

# Gov. Murkowski's proposed FY 07 Budget and How it Affects UA

The Governor is supportive of UA in his FY07 budget released December 15, 2005. His budget covers many of our most pressing needs, and shows a clear understanding of the importance of higher education. This is excellent news.

We look forward to further conversations with the Legislature in the upcoming session about these issues:

- A long term investment in the state's workforce, in preparation for the coming gas line economy;
- Investment in an industry that is becoming a huge player in the Alaskan economy – UA research;
- Addressing some serious infrastructure problems on our campuses.

More and more Alaskans are choosing UA to get their education and training. Statistics prove that graduates from UA tend to stay in Alaska. That's good news, because when the gas line is developed, our residents will be here, ready to go. *UA is one of the most effective tools to achieve "Alaska hire."*

In the last few years, the Legislature has been willing to keep higher education and workforce training going in this state. This year, we're going to discuss with legislators about looking a little further into the future. *We want Alaskans positioned to take the "legacy jobs" – these are long-term and well paid.*

The governor's support of expanding the Alaska's Scholars program is exciting. This program is very successful in keeping Alaska's future leaders in-state. This announcement by the governor is the first support for the program beyond the commitment made by UA President Mark Hamilton and the Board of Regents. UA's continued funding for the existing program, plus the governor's support, would allow for the top 15 percent of Alaska high school graduates to attend UA on a scholarship that covers average tuition.

The governor's proposed budget also supports a program through the Alaska Commission on Postsecondary Education – Alaska Advantage--that would increase the level of needs-based grant funding by \$1 million over the existing program that funds \$550,000 for needy students.

## Let's Look At the Budget In Detail:

Operating Budget:

\* The governor's budget request would earmark \$290 million from the state treasury, including \$5 million for expanding the UA Scholars program to the top 15

percent of Alaska high school graduates. (\$296 million would have fulfilled the entire Board request and the Scholars expansion).

- The current UA operating budget is \$248 million in state general funds. The Board of Regents requested a \$43.5 million increase over the current year. Gov. Murkowski is proposing a \$36.7 million increment in state GF, not including the \$5 million for expanding UA Scholars.
- Request items not included are in the fixed-cost category (these are unavoidable increases--network bandwidth, risk and general fixed-cost increase), the administrative priorities for \$600,000, and the facilities' renewal and replacement (phase 1 of 10) request of \$3 million. Additionally, the utilities funding level in the Governor's budget is below what is in the BOR request based on using different cost estimates.

*Table 1. provides a comparison of the Board of Regents Request and the Governor's operating budget.*

#### Capital Budget:

\* The governor's proposal for UA capital totals \$95.1 million, of which state funding accounts for \$89.8 million. The Board of Regents requested \$250.4 million in state GF for capital, with the first \$98 million toward maintaining our existing facilities and equipment.

\* Of the \$89.8 million in state funding under the governor's capital budget, most (\$89.2 million) would come from refinancing tobacco settlement bonds, a valid but unconventional state funding source. The \$89.2 million would cover the Integrated Science Facility at UAA (\$55 million), and \$34 million for maintaining existing facilities and equipment.

\* The governor has also included \$550,000 base funding for the Small Business Development Center, which historically is funded through capital general funds.

*Table 2. provides a comparison of the Board of Regents' capital request and the governor's capital budget.*

