

## Section 4. Budget Planning, Resource Reinvestment & Reallocation

### A. Six-year trend and one-year changes of unreserved fund balance (UFB) by allocation and fund, by VC level unit.

UAF's unreserved fund balance (UFB) principles exist as a set of guidelines for unit financial managers and encourage accuracy in reporting projections. The target range for year-end balances on unrestricted sources is 2.0-4.0%. The FY25 UFB of \$10.7 million represents approximately 2.2% of all restricted and unrestricted funding sources (\$487.5 million; does not include Intra-Agency Transfers).

Table 4.1 represents the total UAF unreserved fund balance (UFB) managed at the campus (allocation) level from FY20-FY25, regardless of the source. Only unrestricted UFB (F1) is available for use by unit management. Table 4.2 lists F1 UFB by vice chancellor (VC) level.

**Table 4.1 FY20-FY25 UFB by Fund Type & Allocation**

| UFB by Fund Type            | FY20              | FY21              | FY22             | FY23             | FY24               | FY25             |
|-----------------------------|-------------------|-------------------|------------------|------------------|--------------------|------------------|
| Total Unrestricted (F1)     | 10,167,222        | 15,714,137        | 13,957,928       | 13,801,421       | 12,106,411         | 10,722,261       |
| Recharge Svc Centers (F7)   | 7,904,285         | 3,801,565         | (11,489,795)     | (15,275,574)     | (22,807,951)       | (14,037,003)     |
| Leasing(FL)& Enterprise(FE) | (1,054,968)       | 2,170,540         | 4,532,643        | 4,725,633        | 5,598,584          | 4,659,014        |
| <b>Grand Total</b>          | <b>17,016,539</b> | <b>21,686,242</b> | <b>7,000,776</b> | <b>3,251,479</b> | <b>(5,102,957)</b> | <b>1,344,272</b> |

  

| F1UFB by Allocation               | FY20              | FY21              | FY22              | FY23              | FY24              | FY25              |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Troth Yeddha' Campus              | 8,153,236         | 12,369,111        | 11,406,015        | 11,116,802        | 11,073,604        | 8,877,455         |
| Bristol Bay Campus                | 248,990           | 317,386           | 85,469            | 205,069           | 161,522           | 227,638           |
| Chukchi Campus                    | 42,769            | 113,032           | 51,691            | 72,491            | 22,996            | 66,647            |
| Community and Technical College   | 161,476           | 812,663           | 364,918           | 90,148            | 257,228           | 411,571           |
| Interior Alaska Campus            | 171,152           | 102,035           | 126,782           | 189,314           | 62,871            | 123,607           |
| Kuskokwim Campus                  | 248,659           | 17,291            | 163,084           | 736,269           | (1,492)           | (257,735)         |
| Northwest Campus                  | 250,218           | 75,509            | 13,644            | 112,168           | 79,804            | 275,086           |
| College of Rural & Community Dev. | 890,722           | 1,907,111         | 1,746,325         | 1,279,160         | 449,877           | 997,993           |
| <b>Grand Total</b>                | <b>10,167,222</b> | <b>15,714,137</b> | <b>13,957,928</b> | <b>13,801,421</b> | <b>12,106,411</b> | <b>10,722,261</b> |

**Table 4.2 FY25 Fund 1 UFB by VC Level Unit**

| Cabinet                                     | FY25              | Percent of Total |
|---|-------------------|------------------|
| Provost                                     | 3,737,731         | 35%              |
| VC for Research                             | 3,695,710         | 34%              |
| VC for Rural, Community, & Native Education | 1,844,807         | 17%              |
| VC for Administrative Services              | 2,829,455         | 26%              |
| Central Managed                             | 1,294,389         | 12%              |
| Chancellor                                  | (935,950)         | -9%              |
| VC for Student Affairs & Enrollment Mgmt    | (1,743,880)       | -16%             |
| <b>Grand Total</b>                          | <b>10,722,261</b> | <b>100%</b>      |

The Provost area had the largest UFB at 35% (a decrease from 41% the previous year), followed by the Vice Chancellor for Research (VCR) at 34% of the F1 total (down from 38% in the prior year). The

deficit in the Chancellor area is due to a funding shortage for Athletics, which has limited ability to reduce expenditures due to NCAA requirements. Central increased to 12% in FY25 from 0% in FY24. This area includes student waivers, debt payments, utilities, risk (insurance) expense, and other large institutional categories. Increasing costs in these areas has consumed the fund balance in Central and lead to the need for reallocation of funds from the units in future years.

The Student Affairs and Enrollment Management area, which has seen a large increase in costs due to regulatory requirements and the need for robust programs to drive the upward growth of enrollment in UAF academics, is currently working to reconcile the loss of general fund support between FY20 and FY22, during which this area used up prior fund balance to maintain and grow programs, with the need to maintain momentum and staffing in these areas. This is a top priority for UAF administration, with a strategic reallocation infusion in FY25 along with additional infusions planned in FY26 and FY27.

***B. FY25 approved budget requests, outlook and management actions in progress.***

*Appendix 4.B.1 – FY25 Budget Planning Update, Chancellor White memo, November 20, 2023*

*Appendix 4.B.2 – FY25 Budget Update, President Pitney memo, December 14, 2023*

*Appendix 4.B.3 – FY25 Budget Planning Guidance, Chancellor White memo, May 24, 2024*

*Appendix 4.B.4 – FY25 Budget Update, Chancellor White memo, July 2, 2024*

*Appendix 4.B.5 – FY25 Strategic Investment Allocation, Chancellor White memo, September 23, 2024*

*Appendix 4.B.6 – FY25 60-day Hiring Delay, Chancellor White memo, January 10, 2025*

*Appendix 4.B.7 – FY25 Budget Guidance–Actions Required by end of FY25, Chancellor White memo, March 11, 2025*

*Appendix 4.B.8 – FY25 Unrestricted Travel Restrictions and Contractual Services/Contracts Review, Chancellor White memo, April 2, 2025*

*Appendix 4.B.9 – FY25 Federal Appropriations Outcomes (UAF only)*

UA and UAF developed the FY25 operating budget plan with a focus on the following key principles: empowering Alaska, increasing enrollment through retention in degree programs for Alaska's workforce, maintaining responsible financial stewardship, and developing a deferred maintenance and renewal funding strategy. Additionally, the budget was crafted to include:

- Program investment support for UAF R1 research and indigenous leadership.
- Requests must demonstrate return on investments and impact on goals and measures.
- Economic development/state partnerships funding extensions.

**FY25 Legislative Budget Outcomes**

In June 2024, the Governor Dunleavy released the final FY25 State of Alaska budget. Highlights are detailed below.

**Operating Budget and Compensation Increases**

The UA System received state funds to support a 2.5% compensation increase for faculty and staff. Of this, \$8.3 million will come to UAF. The funding will also cover the new graduate student wages negotiated by the union in spring 2024. The new contract is effective July 1, 2024.

The UA System received over \$8.4 million to support rising fixed costs, which will support cybersecurity, insurance premiums, and facilities maintenance at UAF and across the universities.

UAF's Alaska Center for Energy and Power (ACEP) received \$200,000 in one-time funding. This is a strategic investment in shaping a more sustainable and resilient energy future.

#### Pursue R1 Research Status

UAF received a \$12.5 million allocation in one-time funding from the Higher Education Investment Fund (HEIF) and \$2.1 million in receipt authority that must be spent over a three-year period (FY25, FY26 and FY27).

#### Capital Budget

UAF received allocations in areas of research excellence and in support of critical facilities modernization and maintenance and include:

- \$5.25 million for facilities deferred maintenance and modernization projects to contribute to the student experience.
- \$6 million for the Alaska Center for Unmanned Aircraft System Integration (ACUASI) to continue to advance the field of unmanned aircraft and drone technology and contribute to a growing industry in the state.
- \$1 million for the Alaska Center for Energy and Power (ACEP) to develop and implement a long-term data governance strategy that underlies the Alaska Energy Data Gateway (AEDG).
- The Alaska Railbelt Carbon Capture and Sequestration Project received a total of \$2.22 million in capital funding and \$8.88 million in federal receipt authority. UAF and its project partners submitted an \$11.1 million proposal to the United States Department of Energy (DOE) to conduct a CO<sub>2</sub> Storage Complex Feasibility assessment.

#### Economic Development Project Extensions

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.

#### **FY25 UAF Reallocation and Strategic Investments**

Although some critical fixed cost increases were funded from the legislature, these costs continue to significantly increase year-over-year and state funds are not keeping pace. As a result, a 3.7% unrestricted fund (F1) reduction was applied to most departments in order to address fixed cost increases. This includes the Troth Yeddha' Rural College. The VCRCNE was asked to target 1.6% F1 reduction for all community campuses, because these campuses cover many of their own fixed costs and will continue to do so.

Additionally, a shortfall in staff benefit recovery occurred between FY23 and FY24. This results in a \$9 million impact in FY25 and units across all universities will absorb these costs. This means that most units could feel a total impact of roughly 5% on unrestricted funds (a combination of the 3.7% reallocation plus higher than usual staff benefit rate increases). Other strategies to address shortages include increasing enrollment and developing new revenues.

UAF applied the reallocation as follows: \$4.5 million to central fixed costs and \$2.0 million 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. Investments align with UAF's strategic goals and Strategic Enrollment Planning (SEP) recommendations.

### **Cost Containment Strategies**

Midway through FY25, a series of cost containment measures were implemented for activities on unrestricted funding sources to control costs in a time of budget uncertainty, including at the federal level. These 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.

### **FY25 Federal Appropriations**

Unlike the state of Alaska and University of Alaska (UA) fiscal year, the federal fiscal year runs from October through September. In collaboration with each of the universities, the UA system submits federal appropriations requests to Alaska's Members of Congress in an effort to secure federal funds through Congressional appropriations bills directly to support its education, research and public service mission. Requests are aligned with specific bills for eligibility. This process is not related to competing for federal funding through federal agency solicitations.

There are three types of appropriation requests:

1. Earmark: federal funding directed specifically to a UA entity for a specific project;
2. Plus up: federal funding add to an agency's budget with the understanding between the UA faculty and staff member and the program manager that the funding will be awarded to UA; and
3. Programmatic: requesting a total funding level for a specific federal program.

In FY25, UAF secured 4 plus ups totaling \$17 million. Successful federally supported programs/projects include: Poker Flat upgrades (\$5 million), RISE-UP initiative (\$7 million), USArray (\$3 million) and Cover Crop and Grain Variety (\$2 million). Not all funding will flow to UAF as a result of partnerships.

### ***C. FY26 approved budget requests, outlook and management actions in progress.***

*Appendix 4.C.1 – FY26 Budget Planning Update, Chancellor White memo, November 21, 2024*

*Appendix 4.C.2 – FY26 Budget Planning Guidance, Chancellor White memo, June 2, 2025*

*Appendix 4.C.3 – FY26 Strategic Investment Allocation, Chancellor White memo, July 11, 2025*

*Appendix 4.C.4 – FY26 Budget Planning Guidance–Extended Cost Containment Measures, Chancellor White memo, July 21, 2025*

UAF developed the FY26 operating budget request with a focus on compensation and fixed costs, as well as essential recruitment and retention initiatives, graduation support and economic development for Alaska. Specifically, this includes funding to support strategic enrollment marketing, student advising support, enrollment initiatives in new or growing target markets, technology enhancement, campus safety and Athletics.

## **FY26 Legislative Budget Outcomes**

In June 2025, Governor Dunleavy released the final FY26 State of Alaska budget. Outcomes include:

### *Operating Budget and Compensation Increases*

The UA System received FY26 state funds to support a planned 2.75% compensation increase for faculty and staff. Although the legislature only funded part of UA's compensation request, UA will cover employee compensation increases through the appropriated state funding, internal re-allocations, and savings.

The UA System received \$3.7 million to support rising fixed costs, which will support cybersecurity, facilities maintenance, and utilities at UAF and across the universities.

Collectively, UAF will receive roughly \$10.7 million for compensation and fixed cost increases.

Unfortunately, other high priority program requests for recruitment, retention, graduation efforts and investments for economic growth were not included by the legislature. Additional one-time R1 funds and athletics funding were also not included.

### *Capital Budget*

The capital budget includes \$6.75 million for deferred maintenance system-wide (reduced from \$10 million) and of this, UAF will receive roughly \$3.45 million for critical roofing projects. The legislature also included \$53 million in receipt authority to accept private donations to the UAF Troth Yeddha' Indigenous Studies Center.

Unfortunately, additional capital investments for GI/ACUASI, IANRE/Agriculture, ACEP/Energy, and CFOS/Carbon Monitoring were not included.

## **FY26 UAF Reallocation and Strategic Investments**

A 2.5% unrestricted fund (F1) reduction was applied to most departments for reallocation, applied as follows: \$2 million applied to central fixed costs and \$2.6 million committed to base for operational and structural support in core functions including athletics, student services and enrollment management, grants administration and College of Indigenous Studies, as well as funding for research compliance. Investments align with UAF's strategic goals and Strategic Enrollment Planning (SEP) recommendations.

## ***D. FY27 approved budget requests, outlook and management actions in progress***

### *Appendix 4.D.1 – Friday Focus including FY27 Budget Updates, VCAS Queen, November 14, 2025*

UAF developed the FY27 operating budget request with an emphasis on compensation and fixed costs, as well as priorities that support the Board of Regents' Systemwide Attainment Framework (SAF) for increasing recruitment, retention and graduation. Specifically, this includes funding for undergraduate and graduate enrollment capacity, strategic enrollment marketing (including digital presence and multimodal campaigns), pursuing Lower 48 and international markets, optimization of campus tours and recruitment events, modernizing academic programs, student advising and career placement and meeting industry workforce needs at the Community and Technical College. The request also includes line items for campus safety and student mental health support.

Also included in the operating budget request are one-time, multi-year requests (FY27-FY29) for R1 strategy continuity, Agriculture and Food Systems, ACUASI Drone program (year 5), and Alaska Critical Minerals Collaborative.

#### FY27 BOR Approved Operating Budget Request

The FY27 approved UA budget request is \$380.5 million in state funds, an increase of 8.3% (or \$29 million from the requested amount in FY26 (not including multi-year research funding for economic development and workforce training programs; or HEIF funding for R1). This represents modest increases for compensation (3.0%) and staff benefits (\$15.2 million); fixed cost increases such as utilities, cyber security, risk, public safety and facilities maintenance (\$8.0 million); student mental health support (\$0.9 million); and high priority needs that align with the Systemwide Attainment Framework (SAF) programs for recruitment, retention, graduation support (\$4.9 million). These figures represent the total UA System request.

#### FY27 BOR Approved Capital Budget Request

In the capital budget, UA is requesting funding for deferred maintenance, as well as university-specific requests related to facilities. Specifically, UAF is requesting capital funding for facilities footprint reduction to include program relocation and building demolition. Other capital projects in anticipation of legislation include a UAF student housing revitalization proposal (phased, and in partnership with UAA and UAS) and the Whitaker Fire Station replacement. UAF is also requesting a capital appropriation to provide the required institutional match for a federal grant proposal submitted to the Federal Transit Administration (FTA) for a campus transit fleet maintenance facility.

The Governor will release the FY27 budget in December 2025 and the legislative session begins in January 2026. The components of UA's budget request could change during the legislative session; final budget outcomes will be known in June 2026.

#### FY26-FY27 Planning Actions

UAF will continue to assess its highest priorities and opportunities while maintaining its commitment to serving students. Strategic planning goals, NWCCU accreditation standards and the Systemwide Attainment Framework (SAF) will guide actions. UAF is actively working on improving student recruitment, retention and graduation rates, and strives to achieve R1 research status by 2030. The unprecedented level of federal uncertainty is closely monitored and UAF will continue to engage advocacy efforts and support from state levels.

UAF's central budget teams meet annually — or more often as needed — with academic schools and colleges, as well as research units, to review their financial health, discuss challenges and opportunities, and gain a deeper understanding of each unit's unique operations.

#### **Planning & Budget Committee (PBC)**

*Appendix 4.D.2 – FY26 PBC Proposal Ranking Summary memo to Chancellor White, May 20, 2024*

*Appendix 4.D.3 – FY27 PBC Proposal Ranking Summary memo to Chancellor White, May 1, 2025*

The UAF Planning and Budget Committee (PBC) is a standing committee consisting of faculty, staff, executive leadership and governance delegates. Co-chaired by the provost and vice chancellor for administrative services, this body plays a key role in collecting initiatives for potential investment. Proposals must align with and support student success, UAF Strategic Goals, UA Goals and Measures and NWCCU accreditation standards. PBC serves as the primary budget advisory body on UAF's annual budget proposals.

PBC convened in spring 2025 to review funding requests for consideration of inclusion in the FY27 budget cycle. This process, along with proposals submitted through the Strategic Enrollment Planning (SEP) process, allows UAF stakeholders to advocate for needed resources for programs or units, bolster existing initiatives and propose new ideas in need of resources. Members of the UAF Core Cabinet also contribute to the request to align unit needs with overarching priorities and potential areas of growth, or to package similar concepts for greater impact.

Planning ahead, in preparation for the FY28 State of Alaska budget cycle, UAF leadership will solicit funding proposals from UAF faculty and staff. PBC will convene in spring 2026 to review all submitted proposals.