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DATE: June 2, 2025

TO: Charlene Stern, Interim Provost and Executive Vice Chancellor

Julie Queen, Vice Chancellor for Administrative Services

Laura Conner, Vice Chancellor for Research

Bryan Uher, Interim Vice Chancellor for Rural, Community & Native Education

Owen Guthrie, Vice for Student Affairs & Enrollment Management

Tom Hough, Executive Director of University Advancement

Nickole Conley, Chief of Staff

FROM: Daniel M. White, Chancellor

RE: FY26 Budget Planning Guidance

This memo serves to document our FY26 budget planning scenario prior to the conclusion of the Alaska Legislature and Governor's regular budget process.

To date, UAF has implemented a series of <u>cost containment measures in FY25</u> to ensure we meet UA system-wide targets for the unreserved fund balance (UFB) by fiscal year end on June 30, 2025.

To start FY26, I will be maintaining the 60-day hiring delay, the freeze on non-essential travel and expenditures, and the cognizant Vice Chancellor-level (VC) review of procurements that exceed \$100,000 on unrestricted funds. As the Governor has also issued guidance implementing similar short-term strategies for other applicable state agencies, I am extending these UAF-internal measures through July as a prudent way to ensure UAF has adequate liquidity to manage the uncertain financial landscape. This UAF guidance will be reviewed again after the outcomes of the state budget process are known.

Based on UA budget guidance, we are assuming the current UA compensation and fixed cost line items will be retained in the FY26 operating budget. We remain optimistic that the Governor will maintain these critical fixed cost and compensation increments in his final budget. If this changes, we will revisit this planning approach and I will communicate any changes to you in revised guidance.

Our fixed cost increases are estimated at \$4 million moving into FY26, which is below the amount that would be allocated to UAF, even if maintained in the Governor's final budget. For this reason, our FY26 planning scenario must include a reallocation specifically targeted to central fixed costs, in addition to strategic investments.

While no additional funding was added to UAF's R1 initiative in the legislative budget, it is great news that it appears we will retain authorization to continue spending the R1 funds we received last year in support of increasing PhD graduates, faculty mentorship, and student



services. Unfortunately, all other UAF program requests, including additional one-time R1 funds, investments for enrollment and Alaska economic growth, and athletics operating increments, were not included by the Legislature for state appropriation in FY26.

The capital budget contains one UAF high priority facility modernization project, which was supported by the Legislature at \$5.6 million (lower than the requested \$12 million for this project). Assuming this allocation stays in the Governor's final budget, this amount will permit some facility modernization work. Unfortunately, it will not enable UAF to complete all three critical roofing projects specified within this request. This work will be adjusted based on the final capital budget outcomes.

It is encouraging to see that the Legislature's capital budget included \$53 million in receipt authority to support UAF's Troth Yeddha' Indigenous Studies Center fundraising campaign. This approval demonstrates the Legislature's commitment to UAF's fundraising efforts for the major construction project. Additional capital investments for GI/ACUASI, IANRE/Agriculture, ACEP/Energy, and CFOS/Carbon Monitoring were not included.

As part of UAF's FY26 operating budget strategy I am encouraging you all to do what you can to increase enrollment, develop new lines of revenue (such as IP licensing), and maintaining stringent cost controls. I also ask that all VCs target a 2.5% unrestricted fund (F1) reduction for strategic reallocation.

In addition, because the federal climate remains uncertain, we will also adjust the planning assumptions accordingly if there is a significant change in federal funding or facilities and administrative (F&A) rates. Information will be provided in these areas as it is available.

I have asked that VC Queen apply the FY26 reallocation as follows:

- \$2 million will be directed to central fixed costs.
- \$2.6 million will be directed to strategic needs, including but not limited to modernizing the student experience which may include facility improvements, student success or enrollment/retention initiatives, and compliance areas including athletics.

VC Queen has provided details on the amounts for reallocation. If you would like to make any adjustments to the application within your management areas, please provide those adjustments to VC Queen or Jason Theis, Director of Finance and Accounting.

Thank you for all that you do for UAF.

Cc: Amanda Wall, AVC Financial and Business Services Jason Theis, Director, Finance and Accounting Briana Walters, Director, Management and Budget