

Budget talking points, re Gov. Parnell's proposed FY11 Operating and Capital proposal:

- Gov. Parnell deserves a lot of credit for recognizing the link between UA and the overall health of the state's economy with his FY11 proposed operating and capital budgets.
- Gov. Parnell's budget holds UA steady during uncertain economic times, allowing our campuses to continue delivering the education and programs Alaska employers demand and our 32,000 students need.
- Some other state universities and colleges have been forced to make drastic cuts while sharply increasing tuition, which has added to economic strain. Under Gov. Parnell's proposed budget, programs at UA campuses could be maintained at current levels. This puts the university in a solid and even enviable situation relative to other state colleges and universities and provides stability to the state's economy.
- In his FY11 proposed capital budget, Gov. Parnell:
 - Supported three of the Board of Regents' top 5 capital priorities, including:
 - \$37.5 million for maintenance;
 - \$88 million for the Life Sciences classroom and laboratory facility; (\$20.6 million in bond financing through the University of Alaska)
 - and \$1.4 million for community campus planning and feasibility studies statewide.
- In his FY11 proposed operating budget, Gov. Parnell:
 - Provided full-funding of known staff, faculty and student compensation increases (contract negotiations ongoing for UAFT; a budget amendment may be required)
 - Included funding for a majority of the university's "adjusted base," or fixed costs including operating and maintenance costs for new and existing facilities, fuel increases, etc.
 - Provided \$950,000 of continued funding for energy programs (ACEP and CES) that were funded with one-time funding in FY10.
- While Gov. Parnell's proposed capital and operating budgets are positive starting points, the university fully appreciates the role of the legislative body in the months ahead. UA will work with its stakeholders, including students, faculty, staff, alumni and friends, to ensure legislators have the information they need to make informed decisions throughout this process.

Drafted by Kate Ripley, UA Public Affairs, 12-15-09

University of Alaska FY11 Budget Update

Governor's proposed budget

December 15, 2009

Operating Budget (Table 1):

- The Governor's budget of \$10.3 million to support compensation increases and other adjusted base requirements aligns with the Board of Regents most pressing priorities. The FY10 one-time funded programs for the Alaska Center for Energy and Power and Energy Outreach through Cooperative Extension Service are included in the Governor's budget for base funding. His budget represents a 2.7 percent increase in general fund (3.7 percent net one-time and TVEP funding) over the current fiscal year.
- Throughout the legislative budget process, the university will work to secure full funding for the day-to-day operational expenses. We also look forward to continued conversations with the Governor and Legislature about the importance of the unfunded instruction, research and support programs our students want and Alaska's businesses need.
- The Board of Regents' program priorities the Governor was not able to include in his budget proposal include: Energy, Science, Technology, Engineering & Math (STEM), Climate, High Demand Jobs, and Student Success Initiatives. (Table 2)

Capital Budget (Table 3):

- The Governor's budget includes \$37.5 million to address the Board's No. 1 capital budget priority— Annual Requirement for Maintenance & Reducing Deferred Maintenance.
- UA is responsible for maintaining over 400 buildings, half exceeding 30 yrs. of age, with over 6.7 million gross square feet, and adjusted asset value at over \$1.9 billion dollars, replacement value over \$2.5 billion. The UA is responsible for approximately 37.5% of the total gross square footage of state facilities.
- Funding for the UAF Life Sciences Classroom & Lab Facility is included in the Governor's budget with \$87.9 million, pending approval from the legislature, for financing through Certificates of Participation, and \$20.6 million in bond financing through the University of Alaska.
- Community Campus Feasibility Study funding will enable the university to evaluate each community campuses' academic priorities and support infrastructure needs.
- Planning and Design for Construction of UA Engineering Facilities, and Further Reduction of Deferred Maintenance and Renewal Backlog were other Board of Regents' priorities for FY11 not included in the Governor's budget proposal.

Full details of the Board of Regents' FY11 Operating and Capital Budget Requests can be seen at: <http://www.alaska.edu/swbir/budget/>

Table 1: Board of Regents FY11 Operating Budget and Governor's Proposed Budget Comparison (millions)

	Board of Regents'		Gov's Proposed Budget	
	State \$ *	Total	State \$ *	Total
FY10 Operating Budget less One-time Items	327.1	817.8	327.1	817.8
FY11 Adjusted Base Requirements				
Compensation Increases	5.9	11.9	5.9	11.9
Non-Personnel Services Fixed Cost Increases	3.3	10.0	2.2	8.8
Compliance Mandates	0.3	0.3		
Utility Cost Increases	1.5	2.6	1.5	2.6
New Facility Operating and Maintenance Costs	0.7	0.7	0.7	0.7
Adjusted Base Requirements	11.7	25.5	10.3	23.9
Governor's over/under Regents'			(\$1.4)	
Priority Program Enhancement and Growth	11.0	19.4	1.0	3.6
FY11 Adjustments	1.4	3.1	0.8	2.5
Total FY11 Increment Request	24.1	47.9	12.0	30.0
Total FY11 Operating Budget	351.2	865.7	339.1	847.9
% Change FY10 Budget to FY11 Request	7.4%	5.9%	3.7%	3.7%
FY07-FY09 Base Utility Funding	4.8	4.8		
Total FY11 Operating Budget w/ utilities	356.0	870.5	339.1	847.9

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

Table 2: Board of Regents' FY11 Operating Budget Priority Programs and Governor's Proposed Budget Comparison (thousands)

	Regents'	Governor's
Priority Program Enhancement and Growth		
Energy	1,063.2	950.0
Science, Technology, Engineering. & Math (STEM)	1,415.1	
Climate	1,189.0	
High Demand Jobs	5,232.9	
<i>Teacher Education</i>	706.8	
<i>Health/Bio-Medical</i>	2,360.5	
<i>Workforce Programs</i>	1,810.6	
<i>Engineering</i>	355.0	
Student Success Initiatives	2,137.4	
<i>College Transitions</i>	495.7	
<i>Advising/Placement/Retention</i>	724.0	
<i>Honors Programs</i>	600.0	
<i>Alaska Indigenous Studies</i>	317.7	
Priority Program Enhancement and Growth	11,037.6	950.0

Table 3: Board of Regents FY11 Capital Budget and Governor's Proposed Budget Comparison (thousands)

	Board of Regents'		Gov's Proposed Budget	
	State \$	Total	State \$	Total
Annual Requirement for Maintenance & for Reducing Deferred Maintenance & Renewal Backlog	37,500.0	37,500.0	37,500.0	37,500.0
<i>UA-Anchorage Priority R&R</i>	8,315.7	8,315.7	8,315.7	8,315.7
<i>UAA-Community Campus Priority R&R</i>	1,847.5	1,847.5	1,847.5	1,847.5
<i>UA-Fairbanks and TVC Priority R&R</i>	22,980.3	22,980.3	22,980.3	22,980.3
<i>UAF-Community Campuses Priority R&R</i>	868.7	868.7	868.7	868.7
<i>UAS-Juneau Priority R&R</i>	1,675.0	1,675.0	1,675.0	1,675.0
<i>UAS-Community Campuses Priority R&R</i>	1,047.4	1,047.4	1,047.4	1,047.4
<i>UA-Statewide Priority R&R</i>	765.3	765.3	765.3	765.3
UAF Life Sciences Classroom & Lab Facility	87,975.0	108,600.0	87,975.0	108,600.0
Planning & Design for Construction UA Engineering Facilities (Administered by Statewide)	10,000.0	10,000.0		
Community Campus Feasibility Study	1,400.0	1,400.0	1,400.0	1,400.0
Further Reduction of Deferred Maintenance & Renewal Backlog	62,500.0	62,500.0		
University Receipt Authority		15,000.0		15,000.0
Total FY11 Capital Budget	199,375.0	235,000.0	126,875.0	162,500.0