
Regents Present:

John Davies, Chair
Sheri Buretta, Vice Chair
Dale Anderson, Secretary
Lisa Parker, Treasurer
John Bania
Darroll R. Hargraves
Mary K. Hughes
Gloria O'Neill
Karen Perdue
Andy Teuber

Regent Absent:

Cachet Garrett

James R. Johnsen, Chief Executive Officer and President, University of Alaska

Others Present:

Rick Caulfield, Chancellor, University of Alaska Southeast
Cathy Sandeen, Chancellor, University of Alaska Anchorage
Daniel M. White, Chancellor, University of Alaska Fairbanks
Michael Hostina, General Counsel
Myron Dosch, Chief Financial Officer
Paul Layer, Vice President for Academics, Students and Research
Michelle Rizk, Vice President for University Relations and Chief Strategy, Planning and Budget Officer
Roberta Graham, Associate Vice President of Public Affairs
Mark Kondrak, Chief Information Technology Officer
Keli Hite McGee, Chief Human Resources Officer
Brandi Berg, Executive Officer, Board of Regents

A. Call to Order

Chair Davies called the meeting to order at 11:00 a.m. on Friday, June 28, 2019.

B. Adoption of Agenda

Motion by Lisa M Parker, second by Gloria R O'Neill.

Final Resolution: Motion Carries

Voting in favor: Dale G Anderson, John Bania, Sheri Buretta, John Davies, Darroll R Hargraves, Mary K Hughes, Gloria R O'Neill, Lisa M Parker, Karen Perdue, Andy Teuber

A. Budget Discussion

Governor Dunleavy signed the FY20 state budget on June 28, 2019 with approximately \$400 million in line-item vetoes including reducing the university's budget by 41 percent and upholding the \$136M cut. The board gathered to listen to the governor's press conference and discussed how it would manage the budget.

President Johnsen stated if the governor's vetoes are not overridden the impact will be devastating to UA, its mission,

the state and Alaska's economy; noted the governor's proposed \$192M FY20 UA operating budget is a 41 percent reduction from FY19; stated the presentation before the board considered a reasonable cut of \$30M-\$60M and while severe, the numbers were manageable allowing UA to address a rationale and reasonable transitional time; said the governor's budget is twice as much as UA's most extreme cut; will initiate an immediate freeze on hiring, travel, contracts, and issue furlough notice to staff; will increase advocacy with the Legislature in the attempt to override the devastating veto; stated if UA's efforts are successful, a budget distribution plan will be provided for approval on July 15, 2019 and if those efforts are not successful, a request for a declaration of financial exigency will come to the board on July 15, 2019 followed by a specific plan for program and unit reductions necessary to meet the budget cut on July 30, 2019.

The board discussed entering into financial exigency during this meeting noting the need to provide the president with all the necessary tools to manage the devastating \$136M budget cut; determined that concentrated advocacy efforts regarding a veto override should be conducted with the Legislature; is willing to wait and see what is accomplished in the Legislature's special session; requested President Johnsen continue with the contingency budget planning process, and stated while the unprecedented seriousness of the budget cut is alarming, the board appreciates President Johnsen's leadership and is confident UA has a strong, capable management team to guide the university through this difficult budget situation.

B. Approval of Acknowledgement of the FY20 Operating Budget Appropriation, Authorization to Make Interim Expenditures and Reductions, and Direction to Develop the Revised FY20 Operating Budget Distribution Plan and to Prepare a Plan for a Declaration of Financial Exigency

Motion by Mary K Hughes, second by John Bania.

Final Resolution: Motion Carries

Voting in favor: Dale G Anderson, John Bania, Sheri Buretta, John Davies, Darroll R Hargraves, Mary K Hughes, Gloria R O'Neill, Lisa M Parker, Karen Perdue, Andy Teuber

POLICY CITATION

Regents' Policy 05.01.040 – Acceptance of State Appropriations states, "The board must accept state appropriations to the university before any expenditure may be made against the appropriation."

RATIONALE AND RECOMMENDATION

The Board of Regents requested a \$917.9 million (\$358.5 million in state and \$559.4 million in non-state funding) operating budget for the University of Alaska in FY20. On Monday, June 10, 2019, the Legislature passed the FY20 Operating Budget bills (HB39 & HB40). The Legislature's final FY20 funding level for UA was \$322 million unrestricted general funds in two appropriations. That funding level constituted a \$5 million (1.5 percent) reduction over the current year.

On June 28, 2019, Governor Dunleavy vetoed \$130 million, reducing the unrestricted general funds to \$192 million, a 41 percent reduction over the current year. That veto is subject to