

September 27, 2016

Dear Colleagues,

In the midst of the excitement and promise of a new semester, I want to take a moment to address several current issues of importance to the University of Alaska.

The Board of Regents at its September meeting made tough decisions, good ones in my view, about the direction of Strategic Pathways, our budget, accreditation and other important issues affecting the university.

Strategic Pathways

We have two big forces driving the Strategic Pathways process. One is the very tough budget climate we are in, which doesn't look like it is going to improve any time soon. The other is huge unmet needs for higher education across our state. The driving question is how do we improve our service to the State of Alaska when our budget is being cut?

Strategic Pathways is the process the Regents approved for tackling that question. Seven teams of Alaskans met this summer and came up with options for how we can thrive moving forward in three academic and four administrative areas. With the benefit of counsel from the Summit Team, I weighed the options, the pros and cons of each, and took into consideration the testimony, opinions, emails, comments, phone calls, letters and suggestions received from more than 1,200 people to come up with recommended directions for Board approval. The Regents are supportive of the proposed directions.

On the academic side, the Board appears to be comfortable with two engineering schools, one at UAA and one at UAF. This is with the understanding that faculty and administrators will continue working together on common course numbering/descriptions, developing a common curriculum committee, creating a joint advisory board and increasing collaboration between the two schools including hiring and more courses shared online across campuses. I believe this is the best way to strengthen the programs going forward.

In business and management we are going to reduce administration, but continue to offer the programs we have now, delivered from faculty at all three universities, including the popular online BBA and MPA programs from UAS. We will move from three schools to two schools, with the programs in UAS moving under the School of Arts and Sciences. And like engineering, we will develop common course numbers and descriptions in order to provide options for our students across the state.

In teacher education the board provided preliminary support for moving from three schools of education to one, at a university yet to be determined. The reason is to focus our efforts and dramatically change and improve how we educate teachers in Alaska. In addition, the Board supports our goal of 90 percent of new teachers hired by 2025 will be Alaskans. We have to work out the details but this is a great first step in our plan to reinvigorate teacher education for

the state. We will seek the Regents' formal approval of the reorganization in November.

The board also supported our direction in four administrative areas. We must reduce costs, streamline processes, and, in the face of state cuts, get that money into the classrooms and labs that benefit our students.

In information technology, the Board supported the recommendation to centralize most IT employees currently working in departments into a central hub on each of the university campuses, and to dramatically increase coordination and support for an IT governance structure that will improve our prioritization and funding of IT projects. Serious cost savings and improved coordination will come out of IT.

In procurement, the Board supported centralizing systemwide administrative and policy authority at UAF while maintaining an office at UAA and expanding the use of field procurement technicians, to include UAS. Costs will be reduced through efficiency in purchasing.

In research, the Board supported consolidating research administration at UAF with service centers at each campus under UAF leadership.

The Regents took action on intercollegiate athletics, voting to maintain athletics programs at the University of Alaska. However, they do expect us to bring down the costs by reaching out to NCAA to explore reducing the number of teams at both athletic programs, and seeking a consortium with 10 teams in a single program shared across the two universities. In all cases, the Regents supported stepping up private fundraising for athletics based on the many commitments of support made at recent public meetings in Anchorage and Fairbanks.

Academic recommendations now move to implementation teams for work on the details including financial implications, timelines, and other details in preparation for formal Board approval in November. Implementation of the administrative priorities may occur more quickly. Information can be found at <http://www.alaska.edu/pathways>

FY18 Budget

I presented the FY2018 budget in the context of a long-range plan, a 10-year financial model we are building to make sure that the state and its appropriation, students and their tuition, and our enrollment targets are all lined up so that we can meet our 2025 goal of 65 percent of Alaska's workforce with some higher education. We are working out the details, and I am excited about creating a sustainable plan for our future, so students will know what tuition will be, and our universities are lined out for benchmarked progress while maintaining affordability, access and quality for the long term.

With respect to tuition we are currently 19 percent below the western states median. In the likelihood of another budget cut from the legislature it is critical that tuition is on the table. The governor's office has said we should be planning for a \$16 to \$32 million cut next year on top the cut we took last year. I will be working with students this fall on a tuition increase proposal to bring to the Regents in November. For context, a 10 percent increase would bring in

approximately \$10 million of new revenue.

Let me assure you that we are not looking to students alone for helping balance our budget. A tough, but unfortunately necessary likelihood is that there will be no faculty or staff increases in FY2018. We not only have the Governor's guidance of a \$16-32 million cut to manage, but we are under clear intent language from the legislature not to negotiate salary increases with our union represented employee groups. Unfortunately this is another one of those hard choices we must make to ensure that as much of our budget as possible is going into the student experience. I am committed to making sure that we provide market competitive compensation and will pursue adjustments as conditions allow.

Accreditation

The Regents agreed with my recommendation to postpone-for the time being-any further move toward a single accreditation. Many of the benefits of "oneness" I believe can be accomplished through the Strategic Pathways process, and many of the barriers to collaboration currently in the system are not a result of accreditation, but can be overcome through better communication, and more focus on creating shared student experience throughout our system. The Regents and I are keeping the door to a single accreditation very much open, however, against the contingency that increased collaboration and standardization-where they make sense-do not occur quickly enough. In addition, several Regents have requested a "one university" organization chart, with associated cost savings, to be presented to them in November.

UAF Engineering Building

I am pleased to announce that the Board approved a \$37.5 million bond package to complete the University of Alaska Fairbanks' engineering building. Originally funded in part by the legislature in 2011, we have not received the funding required to complete the facility. The bond sale is expected to progress quickly, and construction has already resumed to complete the state-of-the-art teaching and research facility by December 2017.

In Closing

The dual pressure of the budget cuts and the need to strengthen our service to Alaskans requires that tough decisions be made. We are making those decisions in an open, consultative, and strategic way-with the needs of our students, our faculty and staff, and our state utmost in mind.

These are very difficult times, but I know that WE will work through the tough choices and at the end of the day, we will be a stronger, more focused University of Alaska.

Many thanks for your patience, your support, and above all else, your abiding commitment to our students' success.

Sincerely,
Jim Johnsen