

FY25 Financial Review – Highlights

November 2025

FY25 Revenue and Expenditure Highlights

Revenue Sources

- State general funds make up 28% (\$174 million) of UAF's total revenue, down from 35% in FY20, reflecting success in leveraging other revenue streams and fostering overall growth.
- 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.
- Federal receipts make up 28% (\$174 million) of UAF's total revenue; strong year-over-year growth demonstrates UAF's commitment to pursuing R1 and strengthening and growing its research mission as UA's flagship research university.
- Other significant revenues: statutory designated program receipts (SDPR) are restricted fund revenues from non-state and non-federal sources (8%, \$49 million), indirect cost recovery (8%, \$47 million), and tuition/fees (7%, \$46 million).

Expenditures

- Salary and benefits constitute 48% of expenses (\$299 million); contractual services (32%, \$200 million), and commodities (8%, \$53 million).
- Approximately 33% of total labor expenditures are funded through restricted funds, emphasizing external grant and contract activity.

FY25 State Budget: Operating and Capital Outcomes

Operating Budget

- UAF received funding for a compensation increase of 2.5% for faculty and staff, and new graduate student wages negotiated by the union. Funding also includes fixed cost increases for cybersecurity/IT, insurance premiums and facilities maintenance.
- Alaska Center for Energy and Power (ACEP) received \$200 thousand in one-time funding.

R1 Budget and PhD Enrollment Status

- UAF received a \$12.5 million allocation from the Higher Education Investment Fund (HEIF) that must be spent over a three-year period (FY25, FY26 and FY27).
- From FY24 to FY25, UAF achieved a 58% increase in PhD admissions, a 46% increase in new PhD enrollments and a 12% increase in total PhD student headcount. This surge represents the strongest doctoral enrollment expansion UAF has seen in over a decade.

Capital Budget

- Funded capital projects include \$5.25 million for deferred maintenance, \$6.0 million for the Drone Program (year 3), \$1.0 million for ACEP's energy data gateway and \$2.22 million for Alaska Railbelt Carbon Capture and Sequestration Project.

FY25–FY26 Reallocation and Strategic Investments

- In FY25 and FY26, UAF reallocated 3.7% and 2.5%, respectively, to unrestricted funds (F1) to address central fixed costs increases and fund strategic priorities in areas of enrollment, retention, student success, faculty support and compliance. Strategic investments align with UAF's strategic goals and Strategic Enrollment Planning (SEP) recommendations.

Future Planning FY26–FY27

State Budget

- UAF seeks modest operating budget increases in FY26–FY27, with an emphasis on compensation and aiming to stabilize fixed costs, as well as priorities that support the Board of Regents' Systemwide Attainment Framework (SAF) for increasing recruitment, retention and graduation, as well as student mental health support and campus safety. Other UAF priorities include R1, drones, energy, agriculture/food systems and critical minerals.
- In the capital budget, UA and UAF continue to prioritize deferred maintenance and are actively exploring a housing modernization plan.
- Planning for FY27, the state of Alaska budget climate is expected to be tight, but with careful planning and decision-making, UAF is well-positioned to navigate it collaboratively and responsibly.

Federal Landscape

- The U.S. presidential administration transition in early 2025 swiftly created major federal funding challenges for the research community, primarily through two activities:
 - Grant actions: reviews, cancellations or freezes on existing federal research grants.
 - Cost reimbursement changes: potential caps on the facilities and administrative (F&A) cost recovery rates.
- The proposed F&A cap of 15% is a drastic reduction from current negotiated rates. For example, UAF's current organized research rate is 55.0%. The federal Office of Management and Budget (OMB) is developing new methods to calculate this lower F&A rate, and federal Uniform Guidance (UG) is expected to change significantly.
- These transformational changes at the federal level are likely to have a major financial impact on UAF starting around the middle of FY26. It is highly probable that revenue from federal receipts and indirect cost recovery (ICR) will decrease in FY26 and in subsequent years.
- A federal government shutdown occurs when Congress and the President do not enact appropriations or a continuing resolution (CR) by the start of the fiscal year. The FY26 shutdown became the longest period in U.S. history (43 days).

Cost Containment

- A series of cost containment measures were implemented for activities on unrestricted funding sources to control costs in a time of budget uncertainty.
- Measures included 60-day hiring delays on unrestricted positions, freezing unrestricted non-essential travel and expenditures, and elevating approval to the respective vice chancellor for essential contracts over \$100,000, when funded on unrestricted sources.
- These measures remain in place moving into FY26 and will be assessed again in early 2026.

Tuition and Enrollment

- The Board of Regents approved a 4% tuition increase that will go into effect in Fall 2026.
- UAF remains an affordable option for students seeking a high-quality education and is making additional strides to improve transparency on the total cost of attendance, and the options for financial aid packages for students.

Report Content: Figures are management report oriented and will differ from UA financial statements or other sources due to varying reporting definitions and adjustments.