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Interim Chancellor


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TO: Charlene Stern, Interim Provost and Executive Vice Provost
Julie Queen, Vice Chancellor for Administrative Services
Laura Conner, Vice Chancellor for Research
Bryan Uher, Interim Vice Chancellor for Rural, Community and Native Education
Owen Guthrie, Vice Chancellor for Student Affairs and Enrollment Management
Tom Hough, Executive Director of University Advancement
Ali Knabe, Interim Chief of Staff

FROM: Mike Sfraga, Interim Chancellor 

CC: Deans, Directors, and Executive Officers/Fiscal Leadership
Amanda Wall, Associate Vice Chancellor of Financial and Business Services
Jason Theis, Director, Finance and Accounting
Briana Walters, Director, Management and Budget

RE: FY27 Budget Planning Guidance & Updated Cost Containment Measures

In FY25 and FY26, UAF implemented a series of cost containment measures to ensure we meet UA system-wide targets for the unreserved fund balance (UFB) by the end of each fiscal year. These include a 60-day hiring delay on unrestricted positions, restricting non-essential travel, and elevated VC-level approval for contractual and commodity expenditures >\$100,000 when funded by unrestricted sources.

Although uncertainty remains at the federal level, UAF has been effective in maintaining most major research programs and projects. I want to extend my thanks to faculty, researchers and research staff, deans and directors, and the leadership teams at UAF and the System Office for providing information and regular updates to our Federal Relations Director and Federal Delegation in response to the evolving conditions. The engagement at all levels to communicate what we do and share our value has helped the institution, and Alaska.

The federal Office of Management and Budget (OMB) also recently released a [proposed regulation](#) to amend uniform guidance (UG). Although there will be some changes in UG that the UAF Office of Grants and Contracts will communicate, OMB is not proposing updates or changes to indirect costs in the near term (see pg 121). This is encouraging news and helpful for planning purposes in FY27. UAF expects to receive updated indirect cost rates in the coming year as facilities and administrative (F&A) rates are currently under review by the Office of Naval Research (ONR), per our established process.

The university has thus far been delivered a promising State of Alaska [operating](#) and [capital](#) budget outlook for FY27. Although the outcomes are unknown until the Governor adopts the final budget, this will set UAF up well moving into next year. It means we must still review and reduce non-essential expenditures and manage our budgets with the utmost consideration. We

will also have new opportunities for investment in critical mission areas, such as enrollment growth, improving retention and time to graduation, bolstering PhD enrollment and completion, and research and outreach of importance to Alaska and our world.

Taking this into consideration, and on the recommendation of Vice Chancellor Queen, effective July 1, I am:

Rescinding the 60-day hiring delay on unrestricted positions, and

Rescinding the elevated VC-level review for necessary business travel and for contractual and commodities expenditures >\$100,000.

This should help speed up time for processing in these key areas, but will require deans, directors and budget authorities to scrutinize budget levels and all positions prior to rehire. Units must adhere to [UFB guidelines](#) to manage budgets at or above stated UFB targets moving into FY27. Based on the dynamic state and federal landscape, these cost containment efforts will be revisited based on evolving financial realities.

In addition, UAF reallocates funding annually to fixed cost increases that, in recent years, have risen at higher rates than historic levels. Although UAF actively works to contain these increases, we must keep pace with current needs.

Unit leadership including vice chancellors, deans, directors, and fiscal professionals, have been given budget guidance by the Office of Finance and Accounting (OFA) to plan for a 5% reallocation to help UAF cover fixed cost obligations and implement the Chancellor's Strategic Investments (SI). This takes into account the UA Regents' Student Attainment Framework and Student-First Action Agenda.

Based on the above budgetary context, I will be directing Vice Chancellor Queen and my leadership team to reallocate an average of 4% of unrestricted (fund 1) sources, lessening this planning scenario moving into FY27. This modest reduction will be helpful to units, and I appreciate your efforts to continue generating new revenues and reducing expenditures to meet our university-wide needs. Additionally, OFA expects to distribute full coverage for anticipated personnel increases (salary/benefits) on unrestricted (fund 1) sources.

My Chancellor's Strategic Investment (SI) decisions will be shared in a separate memo.

This UAF guidance is subject to change if the State budget outcomes require revisiting this approach, and will be reviewed at the discretion of the incoming Chancellor. Information will continue to be provided as it is available. Thank you for all you do for UAF.