

University of Alaska FY15 Budget Update

Governor's proposed budget

December 12, 2013

Operating Budget

The Governor's proposed operating budget for UA includes a \$14.9 million unrestricted general fund base reduction to align state support for UA with projected available revenue. The proposed budget includes funding for compensation increases and partial funding for new facility operating costs, for a net reduction of 2.6 percent to UA over the current fiscal year (\$9.6 million). (Summary: Table 1)

We understand the very real fiscal challenges the state must address. That is exactly why the Regents' request is a very modest increase (.9 %) in support of high payoff academic programs in our operating budget. We will continue the discussion with the governor and legislators during the coming legislative session and advocate for these important education and workforce training programs.

Table 1: UA Board of Regents' FY15 Operating Budget and Governor's Proposed Budget Comparison (in thousands of \$)

	UA Board of Regents'		Gov.'s Proposed Budget	
	State \$ ⁽¹⁾	Total	State \$ ⁽¹⁾	Total
Base - FY14 Operating Budget	376,613.1	912,359.1	376,613.1	912,359.1
Governor's Budget Reduction			(14,900.0)	(14,900.0)
Adjusted Base Requirements				
Compensation Increases*	2,970.1	5,940.2	2,970.1	5,940.2
Utility Cost Increases	Note (2)	1,415.0	Note (2)	1,415.0
Facilities Maintenance & Repair	1,081.5	2,163.0	-	-
New Facilities Estimated Operating Costs	3,260.0	5,549.0	2,150.0	4,439.9
Leases	-	1,500.0		1,500.0
Non-Personal Services Fixed Cost Increases	410.0	410.0		-
Subtotal-Adjusted Base Requirements	7,721.6	16,977.2	5,120.1	13,295.1
High Demand Program Requests				
Student Achievement & Attainment	997.1	1,460.5		-
Productive Partnerships with Alaska's Schools	400.0	425.0		-
Productive Partnerships with Public and Private Industries	1,654.9	2,016.7	90.0	117.8
Health/Biomedical	1,042.9	1,157.9		-
Workforce Development	167.0	211.0		-
Consolidated Alaska Mining Initiative	445.0	647.8	90.0	117.8
R&D to Enhance Alaska's Communities & Economic Growth	300.0	350.0		-
Subtotal-High Demand Programs	3,352.0	4,252.2	90.0	117.8
Budget Adjustments				
Technical Vocational Education Program (TVEP)	51.8	51.8	51.8	51.8
Mental Health Trust Authority	652.9	2,517.9		1,865.0
Subtotal-Budget Adjustments	704.7	2,569.7	51.8	1,916.8
FY15 Increment	11,778.3	23,799.1	(9,638.1)	429.7
FY15 Operating Budget	388,391.4	936,158.2	366,975.0	912,788.8
% Chg. FY14-FY15 Operating Budget	3.1%	2.6%	-2.6%	0.05%

* Does not include contracts currently under negotiation.

(1) State \$ includes: General Fund, General Fund Match, General Fund Mental Health Trust, and Technical Vocational Education Programs (TVEP)

(2) Assumes state funding for utility increases will continue to be covered through the fuel trigger mechanism

University of Alaska FY15 Budget Update (continued)

Capital Budget

The Governor's proposed budget includes \$37.5 million to address the Board's No. 1 capital budget priority - Deferred Maintenance and Renewal & Repurposing for all 16 campuses. UA owns and maintains more than 400 buildings across the State, totaling 6.7 million gross square feet, with an adjusted asset value of almost \$3 billion. The average UA building is more than 30 years old. UA is responsible for approximately 40 percent of the total gross square footage of state facilities.

The proposed budget also includes partial continuation funding for engineering facilities at UAA and UAF. No capital funding is included at this point for the much needed UAF Heat & Power Plant major upgrade. Other important capital research projects (earthquake assessment, oil spill response, aerial mapping of resources) were unfunded as well. (Summary: Table 2)

Table 2. UA Board of Regents' FY15 Capital Budget and Governor's Proposed Budget Comparison (in thousands of \$)

	UA Board of Regents'			Gov's Proposed Budget		
	State		Receipt Total	State		Receipt Total
	Approp.	Auth.		Approp.	Auth.	
Deferred Maintenance (DM) / Renewal & Repurposing (R&R)	37,500.0		37,500.0	37,500.0		37,500.0
<i>UAA Main Campus</i>	9,171.0		9,171.0			
<i>UAA Community Campuses</i>	1,926.0		1,926.0			
<i>UAF Main Campus</i>	22,021.0		22,021.0			
<i>UAF Community Campuses</i>	1,020.0		1,020.0			
<i>UAS Main and Community Campuses</i>	2,749.0		2,749.0			
<i>SW Statewide</i>	613.0		613.0			
Annual Renewal & Repurposing Sustainment Initiative						
New Starts/Continuation						
<i>UA Engineering Building Completion (UAA and UAF)</i>	78,900.0		78,900.0	10,000.0	10,000.0	20,000.0
<i>UAF Heat & Power Plant Major Upgrade Project</i>	195,000.0	50,000.0	245,000.0			
Research for Alaska						
<i>UAF Adapting the EarthScope Seismic Array for Earthquake Assessment</i>	5,000.0	2,500.0	7,500.0			
<i>UAF Arctic Oil Spill Response Research Center</i>	1,000.0	2,000.0	3,000.0			
<i>UAF Digital Aerial Mapping of Alaskan Resources, including Rare Earth Metals</i>	1,900.0		1,900.0			
University Receipt Authority for Capital Projects		30,000.0	30,000.0		20,000.0	20,000.0
Total FY15 Proposed Capital Budget	319,300.0	84,500.0	403,800.0	47,500.0	30,000.0	77,500.0

Full details of the Board of Regents' FY15 Operating and Capital Budget Requests can be seen at:

<http://www.alaska.edu/swbir/budget/>

Prepared by: UA Statewide Budget, December 12, 2013