

FY23 Operating Budget Overview

Historically, UAF's primary revenue source has been state general fund appropriations. However, over years of reductions, the proportion of state general fund in UAF's total budget has decreased from 38 percent in FY18 to approximately 28 percent in FY23. This shift reflects UAF's adept use of state general funds to leverage other revenue streams, fostering overall growth.

UAF's other significant revenue sources in FY23 are federal receipts for sponsored research (not including COVID relief) at 26 percent, UA receipts and partnerships (10 percent), tuition and fees (8 percent), and indirect cost recovery from sponsored and research activities (7 percent) which helps to cover research administration costs and regulatory requirements.

Federal receipts have experienced strong year-over-year growth for several years and demonstrates UAF's commitment to strengthening and growing its research mission. From FY22 to FY23, federal receipts increased by 2 percent, or nearly \$3 million (this does not include federal COVID relief funding). Activity associated with the R/V Sikuliaq in the College of Fisheries and Ocean Sciences (CFOS) is the primary driver of growth from FY22 to FY23.

Indirect cost recovery (ICR) increased by 12 percent from FY22 levels due to UAF's continued focus on its research enterprise. Federal restricted revenue and ICR revenue generally align; as federal activity rises, ICR follows a similar upward trend.

Despite tuition increases, tuition revenue remains relatively flat. UAF has implemented a differentiated tuition model for FY23+ and is strategically utilizing internal funds to generate revenues and increase enrollment. Investments that demonstrate promising return on investment (ROI) are high priority. The ongoing Strategic Enrollment Planning process is yielding positive outcomes, aligning with UAF's commitment to improving the student experience, recruitment and retention.

In FY23, salary and benefits constitute 46 percent of total expenses, followed by contractual services (30 percent) and commodities (10 percent). Approximately one-third of total labor expenditures (33 percent) are funded through restricted funds (e.g. sponsored research on grants and contracts).

FY23 State of Alaska Budget Outcomes

UAF's fiscal outlook is stabilizing, marking the first operating budget increase in FY23 following several years of substantial state budget cuts. This period also witnessed significant growth in research activity, philanthropy, and enrollment, propelled by the success of several enrollment and research initiatives, and intentional investment in student experience.

FY23 budget highlights include:

- Base operating increases for some fixed costs and fund one staff compensation.
- Base operating increases for Alternative Energy research funds through the Alaska Center for Energy and Power (ACEP) and Teacher Education.
- One-time funding for targeted economic development areas, including critical minerals and rare earth elements, unmanned aerial vehicle systems (Drone program), mariculture, and heavy oil and gas recovery.

- UAF’s most significant deferred maintenance (DM) request for Moore and Bartlett plumbing and revitalization was funded at \$23 million.
- Capital budget allocations for emerging energy opportunities through ACEP, as well as Rare Earth Demonstration Facility and Rare Earth Mineral Security, along with a portion of \$2 million for Fisheries, Seafood and Maritime Works.
- The State of Alaska legislature’s decision to revert the UA system to a single appropriation structure enhances operational efficiency between the universities and the UA System Office.

FY23-FY24 Strategic Investments

UAF strategically reallocates internal resources in FY23 and FY24, committing both general fund base and one-time funding to support initiatives aligned with UAF’s strategic goals and Strategic Enrollment Planning (SEP) recommendations. Investment themes prioritize revenue generation through increased enrollment, student success, and critical compliance needs.

FY24-FY25 State General Funds

UA seeks modest operating budget increases in FY24-FY25, aiming for financial certainty after years of reductions. UAF is optimistic about the future as the value of the university is emphasized at the state level.

Achieving R1 Research Status

One of UAF’s strategic goals is to achieve R1 research status by 2027. UAF currently ranks as an R2 “high research activity” university. R1 is the highest ranking of research activity for U.S. Ph.D. granting universities as defined by the Carnegie Classification system. Becoming an R1 university would place UAF within the top 4 percent of U.S. universities with respect to research. A steering committee has been created and working groups will make recommendations on implementation actions. This work will occur during FY24 and beyond.

Report Content, Appendices & Financial Schedules

This annual report analyzes financial trends (FY18-FY23) and outlines themes for FY24-FY25 planning. It offers a campus-wide overview of FY23 financial activities including revenue and expenditure trends, operational impacts, auxiliary and recharge center activities, a facilities snapshot focused on construction, leasing and debt, a discussion on resource allocation and investment, as well as a summary of employee trends, organizational changes and process improvement efforts.

UAF OMB compiled the report with input and assistance from various departments and units, including the Office of Finance & Accounting (OFA), Planning, Analysis & Institutional Research (PAIR), Facilities Services, Dining Services & Contract Operations, Residence Life, and University Relations.

Figures listed are management report oriented and will differ from those presented formally in the UA financial statement due to reporting definitions and adjustments. Financial figures included in the Appendix may have slight differences from prior year report versions due to accounting adjustments or structural changes over time. Any changes of significance have been discussed.