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UA President

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RE: Governor's proposed FY25 budget supports strategic investment in UA

Dec. 14, 2023

Dear University of Alaska Community,

Governor Dunleavy released his FY25 budget proposal today. It partially funds key Board of Regents' budget priorities, including compensation, fixed cost increases, and progress toward UAF achieving Tier 1 research status. The Governor's budget office has emphasized both his commitment to working with us and his support for UA. We appreciate those commitments, and the support the budget provides for our high-quality academic, workforce development, and research programs that [empower Alaska](#) and Alaskans.

The budget released today represents a starting point for budget discussions in Juneau next legislative session. It does not yet include funding for deferred maintenance, which is among the Regents' highest priorities. These needs are critical. As the legislative session gets underway, we will continue to work with the Governor and Legislature to advocate for these priorities. For budget details, see the Office of Management and Budget [FY25 documents](#). You can also view a comparison between the budget released today and the Regents' original budget request [here](#).

Budget Summary

The operating budget funds some of the Regents' priorities included in their November budget request:

- **\$6.1 million in state funds to support negotiated compensation increases for faculty and staff.** This is about \$8.6 million less in state funds than the Regents requested to cover those increases. UA remains committed to providing competitive total compensation packages, including employee benefits, across the system, and will work with the Governor and Legislature to be able to do so.
- **\$4.5 million in state funds to cover unavoidable fixed cost increases.** This is about \$4 million less in state funds than the Regents requested to cover rising property insurance premiums, cyber security, and utility costs. Again, we'll work with the Governor and Legislature to reach a solution.

The budget also holds tuition rates flat for FY25. While these rates may rise in future years, maintaining affordability and accessibility for our students remains a top priority.

The FY25 capital budget focuses on projects to jumpstart future growth and success:

- **\$10 million in state funds to support the University of Alaska Fairbanks' (UAF) goal to achieve Tier 1 (R1) Research Status.** UAF currently ranks as an R2, within the top 7% of U.S. universities in research achievement. Attaining R1 status would place UAF within the top 4% of U.S. research universities and have wide-ranging positive impacts on UAF, the UA system, and Alaska's economy.
- **\$5 million in state funds to support ACUASI's drone research and development capabilities.** ACUASI continues to be a national leader in drone testing and research, and these funds will support their ongoing projects.
- **\$2.2 million in state general fund match for the Alaska Railbelt Carbon Capture & Sequestration Project at UAF** - This was included in our original budget request, but was conditional on receipt of a Department of Energy (DOE) grant. UAF received that grant, so the funds cover the required state match.
- **\$1 million in state funds for Alaska Energy Data Storage and Access Revitalization Project** - These funds will support a recommendation from the Alaska Energy Security Task Force and are a priority of the Governor.

Multiple years of fiscal stability have resulted in strong enrollment growth, increased competitively funded research, and growing public confidence in our university system. Alaskans understand that UA empowers Alaska, and the programs and community connections at UAA, UAF, and UAS are focused on meeting the overwhelming workforce needs statewide. We'll continue working with the Governor, Legislature, and the Board of Regents to maintain our positive trajectory, and build a sustainable future for our University and state.

Thanks for all you do to help our students achieve success.

Wishing you a safe and happy holiday season,

Pat Pitney
President
University of Alaska