



30th Alaska State Legislature
House Finance Budget Subcommittee
University of Alaska
FY18 Operating Budget

Chair:

Rep. David Guttenberg
Capitol Room 501
465-4457

Sub-Committee Aide:

Seth Whitten
465-4708

**UNIVERSITY OF ALASKA
FY2018 HOUSE FINANCE BUDGET SUBCOMMITTEE
NARRATIVE REPORT
February 23, 2017**

SUBCOMMITTEE MEMBERS:

Rep. David Guttenberg, Chair
Rep. Birch
Rep. Johnson
Rep. Knopp
Rep. Kreiss-Tomkins
Rep. LeDoux
Rep. Tuck
Rep. Wool

SUBCOMMITTEE MEETINGS:

The House Finance Budget Subcommittee for the University of Alaska held four meetings with the University during our review of the FY18 budget request.

RECOMMENDATIONS:

The Chair of the House Finance Budget Sub-Committee for the University of Alaska submits a recommended operating budget for FY2018 to the House Finance Committee as follows:

Fund Source: (dollars are in thousands)

Unrestricted General Funds (UGF)	\$325,033.5
Designated General Funds (DGF)	331,590.4
Other Funds	86,640.4
Federal Funds	143,852.7
Total	\$887,117.0

The Unrestricted General Fund difference from FY15 Management Plan to the FY18 Governor Amended budget is a reduction of \$45.6 million, a decrease of 12.3 percent.

Positions:

Permanent Full-time	4,078
Permanent Part-time	192
Temporary	0
Total	4,270

I submit the following budget amendments to the House Finance Committee for consideration:

1. Reduction of Intercollegiate Athletic Teams to NCAA Minimum; H UOA 1

It is the intent of the legislature that the University of Alaska reduce the number of intercollegiate athletic teams at participating campuses to the minimum required by the NCAA Sports Sponsorship Requirement.

2. Priority of Cuts or Reallocations of Unrestricted General Funds; H UOA 2

It is the intent of the legislature that cuts or reallocations of unrestricted general funds to the University of Alaska Anchorage, University of Alaska Fairbanks and University of Alaska Southeast, on a percentage basis, not exceed cuts or reallocations of unrestricted general funds to the University of Alaska Statewide Administration.

3. Establishing a UGF Spending Level for Intercollegiate Athletics; H UOA 3

It is the intent of the legislature that the University of Alaska fund intercollegiate athletics at both the University of Alaska Anchorage and the University of Alaska Fairbanks at the current level of University of Alaska Fairbanks intercollegiate athletics unrestricted general fund spending.

I submit the following Governor's Operating Budget Amendment to the House Finance Committee for consideration:

1. Alaska Technical and Vocational Education Formula Funding

OTHER INFORMATION:

The Subcommittee discussed a variety of issues during the meetings. Those that I have not put forward for consideration by the House Finance Committee include:

1. Representative Wool's amendment proposal to provide a \$16.3 million increment in UGF that would fully fund the Board of Regents' budget request.

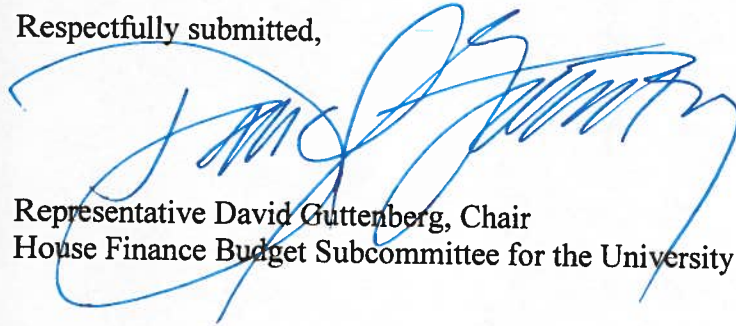
ATTACHED GOVERNOR'S AMENDMENT AND BACKUP:

Change Record Detail – Alaska Technical and Vocational Education Formula Funding

ATTACHED LEGISLATIVE FINANCE DIVISION REPORTS:

FY18 UA House Sub-Committee Allocations Summary (Numbers Only)
FY18 UA House Sub-Committee Amendment Transaction Detail

Respectfully submitted,



Representative David Guttenberg, Chair
House Finance Budget Subcommittee for the University of Alaska

2017 Session Operating Budget Amendment

Offered In: The House Finance Committee
To: HB 57/HB 59
Offered By: Representative Guttenberg

Agency: University of Alaska
Appropriation: University of Alaska
Allocation: Systemwide
Reduction/Addition

Transaction Details

Title: Reduction of Intercollegiate Athletic Teams to NCAA Minimum
Wordage Type: Intent
Linkage: Agency - University of Alaska

Wordage

It is the intent of the legislature that the University of Alaska reduce the number of intercollegiate athletic teams at participating campuses to the minimum required by the NCAA Sports Sponsorship Requirement.

2017 Session Operating Budget Amendment

Offered In: The House Finance Committee
To: HB 57/HB 59
Offered By: Representative Guttenberg

Agency: University of Alaska
Appropriation: University of Alaska
Allocation: Systemwide
Reduction/Addition

Transaction Details

Title: Priority of Cuts or Reallocations of Unrestricted General Funds
Wordage Type: Intent
Linkage: Agency - University of Alaska

Wordage

It is the intent of the legislature that cuts or reallocations of unrestricted general funds to the University of Alaska Anchorage, University of Alaska Fairbanks and University of Alaska Southeast, on a percentage basis, not exceed cuts or reallocations of unrestricted general funds to the University of Alaska Statewide Administration

2017 Session Operating Budget Amendment

Offered In: The House Finance Committee
To: HB 57/HB 59
Offered By: Representative Guttenberg

Agency: University of Alaska
Appropriation: University of Alaska
Allocation: Systemwide
Reduction/Addition

Transaction Details

Title: Establishing a UGF Spending Level for Intercollegiate Athletics
Wordage Type: Intent
Linkage: Agency - University of Alaska

Wordage

It is the intent of the legislature that the University of Alaska fund intercollegiate athletics at both the University of Alaska Anchorage and the University of Alaska Fairbanks at the current level of University of Alaska Fairbanks intercollegiate athletics unrestricted general fund spending.

FY2018 Operating Amendments to
HB 57 / SB 22
HB 59 / SB 24

Line	Back-up Page	Bill Section	Bill Page	Bill Line	Department	Component	PFT	Lang Description	Unrestricted General Funds (UGF)	Designated General Funds (DGF)	Other Funds	Federal Funds	Total Fund Source
16	39	1	35	7	Transportation	Marine Vessel Operations		Alaska Care Rate Increase for Alaska Marine Highway System Revised Estimate Alaska Marine Highway System health insurance rate increase to \$1,555 per member per month. This amendment is an adjustment from the previous estimate submitted in the FY2018 Governor's scenario.	\$0.0	\$241.4	\$0.0	\$0.0	\$241.4 Hwy \$241.4
17	40	1	35	19	University of Alaska	Systemwide Reduction/Additions		Alaska Technical and Vocational Education Formula Funding The Alaska Technical and Vocational Education Program (TVEP), is funded by 0.16 percent of employee contributions to the unemployment insurance trust fund. The taxable wages collected have declined more rapidly than originally anticipated. A reduction in TVEP authority is required in order to not overspend the fund. This is a new item for FY2018. It was not included in the FY2018 Governor request due to timing of updated revenue collection projections.	\$0.0	(\$593.5)	\$0.0	\$0.0	1151 VoTech Ed (\$593.5)
18	41	1	36	29	Judiciary	Therapeutic Courts		Mat-Su Foundation Grants and Awards from Other Sponsors Additional receipt authority will enable acceptance of anticipated grants from the Mat-Su Foundation and other sponsors. This amendment provides FY2018 funding based on a FY2017 supplemental request of \$51.2.	\$0.0	\$0.0	\$400.0	\$0.0	1108 Stat Desig \$400.0
19	42	1	36	31	Judiciary	Commission on Judicial Conduct		Correct FY2018 Alaska Care Increase Correct Alaska Care salary adjustment. Personal Service Expenses Adjustment to fully fund personal services. This is a new request for FY2018. It was not included in the FY2018 Governor request due to oversight.	(\$12.6)	\$0.0	\$0.0	\$0.0	1004 Gen Fund (\$12.6)
20	43	1	36	31	Judiciary	Commission on Judicial Conduct		Correct FY2018 Alaska Care Increase Correct Alaska Care salary adjustment.	\$23.8	\$0.0	\$0.0	\$0.0	1004 Gen Fund \$23.8
21	44	1	37	4	Judiciary	Judicial Council		FY2018 Payments The amount for FY2018 debt service was not finalized until after the submission of the FY2018 Governor's budget. This amendment adds an appropriation for early redemption and reduces the amount to be paid for normal debt service. A supplemental to change the amount of early redemption has also been submitted for FY2017.	\$12.6	\$0.0	\$0.0	\$0.0	1004 Gen Fund \$12.6
22	45	20(i)	66	30	Debt Service	Int Airport Revenue Bonds	Y	International Airport General Fund Borrowing Appropriation This language addresses a cash-flow deficiency related to federal international airport projects. Similar language will be added to the FY2017 Governor's amended supplemental budget.	\$0.0	\$0.0	\$27,687.3	\$0.0	1027 Int Airprt \$27,687.3
23	46	20	new	new	Debt Service	Int Airport Revenue Bonds	Y		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Change Record Detail with Description (1716)
University of Alaska

Scenario: FY2018 Governor Amended (14205)
Component: Budget Reductions/Additions - Systemwide (1296)
RDU: Budget Reductions/Additions (233)
Title: Alaska Technical and Vocational Education Formula Funding

Language	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	PFT	PPT	NP
N	1151 VoTech Ed	-593.5	0.0	0.0	-593.5	0.0	0.0	0.0	0.0	0	0	0

The Alaska Technical and Vocational Education Program (TVEP), is funded by 0.16 percent of employee contributions to the unemployment insurance trust fund. The taxable wages collected have declined more rapidly than originally anticipated. A reduction in TVEP authority is required in order to not overspend the fund. This is a new item for FY2018. It was not included in the FY2018 Governor request due to timing of updated revenue collection projections.

TVEP, established under AS 23.15.830, provides non-competitive grants to institutions that are part of a statewide vocational training system. Institutions provide technical and vocational training programs that align with workforce regional demands.

The Department of Labor and Workforce Development (DOLWD) manages the TVEP administration, including projecting available revenue for distribution. DOLWD's proposal for the TVEP distribution in the FY2018 Governor's Budget assumed flat TVEP revenue FY2016 through FY2018. There was a carryforward balance from unspent prior year TVEP distributions at the end of FY2016 that was anticipated to be sufficient to cover reduced revenues in FY2017 and FY2018. Actual revenue collections through the first two quarters of FY2017 indicate taxable wages are declining faster than what was anticipated prior to the start of the fiscal year. An overall adjustment of \$1,319.2 is needed, bringing the total available for distribution to \$11,970.1.

The University of Alaska's distribution is set by AS 23.15.835(d), and will receive \$5,386.6, or forty-five percent, of total receipts available. This decreases the University of Alaska's authority by \$593.5 from the FY2017 distribution level.

FY2018 Governor: (\$10,249.4)
 FY2018 Total Amendments: (\$593.5)
 FY2018 Total: (\$10,842.9)

2017 SESSION OPERATING BUDGET AMENDMENT PROPOSAL

OFFERED IN: The House Finance University Subcommittee

TO: HB 57 / HB 59

OFFERED BY: Rep. Adam Wool

DEPARTMENT: University of Alaska

APPROPRIATION: University of Alaska

ALLOCATION: Budget - Reductions/Additions Systemwide

ADD: \$16,328.6 Million, UGF (1004 General Fund) and line item Misc.

EXPLANATION: Returns funding to what the University of Alaska Board of Regents recommended.

**2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column**

Numbers and Language

Agency: University of Alaska

Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
------------	-------------------	-------------------	--------	----------	-------------	----------------	--------	------	-----	-----	-----

**University of Alaska
Budget Reductions/Additions - Systemwide
GA 38 2/15 Alaska Technical and Vocational Education Formula Funding**

Dec	-593.5	0.0	0.0	-593.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-----	--------	-----	-----	--------	-----	-----	-----	-----	-----	-----	-----

The Alaska Technical and Vocational Education Program (TVEP), is funded by 0.16 percent of employee contributions to the unemployment insurance trust fund. The taxable wages collected have declined more rapidly than originally anticipated. A reduction in TVEP authority is required in order to not overspend the fund. This is a new item for FY2018. It was not included in the FY2018 Governor request due to timing of updated revenue collection projections.

TVEP, established under AS 23.15.830, provides non-competitive grants to institutions that are part of a statewide vocational training system. Institutions provide technical and vocational training programs that align with workforce regional demands.

The Department of Labor and Workforce Development (DOLWD) manages the TVEP administration, including projecting available revenue for distribution. DOLWD's proposal for the TVEP distribution in the FY2018 Governor's Budget assumed flat TVEP revenue FY2016 through FY2018. There was a carryforward balance from unspent prior year TVEP distributions at the end of FY2016 that was anticipated to be sufficient to cover reduced revenues in FY2017 and FY2018. Actual revenue collections through the first two quarters of FY2017 indicate taxable wages are declining faster than what was anticipated prior to the start of the fiscal year. An overall adjustment of \$1,319.2 is needed, bringing the total available for distribution to \$11,970.1.

The University of Alaska's distribution is set by AS 23.15.835(d), and will receive \$5,386.6, or forty-five percent, of total receipts available. This decreases the University of Alaska's authority by \$593.5 from the FY2017 distribution level.

1151 VoTech Ed (DGF) -593.5

H UOA 1 - Reduction of Intercollegiate Athletic Teams to NCAA Minimum

Wordage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
---------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

**2017 Legislature - Operating Budget
Transaction Detail - House Structure
HSub Amends Column**

Numbers and Language

Agency: University of Alaska

Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
University of Alaska (continued)											
Budget Reductions/Additions - Systemwide (continued)											
H UOA 1 - Reduction of Intercollegiate Athletic Teams to NCAA Minimum (continued) Offered by Representative Gutfenberg It is the intent of the legislature that the University of Alaska reduce the number of intercollegiate athletic teams at participating campuses to the minimum required by the NCAA Sports Sponsorship Requirement.											
H UOA 2 - Priority of Cuts or Reallocations of Unrestricted General Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Offered by Representative Gutfenberg It is the intent of the legislature that cuts or reallocations of unrestricted general funds to the University of Alaska Anchorage, University of Alaska Fairbanks and University of Alaska Southeast, on a percentage basis, not exceed cuts or reallocations of unrestricted general funds to the University of Alaska Statewide Administration											
H UOA 3 - Establishing a UGF Spending Level for Intercollegiate Athletics	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Offered by Representative Gutfenberg It is the intent of the legislature that the University of Alaska fund intercollegiate athletics at both the University of Alaska Anchorage and the University of Alaska Fairbanks at the current level of University of Alaska Fairbanks intercollegiate athletics unrestricted general fund spending.											
* Allocation Total *	-593.5	0.0	0.0	0.0	-593.5	0.0	0.0	0.0	0.0	0.0	0.0
** Appropriation Total **	-593.5	0.0	0.0	0.0	-593.5	0.0	0.0	0.0	0.0	0.0	0.0
*** Agency Total ***	-593.5	0.0	0.0	0.0	-593.5	0.0	0.0	0.0	0.0	0.0	0.0
**** All Agencies Total ****	-593.5	0.0	0.0	0.0	-593.5	0.0	0.0	0.0	0.0	0.0	0.0

**2017 Legislature - Operating Budget
Allocation Summary - House Structure**

Numbers
Agencies: Univ

Allocation	[1] 18Gov	[2] HSub Rec	[2] - [1] 18Gov to HSub Rec
University of Alaska			
University of Alaska			
Systemwide Reduction/Addition	-10,250.0	-10,843.5	-593.5
Statewide Services	35,493.6	35,493.6	0.0
Office of Info Technology	17,468.7	17,468.7	0.0
Systemwide Education/Outreach	2,574.0	2,574.0	0.0
Anchorage Campus	268,518.2	268,518.2	0.0
Small Business Development Ctr	3,010.2	3,010.2	0.0
Kenai Peninsula College	16,652.8	16,652.8	0.0
Kodiak College	5,921.1	5,921.1	0.0
Matanuska-Susitna College	12,290.7	12,290.7	0.0
Prince William Sound College	7,164.0	7,164.0	0.0
Bristol Bay Campus	3,986.3	3,986.3	0.0
Chukchi Campus	2,302.2	2,302.2	0.0
College of Rural & Comm Dev	9,925.4	9,925.4	0.0
Fairbanks Campus	271,673.6	271,673.6	0.0
Interior Alaska Campus	5,388.8	5,388.8	0.0
Kuskokwim Campus	6,370.7	6,370.7	0.0
Northwest Campus	4,309.0	4,309.0	0.0
Fairbanks Organized Research	155,090.9	155,090.9	0.0
UAF Community and Tech College	14,003.2	14,003.2	0.0
Juneau Campus	42,424.7	42,424.7	0.0
Ketchikan Campus	5,436.2	5,436.2	0.0
Sitka Campus	7,956.2	7,956.2	0.0
Appropriation Total	887,710.5	887,117.0	-593.5
Agency Total	887,710.5	887,117.0	-593.5
Statewide Total	887,710.5	887,117.0	-593.5
			5.8 %
			-0.1 %
			-0.1 %

**2017 Legislature - Operating Budget
Allocation Summary - House Structure**

Numbers
Agencies: Univ

Allocation	[1] 18Gov	[2] HSub Rec	[2] - [1] 18Gov to HSub Rec
Funding Summary			
Unrestricted General (UGF)	325,033.5	325,033.5	0.0
Designated General (DGF)	332,183.9	331,590.4	-593.5
Other State Funds (Other)	86,640.4	86,640.4	0.0
Federal Receipts (Fed)	143,852.7	143,852.7	0.0