Michelle Rizk, Associate Vice Presiden
(907) 450-8187
(907) 450-8181 fax

contracts, implementation of new electronic processes, and expanded use of video conferencing in lieu of travel. These efforts have successfully provided offsets in the millions of dollars to the increases in pay, benefits, and healthcare.

Educational affordability for students continues to be a top priority which goes entirely against the ratio guidance. Last year the tuition increase (2%) was the smallest at UA in over a decade and was very well received by students, parents, donors, and legislators alike. This year, the tuition increase ranges only 2% to 4%. This low rate of tuition increase will maintain Alaska among the lowest in the 15 western states.

UA has created revenue enhancement opportunities through the UAA and UAF Offices of Intellectual Property and Commercialization, which may generate solid revenue over the long term. UA has also expanded its bus2,j [(r)3(e)4(v)-10(e)4(nueTc 0.00(0 Td (()-4(er)a4(e)-6co)2(li)-10(

UNIVERSITY OF ALASKA

Operating Budget (CCS HB 65)

"It is the intent of the legislature that the University of Alaska submits a Fiscal Year 2015 budget that includes a debt service allocation or an effective alternative to achieve that goal."

The University of Alaska believes the goal of the debt service intent language is to provide the Legislature a reporting framework that breaks out debt service. The following alternative offers an effective method to achieve this goal.

UA debt service is paid from the operating funds of the allocation which incurred the debt obligation. Historically only actual (not budgeted) debt service amounts have been recorded in expenditure line 78000 (Miscellaneous). In UA's FY2014 Management Plan, UA totaled up the budgeted amount for debt service, by allocation, in expenditure line 78000. By using expenditure line 78000 exclusively for debt service activity, total debt service expenditures can be clearly identified.

However, redirecting debt service (actual expenditures and budgets) to a separate allocation would present a dichotomy in that debt service would be reported in a separate allocation while other expenses, e.g. contractual services, would be associated with and reported in the respective entity allocation, e.g. Anchorage campus. In addition, it would create additional administrative complexity to establish a unique reporting framework that is in contrast to how transactions are actually recorded.

Please let me know if you have any questions regarding the information provided.

Sincerely,
Michelle Rizk