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Lacey Sanders
Fiscal Analyst
Alaska Legislative Finance Division
P.O. Box 113200
Juneau, AK 99811-3200

Dear Ms. Sanders:

Included below are the University of Alaska's actions in regard to the FY2017 enacted legislative intent in Operating Budget (CCS HB 256) and Mental Health (CCS HB 257).

Strategic Pathways (SP) is UA's framework for improving our service to the state and is the basis for many of UA's intent language responses. SP is premised on the fact that each of our universities has unique strengths in meeting the state's needs and the reality that each campus cannot be everything to everyone. UA is reviewing all of its major academic programs and administrative services for how we can create a more sustainable university with more diverse revenue sources—where we seek quality, access, and cost effectiveness while growing in service to our state at this critical time in our history. Additional information related to SP can be found at: <http://www.alaska.edu/pathways/>

(1) "It is the intent of the legislature that the Board of Regents of the University of Alaska return to the legislature with a specific plan for consolidation that includes specified timelines for anticipated results by the end of the 2016 calendar year; the plan would include, but would not be limited to, the university restructuring to one administrative unit with one accreditation."

The Strategic Pathways process described above is considering consolidation as well as increased collaboration and other options for more cost effective performance. Examples of decisions already made or currently under consideration by the Board of Regents are:

- Consolidation of research administration functions from all three universities at UAF;
- Consolidation of procurement functions from all three universities at UAF;
- Consolidation of information technology (IT) functions from departments and colleges at each of the universities, with governance of all IT consolidated at Statewide;
- Collaboration between the two schools of engineering, to include common course numbers, and descriptions, and shared course delivery;

- Collaboration between the UAA and UAF management and business programs, to include common course numbers and descriptions, and shared course delivery, and consolidation of the UAS management programs into the School of Arts and Sciences, resulting in elimination of the School of Management and its dean at UAS;
- Consolidation of three schools of education at each university to a single school serving all of UA and the state;
- A proposed waiver of National Collegiate Athletics Association (NCAA) rules in order to reduce the cost of our intercollegiate athletics programs, so as to maintain a reduced number of sports teams during this time of fiscal pressure.

The Strategic Pathways review process is now in its second phase, examining eight (8) administrative and academic areas for increased cost effectiveness and performance. Reports from the following areas will be made to administration in December of 2016:

- Administrative: Human Resources, University Relations, Student Affairs, and Institutional Research;
- Academic: e-Learning, Fisheries, Community Campuses, and Health

Phase 3 begins in January, 2017 with review of the following areas and reports due to administration in March:

- Administrative: Finance, Risk Management, Land Management, and Facilities;
- Academic: Social Sciences, Arts and Humanities, Physical Sciences, and Mine Training

In a separate but related process, during April of this year, the University of Alaska formally requested consultation with the Northwest Commission on Colleges and Universities (NWCCU) regarding a single university accreditation model and commissioned a review of accreditation by Dr. Dana Thomas. Working closely with NWCCU and the three universities, Dr. Thomas published his report in July. The report is available on UA's Academic Affairs and Research website (<https://www.alaska.edu/research/>) At the September meeting, the UA Board of Regents reviewed and discussed the report and decided to postpone, for the time being, any further move toward single accreditation until after the gains from Strategic Pathways can be assessed.

(2) *“It is the intent of the legislature that the University of Alaska prioritize and streamline its Personal Services within the Statewide Services Allocation.”*

In March 2015, the Statewide Transformation Team (SWTT) was established to review the UA system office (Statewide) programs and services and make recommendations to ensure system level work is tied to its essential purpose, efficient in use of resources, and effective in delivering results. In April 2016, President Johnsen announced 113 recommendations including reductions in functions or positions (returned fifteen position authorizations to the State between FY16-FY17 Management Plan), changes in the location of work being done, and changes in how Statewide collaborates with campuses. Strategic Pathways efforts are further refining the roles and responsibilities for the system offices, and several non-core system functions have been transferred to the universities (including twenty-one transferred positions). Further restructuring of administrative services is planned.

(3) *“It is the intent of the legislature that the University of Alaska conduct a comprehensive and transparent cost-to-revenue analysis, which does not include student fees or appropriations from the State of Alaska's General Funds as revenue, for all of its intercollegiate athletics programs; furthermore, the university is to report back to the legislature with its findings by the fifteenth day of the 2017 Legislative Session.”*

UA’s intercollegiate athletics programs were reviewed in SP Phase 1. The group’s charge was to review options for reducing cost, including eliminating the programs, seeking a waiver of the National Collegiate Athletics Association (NCAA) “ten team minimum” rule, and approval of a UAF/UAA consortium program. Included in the review was a close examination of annual program costs, approximately \$13 million in general funds and student tuition and fees and \$3 million in external funds. At its September meeting, the Board of Regents voted to charge the UA President to bring down the costs by (1) seeking a waiver of the “ten team minimum” rule from the NCAA and reducing the number of teams in both athletic programs, and (2) seeking a consortium with ten teams in a single program shared across the two universities. The request to the NCAA has been submitted and we expect a response later in 2016. In both 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.

(4) *“It is the intent of the legislature that the University of Alaska better utilize community buildings, school district buildings, and other facilities in close proximity to its existing "brick and mortar" campuses and satellite facilities that have low utilization rates of face-to-face classes only if the restructuring results in a decreased total cost; furthermore, the university is to report back to the legislature with its general plan to increase its use of "co-location" by the fifteenth day of the 2017 Legislative Session.”*

UA is actively looking for ways to better utilize owned facilities and leased space.

Community Campuses are under review in Strategic Pathways phase 2. The committee will be evaluating the resources available in the community to meet the educational needs of the students and the State and provide options for the most cost effective way to meet these needs in communities across the state. In addition, we are in active discussions with the Department of Labor and Workforce Development to address this opportunity.

(5) *“It is the intent of the legislature that the President of the University of Alaska make it one of his very highest priorities to improve student retention and graduation rates.”*

UA has several efforts underway to address the issue of student retention and graduation rates, including: UA Enrollment Summit, President’s Performance Goals, and Strategic Pathways. Enrollment is not only a fiscal issue - because of the obvious tie to tuition, but it is also a critical mission issue for the university: if UA can’t attract, retain and graduate students, it can’t fulfill its mission of preparing an educated and trained workforce to meet the needs in Alaska.

Strategy highlights discussed at the UA Enrollment Summit meetings held in early September, include:

- A new CRM (customer relationship management) system implemented over this past year at all three universities. The CRM will allow for greater relationship building

- with students over the recruitment cycle, enhancing UA's ability to communicate and track students from inquiry through enrollment;
- The University Hub (UAA) – improves the effectiveness and efficiency of the first-year students' experience by providing guidance prior to entering the university and helping them navigate through the first-year and beyond;
 - Come Home to Alaska (CHAK) program that encourages Alaskans to come back home by waiving the non-resident surcharge;
 - Finish College Alaska (FCA) - a statewide effort targeting the large segment of Alaskans who have completed some college, but not completed a degree;
 - Alaska Leadership Initiative (AL-I) – a leadership program targeting full-time first and second year students;
 - Continue the effort to incorporate e-Learning into more academic programs;
 - Micro-targeting (UAF) - expanding the use of predictive analytics to better refine the student markets to target, and how (and what) to communicate with those students.

UA's graduation rate has improved gradually over the past decade, due to the legislative investments in advising and campus initiatives, including better course placement, increased admission standards for some programs, and enhanced tutoring, among other efforts. Strategies to continue improving student retention and graduation rates incorporated into the President's Performance Goals include:

- Increase the number of degrees and credentials earned by Alaska Native students;
- Increase the college level course success rates of incoming baccalaureate students taking developmental courses.

Student Affairs is part of Strategic Pathways Phase 2. The team is charged to develop and review options for organizational restructuring including but not limited to further decentralization, consolidation at one campus, or consolidation at Statewide of functions that support significant enrollment growth and student attainment through outsourcing, automation, intercampus collaboration, process standardization, and other means to be determined by the team.

Additional work in this area includes a public awareness campaign funded with private dollars provided by the University of Alaska Foundation and stepped up collaboration with the Alaska Department of Education and Early Development to encourage college going and to strengthen college readiness.

(6) "It is the intent of the legislature that the University of Alaska increase contributions from alumni and private industry by a combined twenty percent, as well as seek out productive public-private partnerships in an effort to increase self-supporting revenue and achieve a balanced, sustainable budget."

Among the President's Performance Goals approved by the UA Board of Regents are:

- Increasing alumni giving (increased by 3 percent in FY16);
- Increasing industry investment in research, workforce development and extension service (increased by 1 percent in FY16).

With an eye toward these goals, the UA Foundation is helping the university prepare for a

major fundraising campaign. The UA Foundation Board of Trustees and the UA Board of Regents have allocated funds to University Development departments and toward enhancement of private giving. As a result, the UA Foundation has been able to initiate:

- A robust training program in philanthropy for academic and administrative leadership, staff, and volunteers to empower and extend the fundraising team;
- A statewide public relations campaign to be rolled out in the coming months;
- Efforts to identify and articulate the university system's overarching vision and priorities including outreach to community and business groups through the University FOR Alaska: Forums on how UA can bring its great capabilities to realize Alaska's great possibilities;
- Efforts to centralize leadership and implement new technologies to enhance efficiency and improve the donor experience.

Other important partnership efforts underway at UA include the following:

- UA is working with private businesses to get the sunset date of Alaska's Education Tax Credit program extended (currently set to expire December 31, 2018). Alaska's Education Tax Credit program was first established in 1987 by the Legislature to encourage private businesses to make charitable contributions to support schools in Alaska. The program provides opportunities for private business to give cash donations to fund educational facilities and programs for Alaska's next generation. In return, the businesses receive credits to offset specific taxes. The Education Tax Credit program is a win-win for the children and businesses in Alaska.
- The Alaska Public Higher Education Roundtable is a forum in which a diverse group of Alaskan leaders periodically advise the University of Alaska of the state's high priority needs that should be met through research, education, and outreach at the University; and to regularly measure and report on the University's progress toward meeting those state needs. Members of the Roundtable come from the executive and legislative branches of state government, private businesses, community organizations, the Board of Regents, and University administration. The Roundtable plays no governing or coordination role. Rather it is meant to function in a purely advisory capacity to the University and to other members of the Roundtable. The Roundtable will meet twice each year, once in the fall (November/December) and once in the spring (May/June).

(7) *"It is the intent of the legislature that the University of Alaska increase its incoming enrollment for the Alaska Performance Scholarship and UA Scholars Program recipients by five percent."*

Enrollment is mission critical and important to UA's financial health. Programs such as the Alaska Performance Scholarship (APS) and UA Scholars Program play a key role in UA's ability to attract, retain, and graduate Alaskans, which is central to the university's mission. The APS provides up to \$4,755 annually for four years to Alaska high school graduates meeting specific requirements for academic content and achievement who pursue a qualifying postsecondary degree or certificate in the State of Alaska, while the UA Scholar Award is awarded to the top ten percent of all graduating seniors from Alaska high schools.

Increasing the number of incoming APS recipients was approved by the UA Board of Regents as one of the President's Performance Goals for fiscal years 2016 and 2017. The UA Enrollment Summit and Strategic Pathways efforts aim to help achieve this goal.

In order to increase the number of APS recipients, UA's enrollment planning report proposed UA consider picking up where the State of Alaska left off last June by providing funding for each high school junior to take either the SAT or ACT. Making the test free across Alaska contributed to the number of test takers increasing by approximately 1,400 between 2014 and 2015. Additionally, students who sat for the SAT or ACT could use scores from these free administrations to qualify for one of three levels of the APS and increase enrollment at UA from students who earned those scholarships in part based on their test scores.

Although not specifically targeted to APS or UA Scholar students, Strategic Pathways aims to accomplish the following as it relates to student recruitment, retention and graduation rates:

- Streamlining and increasing consistency in business practices, policies, processes, and systems that support expedited student progress;
- Increasing Alaskans' participation in higher education by maximizing use of innovations in e-Learning, supporting high demand programs, and ensuring affordability;
- Offering a broad array of academic degree and certificate programs across the university system.

(8) "It is the intent of the legislature that the University of Alaska further develop and improve upon its utilization of its land grants in order to generate additional revenue; furthermore, the university will create a comprehensive plan to expand its land grants as they relate to generating revenue and present it to the legislature no later than the fifteenth day of the 2017 Legislative Session."

Even though many of the University of Alaska's (UA) parcels are remote, inaccessible, relatively small in size, scattered throughout the state and challenging to market for sale, lease or development, the university, through its Facilities and Land Management Office (FLMO), continues to pursue aggressive strategies to improve the consistency and sustainability of revenue streams received from management of its remaining inventory, about 135,000 acres of land. It is worth noting that the university has not received its full land grant entitlement (approximately 350,000 acres are still owed to the university). These additional lands are anticipated to improve the total value of the University's land grant inventory and UA is working on developing a combined federal/state plan to address our land grant deficit.

UA has adopted some new approaches for land management and has achieved a number of successes using the new strategies. An updated analysis of the university's parcels was developed, including identification of surrounding property owners (both private and government), extent of natural resources (to the degree they were known), as well as a new look at highest and best use potential for marketability. The university also took a modified

approach to risk/reward analysis intended to quickly assess the availability of infrastructure services critical to achieving high market values for its lands.

In 2016 the FLMO is preparing an update for the 2002 management plan that will be presented to the UA Board of Regents for adoption in early 2017. Emphasis will be placed on evaluating the effectiveness of previously adopted strategies and identification of additional strategies to increase revenues to support university programs. The focus is on developing sustainable, reliable revenue streams with the intent of achieving increased revenues net to the land grant trust fund year-after-year.

(9) "It is the intent of the legislature that the University of Alaska focus FY17 UGF budget reductions on (1) non-core mission programs and services; and (2) reduced personal services for all employees across the board or through furloughs."

Statewide Transformation and Strategic Pathways are being used to guide UA's FY17 budget reductions in order to strengthen programs and services using fewer state resources. UA is reviewing major academic programs and administrative services for how to create a more sustainable university with more diverse revenue sources and a leaner university in which resources are reallocated:

1. From programs and services that are:
 - not core to each university's strengths in meeting state needs
 - challenged by low enrollment, high cost, or insufficient faculty resources
 - redundant with programs at UA's other universities
2. To programs and services that are:
 - based on each university's distinctive strengths
 - enhanced through technology, collaboration, and consolidation
 - focused on wide access to cost effective, high quality programs

If you have any questions or concerns, please feel free to contact me.

cc: Kelly O'Sullivan, Chief Budget Analyst, State Office of Management & Budget
Michael Partlow, Budget Analyst, State Office of Management & Budget