

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Finance




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MEMORANDUM

DATE: June 24, 2025

TO: Legislative Budget and Audit Committee

FROM: Alexei Painter, Director 

SUBJECT: Preparation for the June 30, 2025 LB&A Meeting

OMB submitted the following FY25 RPL for consideration at the June 30, 2025 Legislative Budget and Audit Committee meeting. This RPL, along with Legislative Finance comments, is posted on our website at <http://www.legfin.akleg.gov>.

RPL#	Agency	Allocation/Program	Amount	Fund Source
45-2025-0774	UA	Systemwide Budget Reductions/Additions	\$38,300,000	Federal Receipts (1002) Operating

If you have any questions that you want an agency to address at the meeting, please call us so we can help ensure the agency has a response prepared.

University of Alaska
Systemwide Budget Reductions/Additions (Appropriation)
Systemwide Budget Reductions/Additions (Allocation)

Subject of RPL: Federal authority	ADN/RPL #: 45-2025-0774
Amount requested: \$38,300,000	Appropriation Authority: Sec 1 Ch 7 SLA 2024 Pg 41 Ln 33
Funding source: Federal Receipts (1002) Operating	Statutory Authority: AS 14.40.040

PURPOSE

The **University of Alaska Troth Yeddha' Campus (Fairbanks)** is requesting **\$21 million** in additional federal receipt authority from \$142.7 million to \$163.7 million. The additional authority will enable the University of Alaska Fairbanks to record the additional federal revenue and federal expenditures in FY2025.

The primary drivers are the University-Affiliated Research Center (UARC via U.S. Department of Defense) at Geophysical Institute and Research Vessel (R/V) Sikuliaq activity (the vast majority of revenue originates from the National Science Foundation (NSF) Cooperative Agreement).

The UARC, which consists of a series of task orders, the amounts of which may be highly variable from year to year, is estimated to increase by approximately \$7 million over FY2024 activity.

At R/V Sikuliaq, the combination of delayed billing from the prior year and a substantial year-over-year day rate increase drove projected revenues up by approximately \$7 million in FY2025.

Other federal research areas that are displaying significant projected increases include:

Institute of Natural Resources and Extension is up \$2 million due to a Cooperative Extension project titled "Next Gen Food Policy Leader." This five-year, \$18.5 million, project began in FY2024 and is in full swing in FY2025.

International Arctic Research Center is up \$1.5 million in the Alaska Climate Science Center due to a cooperative agreement with U.S. Geological Survey (USGS) titled, "Hosting the Alaska Climate Adaptation Science Center."

Vice Chancellor for Research central administration area is up more than \$1 million in FY2025 due to inter-governmental support agreements (IGSAs) and additional NSF Established Program to Stimulate Competitive Research (EPSCoR) activity.

Alaska Center for Energy and Power, which has been steadily growing for the last decade, is up \$1 million due to several new projects coming online and steady activity on existing multi-year projects.

Institute of Northern Engineering's Water Research Center has a new project, "Alaska Radiocarbon Laboratory," through USGS, that is new for FY2025 and accounts for a \$1 million increase.

Teaching Through Technology at the College of Engineering and Mines, which includes Upward Bound, has doubled federal research expenditures (about \$500 thousand) in FY2025.

The **University of Alaska Anchorage (UAA) Campus is requesting \$15.7 million** in additional federal receipt authority from \$30.5 million to \$46.2 million. The additional authority will enable UAA to record the additional federal revenue and federal expenditures in FY2025.

The primary drivers for the increased federal activity include the following:

The UAA has seen an increase in federal grants to expand key programs and make programmatic facility improvements. Program areas offered through the College of Health include increased throughput of healthcare professions and a trial simulation courtroom. Nearly \$5.8 million was spent on programmatic facilities improvements in FY2025. Another grant is supporting the launch of UAA's new degree in school psychology, meeting critical school district needs. The psychology department space remodel cost \$43 thousand in FY2025. The grants support UAA's efforts to increase Alaska's workforce of high-demand professionals, reducing the state's dependence on out-of-state recruitment and short-term travel workers.

Beginning in FY2024, the UAA will receive \$46 million over the next ten years to lead a consortium of U.S. academic institutions and partners for the newly established Arctic Domain Awareness Center (ADAC)-ARCTIC Center of Excellence (COE) for Homeland Security in the Arctic. In FY2025, grant expenditures were just over \$6 million.

The University of Alaska has focused on reducing student college debt; this effort has led to an increase in student financial aid from Federal Pell Grants. At UAA, approximately \$3.9 million in additional federal financial assistance was received by students in FY2025.

The **UAA Small Business Development Center (SBDC) is requesting \$1.6 million** in additional federal receipt authority from \$1.2 million to \$2.8 million. The additional authority will enable UAA to record the additional federal revenue and federal expenditures in FY2025.

The SBDC is currently administering two federally funded programs, from the U.S. Department of the Treasury, on behalf of the State of Alaska. These federally funded programs have significantly increased SBDC's annual federal activity.

The State Small Business Credit Initiative (SSBCI) began in FY2023, with approximately \$59 million to be allocated over the program's 10-year duration to increase access to capital for Alaska's small businesses.

The Tribal SSBCI Consortium was launched in FY2025, dedicated to Socially and Economically Disadvantaged Individuals, the program will deploy over \$83 million to drive private sector investments into rural and Alaska Native-owned businesses across the state.

The SSBCI grants also provided additional funding for technical assistance programs. Institutions receiving this funding are focused on providing business assistance and support to help small businesses access federal funding and lending support programs.

PREVIOUS LEGISLATIVE CONSIDERATION

This is a new request for FY2025 and was not considered by the Finance Committee during previous legislative sessions.

TIMING ISSUES

With ongoing federal uncertainty, there has been a notable uptick in spending, making historical spending patterns less reliable for projection purposes. In anticipation of potential delays or suspensions in funding, departments have accelerated expenditures where possible. Federal agencies, when in receipt of funding, tend to obligate and distribute funds quickly, particularly leading up to the end of their fiscal year, while funds remain available.

The University of Alaska has been closely monitoring federal activity to ensure there will be sufficient federal receipt authority to meet FY2025 obligations; that review has resulted in the need for additional federal receipt authority in FY2025.

BUDGETARY ISSUES

A \$20 million base federal budget authority increase was included for the University of Alaska in the FY2026 operating budget passed by the legislature. The University of Alaska will continue to monitor federal activity closely throughout FY2026.

Legislative Fiscal Analyst Comment: The University faces significant difficulties in accurately projecting revenue and expenditures due to uncertainties surrounding federal funding timing and amounts. Historical spending patterns often prove unreliable for forecasting due to multi-year project and grant revenue variability, while (as noted in the RPL request) expenses may be booked urgently given uncertain availability of previously appropriated federal funds.

These projection challenges extend beyond federal revenue sources. In FY24, UA exceeded its budgeted receipt authority by \$28.4 million in non-UGF and non-federal fund sources—approximately 3% of total revenue (excluding duplicated and one-time fund sources). While three other earned revenue categories had excess authority of \$4.1 million, the University Receipt Authority category alone exceeded its authority by \$32.5 million. The net effect was the \$28.4 million shortfall.

The legislature ratified UA's FY24 excess expenditures in HB 53 in the 2025 legislation session.

Given what happened in FY24, the legislature approved FY25 supplemental appropriations and FY26 base budget authority to appropriately recharacterize a portion of UA Receipts to Statutory Designated Program Receipts (SDPR) and to secure additional SDPR funding for anticipated activities.

Similarly, additional federal authority may be necessary for FY26 but can be addressed as supplementals during the next session.

There are no technical issues with this RPL.