

May 26, 2016

TO: University of Alaska Community

FROM: Jim Johnsen, President

SUBJECT: Legislative Update

Whether you are on campus this summer or elsewhere, you are a critical member of the university community. As such, I want to make sure you stay up to date on the important issues affecting us.

In this update, I share with you where we are on the budget.

In response to Governor Walker's proclamation dated May 19, 2016, the Legislature has returned to work to focus on a number of issues of critical importance to Alaskans. These include the operating and capital budgets for Fiscal Year 2017, use of earnings of the Alaska Permanent Fund, and various taxes and tax credits.

The Special Session topics of most interest to the University of Alaska are the operating and capital budgets. Here are the relevant numbers on the operating budget:

- FY 16 budget \$350 million
- FY 17 Board of Regents' Request \$377 million
- FY 17 Governor's Request \$335 million
- FY 17 House \$300 million
- FY 17 Senate \$325 million
- FY17 Conference Committee \$300 million

On the capital budget, we asked for \$35 million to complete the Engineering Building at UAF and \$50 million for facility deferred maintenance. At the end of the recent extended session, the Senate included no funding for deferred maintenance and the House budget included \$5 million. In addition, the House proposed re-appropriation of approximately \$18 million from the Municipality of Anchorage to the University for construction of improved northern access to the UMED district, which includes UAA and our neighbors at Providence, Alaska Pacific University, Alaska Native Tribal Health Consortium, and Southcentral Foundation. This money, if eventually passed by the House and Senate and approved by the Governor, could only be used for its original purpose, road construction.

We continue to push hard for restoration of funds to both the operating and capital budgets. We certainly realize that the state's fiscal situation is very challenging and, therefore, we likely will see a reduction. But a reduction the magnitude of what is now on the table (from \$350 million in

the current year to \$300 million in the coming year) would severely impact our university and constrain our ability to meet the state's higher education needs.

This year's budget situation differs from last year when a partial legislative budget had been passed, providing some general fund money and authority to use university receipts. This year, the budget situation is significantly more uncertain, in that there is no provision to fund services starting July 1.

In an effort to avoid a situation where long notice periods require premature, expensive and harmful mass furlough or layoff notices or other action, I have signed an emergency regulation [R04.07.115] amending the furlough regulation that makes a number of changes, including reducing the employee notification time from 60 days to 30 days in the event the budget impasse is not resolved before the next fiscal year begins. This will allow the university more flexibility to act without doing so prematurely. Specific details will be explained if or when a furlough related to the lack of a budget becomes necessary. You can find the amended furlough regulation at

<http://www.alaska.edu/hr/hr-procedures/furlough/emergency-regulation-chan/index.xml>

If there is no budget on June 1, 2016, state executive branch employees will receive layoff notices. However, the university has no plans to issue furlough or layoff notices on June 1. That said, we constantly will be reevaluating our fiscal options even as we remain confident that the Legislature will meet its constitutional obligation to pass a budget before the new fiscal year begins.

As a reminder, employees who want to contact legislators about the budget (during non-work hours) should not use university equipment. Our legislative team has provided contact information for elected officials at <http://alaska.edu/state/legislative-contact-infor/>.

We will provide updated information as we know it and please refer to <http://alaska.edu/state/> for current news.

Thank you for all you do for the University of Alaska.