contract is effective July 1, 2024.

The UA System received over \$8.4 million to support rising fixed costs, which will support cybersecurity, insurance premiums, and facilities maintenance at UAF and across the universities.

UAF's Alaska Center for Energy and Power (ACEP) received \$200,000 in one-time funding. This is a strategic investment in shaping a more sustainable and resilient energy future.

Pursue R1 Research Status

UAF received a \$12.5 million allocation in one-time funding from the Higher Education Investment Fund (HEIF) and \$2.1 million in receipt authority that must be spent over a three-year period (FY25, FY26 and FY27).

Capital Budget

UAF received allocations in areas of research excellence and in support of critical facilities modernization and maintenance and include:

- \$5.25 million for facilities deferred maintenance and modernization projects to contribute to the student experience.
- \$6 million for the Alaska Center for Unmanned Aircraft System Integration (ACUASI) to continue to advance the field of unmanned aircraft and drone technology and contribute to a growing industry in the state.
- \$1 million for the Alaska Center for Energy and Power (ACEP) to develop and implement a long-term data governance strategy that underlies the Alaska Energy Data Gateway (AEDG).
- The Alaska Railbelt Carbon Capture and Sequestration Project received a total of \$2.22 million in capital funding and \$8.88 million in federal receipt authority. UAF and its project partners submitted an \$11.1 million proposal to the United States Department of Energy (DOE) to conduct a CO₂ Storage Complex Feasibility assessment.

Economic Development Project Extensions

Key economic development projects for Mariculture, Critical Minerals and Heavy Oils Research and Development funded in a prior state budget (FY23) were extended through FY26 to continue excellent research progress.

FY25 UAF Strategic Investments

Appendix 4.C.5 – FY25 Strategic Investment Allocation, Chancellor White memo, September 23, 2024

In September 2024, the Chancellor committed base funding for FY25 and includes \$2.0 million for critical core functions, faculty support, compliance and safety. Investments align with UAF's strategic goals and Strategic Enrollment Planning (SEP) recommendations.

FY25 Reallocation

Although some critical fixed cost increases were funded from the legislature, these costs continue to significantly increase year-over-year and state funds are not keeping pace. As a result, a 3.7% unrestricted fund (F1) reduction was applied to most departments in order to address fixed cost increases. This includes the Troth Yeddha' Rural College. The VCRCNE was asked to target 1.6% F1 reduction for all community campuses, because these campuses cover many of their own fixed costs and will continue to do so.

Additionally, a shortfall in staff benefit recovery occurred between FY23 and FY24. This results in a \$9 million impact in FY25 and units across all universities will absorb these costs. This means that most units could feel a total impact of roughly 5% on unrestricted funds (a combination of the 3.7% reallocation plus higher than usual staff benefit rate increases). Other strategies to address shortages include increasing enrollment and developing new revenues.

D. FY26 approved budget requests, outlook and management actions in progress.

Appendix 4.D.1 – FY26 Budget Planning Update, Chancellor White memo, November 21, 2024

UAF developed the FY26 operating budget request with a focus on compensation and fixed costs, as well as essential recruitment and retention initiatives, graduation support, and economic development for Alaska. Specifically, this includes funding to support strategic enrollment marketing, student advising support, enrollment initiatives in new or growing target markets, technology enhancement, campus safety, and Athletics.

FY26 BOR Approved Operating Budget Request

The FY26 approved UA budget request is \$365.6 million in state funds, an increase of 10.4% (or \$34.5 million) from FY25 levels (not including multi-year research funding for economic development and workforce training programs; or HEIF funding for R1). This represents modest increases for compensation and staff benefits (\$20.1 million); fixed cost increases such as utilities, cyber security and facilities maintenance (\$4.0 million); and high priority needs for recruitment, retention, graduation support, economic growth and Athletics (\$10.4 million). These figures represent the total UA System request.

FY26 BOR Approved Capital Budget Request

In the capital budget, UA is requesting funding for facilities and major renewals, research programs and receipt authority (RA) to address increased non-state revenue generation. UA will continue to pursue a deferred maintenance and modernization strategy with the legislature and Governor to ensure our facilities help support UAF's enrollment goals and modern student needs.

The Governor will release the FY26 budget in December 2024 and the legislative session begins in January 2025. The components of UA's budget request could change during the course of the legislative session; final budget outcomes will be known in June 2025.

FY25-FY26 Planning Actions

UAF will continue to examine high-level priorities and opportunities, while serving its students and use strategic planning goals and NWCCU accreditation standards and themes to guide actions. UAF is actively working to achieve R1 research status by 2027. UAF also works closely with the UA System Office to pursue promising federal appropriations opportunities in a more transparent and inclusive process.

Planning & Budget Committee (PBC)

The UAF Planning and Budget Committee (PBC) is a standing committee consisting of faculty, staff, executive leadership and governance delegates. Co-chaired by the provost and vice chancellor for administrative services, this body plays a key role in collecting initiatives for potential investment. Proposals must align with and support student success, UAF Strategic Goals, UA Goals and Measures and NWCCU accreditation standards. PBC serves as the primary budget advisory body on UAF's annual budget proposals.

PBC convened in spring 2024 to review funding requests for consideration of inclusion in the FY26 budget cycle. This process, along with proposals submitted through the Strategic Enrollment Planning (SEP) process, allows UAF stakeholders to advocate for needed resources for programs or units, bolster existing initiatives and propose new ideas in need of resources. Members of the UAF Core Cabinet also contribute to the request to align unit needs with overarching priorities and potential areas of growth, or to package similar concepts for greater impact.

Planning ahead, in preparation for the FY27 State of Alaska budget planning cycle, UAF leadership will solicit funding proposals from UAF faculty and staff. PBC will convene in spring 2025 to review all submitted proposals.

Strategic Enrollment Planning (SEP)

SEP is a data-informed process that aligns UAF's fiscal, academic, co-curricular, and enrollment resources within a changing environment to accomplish its mission and ensure long-term enrollment success and fiscal health. UAF launched the process in September 2018. To date, over 300 participants have been involved across 62 action planning groups. More than 50% of participants are faculty. These groups have created over 150 action plans, more than half of which have been implemented and are being monitored. This iterative process has become part of the strategic fabric of UAF. The SEP Steering Committee continues to assess the effectiveness of the implemented strategies and expand upon successful initiatives to build enrollment. Planning ahead, SEP is soliciting proposals from UAF faculty and staff for initiatives aim to increase enrollment and retention. The SEP Steering Committee will convene in spring 2025 to review all submitted proposals.