

University of Alaska
Options for University Transformation
Preliminary Review Process

May 20 - May 29, 2020

Overview

1. The university projects a fiscal gap of \$14M-\$40M by FY22, after using \$25M one-time funds
2. In response to Audit Committee direction, the president—with input from the chancellors and governance leaders—developed an expedited, consultative review process of options for transformation
3. Numerous options were suggested for review; a small number were selected for review and consideration
4. These options will receive a preliminary review by a UA council and, after review by the Executive Council, be presented to the BOR in June

Overview

1. The university projects a fiscal gap of \$14M-\$40M by FY22, after using \$25M one-time funds
2. In response to Audit Committee direction, the president—with input from the chancellors and governance leaders—developed an expedited, consultative review process of options for transformation
3. Numerous options were suggested for review; a small number were selected for review and consideration
4. These options will receive a preliminary review by a UA council and, after review by the Executive Council, be presented to the BOR in June

FY 20 Expedited Review

FY20	FY21	FY22
<ul style="list-style-type: none"> • BOR directs universities to conduct expedited reviews • Universities conduct reviews • Universities present program recommendations to UA • UA presents recommendations to ASA • ASA reviews and approves recommendations for BOR consideration in June • Audit Committee directs administration to prepare transformation options for BOR consideration in June • Administration leads expedited review of transformation options • BOR considers academic program decisions and transformation options; approves FY21 budget 	<ul style="list-style-type: none"> • FY21 program and budget decisions take effect • Implementation begins for initial transformation options decided by BOR • Administration review of 2nd round of transformation options • BOR consideration of 2nd round of transformation options • UAF reaffirmation of accreditation • UAF additional expedited academic program reviews 	<ul style="list-style-type: none"> • Tenured faculty reductions from FY20 academic program decisions take effect • Implementation of 2nd round of transformation options decided by BOR • Administration review of additional transformation options • BOR consideration of additional transformation options

Note: All three universities conduct annual program reviews consistent with accreditation standards.

The university projects a fiscal gap of \$14M-\$40M by FY22, after using \$25M one-time funds*

BASE FUNDS	FY21	FY22	Total
What is the Gap we need to fill?			
Unrestricted General Fund Reductions	25.0	20.0	45.0
1% general market compensation adjustment	3.9		3.9
Specific market compensation adjustment	3.3	3.2	3.2
Unmet base gap from prior to FYs	3.8	4.5	8.3
Proposed debt service refinance/restructure**	(3.4)		(3.4)
Operating budget impact	\$29.3	\$27.7	\$57.0
COVID – Projected	24.8	13.9	38.7
Total Gap we need to fill	\$54.1	41.6	\$95.7
How will the Gap be filled?			
Specified Base reductions	28.9	1.7	30.6
Gap after specified reductions	\$25.2	\$39.9	\$65.1
Unspecified base reductions		26.0	26.0
Remaining Gap to Fill			\$39.1

ONE TIME FUNDS	"Available" above floor	Projected 6/30/2020	Floor Level
Unreserved Fund Balance			
UAA	\$3.0	\$14.3	\$11.3
UAF		5.9	13.9
UAS	0.3	2.8	2.5
SW	8.1	10.0	1.9
	\$11.4	\$33.0	\$29.6
Debt Service Reserve Funds			
UAA	\$1.1	\$2.3	\$1.2
UAF	12.0	24.0	12.0
UAS	0.2	0.5	0.3
SW	0.1	0.2	0.1
	\$13.4	\$27.0	\$13.6
Total Bridge Funding	\$24.8		

*As to previously reported fiscal gap of \$41M to \$66M, \$41M assumed no use of one-time funds (\$24.8M) and, at \$66M, no realization of FY22 unspecified reductions (\$26M).

**Proposed debt service refinance frees up \$12.6M for debt service/BOR strategic reserve.

The need for action remains

- 2012 Enrollment begins to decline (part of national trend)
- 2015 State funding cuts begin
- 2016-17 Strategic Pathways identifies options for improvement, incremental decisions made
- 2019 State funding cut of 41%
 - Declaration of exigency, subsequently withdrawn
 - Consideration of single accreditation encouraged by legislature and BOR Task Force; BOR decided against pending UAF reaffirmation of accreditation in FY21
 - State cut partially mitigated through Compact Agreement (21% over 3 years)
 - BOR direction for university-led program reviews with FY21 & FY22 targets
- 2020 Current state
 - Universities are actively working to increase enrollment against strong headwinds
 - MAUs are implementing administrative reductions
 - University-led program reviews made progress and primarily address FY21
 - Lengthy notice periods and other transition processes require specific action now for FY22
 - Unforeseen COVID impacts magnify underlying fiscal challenges
 - Response cost; federal and state aid do not cover costs
 - Negative impact on revenue from enrollment, tuition, investment earnings, research
 - Alaska economic challenges: oil, tourism, fishing, investment earnings
 - State funding, philanthropy at risk
 - BOR Audit Committee directs president to work with chancellors to assess options

Overview

1. The university projects a fiscal gap of \$14M-\$40M by FY22, after using \$25M one-time funds
2. In response to Audit Committee direction, the president—with input from the chancellors and governance leaders—developed an expedited, consultative review process of options for transformation
3. Numerous options were suggested for review; a small number were selected for review and consideration
4. These options will receive a preliminary review by a UA council and, after review by the Executive Council, be presented to the BOR in June

The Audit Committee directed us to provide options

The Audit Committee directs the president, in conjunction with the UA leadership team including the chancellors, to provide options for transformational change at the University of Alaska, including additional academic and administrative integration, revision of the budget allocation model, and structural changes, including mergers, closures, and changes of mission, for consideration during the Board of Regents' June 2020 meeting.

This motion is effective May 13, 2020.

The administration seeks an expedited and consultative process

	May 11-15	May 18-22	May 25-29	June 1-June 5
Board of Regents	<ul style="list-style-type: none"> 5/13 Audit Committee 5/13 ASA Committee 		<ul style="list-style-type: none"> 5/26 Public Testimony 5/27 Ad Hoc Title IX 5/28 ASA Committee 5/28 Facilities Committee 5/29 Audit Committee 5/29 Governance Committee 5/29 Post Full Board materials 	<ul style="list-style-type: none"> 6/2 TBD Public Testimony 6/4-5 Full Board
Executive Council	<ul style="list-style-type: none"> 5/14 Meet to (1) review / approve draft workplan; (2) Identify and describe options and criteria 	<ul style="list-style-type: none"> 5/19 Discuss and draft options 5/22 EC reviews assigned options 	<ul style="list-style-type: none"> 5/26 Considers academic and administration reviews from AC and BC; reviews draft BOR presentation 5/28 Review revised draft BOR presentation 5/29 Discuss input and finalize BOR presentation 	
Academics	<ul style="list-style-type: none"> 5/14 VPASR heads up email to NWCCU 5/15 Letter to NWCCU 	<ul style="list-style-type: none"> 5/20-21 AC reviews assigned options, provides to EC on 5/22 TBD Meeting with NWCCU, VPASR, provosts, and ALOs 	<ul style="list-style-type: none"> 5/27 AC reviews draft BOR presentation TBD Meeting with NWCCU, provosts, and ALOs 	
Administration		<ul style="list-style-type: none"> 5/20-21 BC reviews assigned options, provides to EC on 5/22 	<ul style="list-style-type: none"> 5/27 BC reviews draft BOR presentation 	
Governance	<ul style="list-style-type: none"> 5/13 VPASR heads up email to system governance leaders 5/14 P meet with SGC 	<ul style="list-style-type: none"> 5/21 P discusses options with SGC TBD Cs discuss options with institution level governance groups 	<ul style="list-style-type: none"> 5/28 P get input on draft BOR presentation from SGC TBD Cs get input on draft BOR presentation from institution level governance groups 	
Communications	<ul style="list-style-type: none"> 5/13 P email to UA community 5/14 Cs email to universities 	<ul style="list-style-type: none"> 5/21 P email to UA community TBD Cs communication 	<ul style="list-style-type: none"> TBD P email to UA community TBD Cs communication 	<ul style="list-style-type: none"> TBD P email to UA community TBD Cs communication

P: President

Cs: Chancellors

ALOs: Accreditation Liaison Officers

AC: Academic Council

BC: Business Council

May 20, 2020

SGC: System Governance Council

NWCCU: Northwest Commission on Colleges and Universities

Review criteria

1. UGF cost savings (estimated)
2. Student access and affordability
3. Mission focus
4. Timeliness/ease of implementation
5. Additional considerations
 - Process simplification
 - Availability of new/alternative instructional technologies, e.g., on-line
 - Responsiveness to local/community/regional needs
 - Quality

Overview

1. The university projects a fiscal gap of \$14M-\$40M by FY22, after using \$25M one-time funds
2. In response to Audit Committee direction, the president—with input from the chancellors and governance leaders—developed an expedited, consultative review process of options for transformation
3. Numerous options were suggested for review; a small number were selected for review and consideration
4. These options will receive a preliminary review by a UA council and, after review by the Executive Council, be presented to the BOR in June

Options for review

Additional academic and administrative integration	Revision of budget allocation model	Structural change, e.g., mergers, closures, changes of mission
<p>Academic (led by VPASR, Academic Council)</p> <ol style="list-style-type: none"> Complete implementation of teacher education program consolidation Set single definition of lecture/course hour (50 or 60 minutes, one or the other) Consolidate and redesign common GERs Increase coordination of curriculum and faculty and staff resources in similar programs across UA Consolidate duplicative academic units Develop university wide strategic plan for eLearning <p>Administrative (led by VPUR, Business Council)</p> <ol style="list-style-type: none"> Devolve Information Technology services from Statewide to universities Consolidate Information Technology services in Statewide Assign responsibility for administrative services to a university Increase cost-effective outsourcing Reduce facility footprint Expand “work from home” from pre-COVID 	<ol style="list-style-type: none"> Allow tuition differentiation among universities, between university and CTE programs, between in-person and on-line, and between in-state and out-of-state Develop budget allocation formula weighted for mission, enrollment, disciplines, and degrees offered Allocate UGF for expenses in accordance with peer ratios 	<p>Structural (led by President, Executive Council)</p> <ol style="list-style-type: none"> Merge community campuses into UAS Merge UAS into UAA and/or UAF, while preserving access and other values Re-envision partnerships with selected community campuses/facilities, including possible merger and/or transfer to local entity

Options for preliminary review are identified in bold face. They were selected based on several factors, including:

- UGF cost savings potential**
- Ability to ensure student access/affordability**
- Opportunity to support mission focus**
- Time/ease of implementation**
- Additional considerations, e.g., on-line alternatives**

Other options, including options to be identified later, will be considered for review at a future time.

Directions for review

- Each council (AC, BC, EC) will review the assigned options for:
 - UGF cost savings (est'd)
 - Student access and affordability
 - Mission focus
 - Timeliness/Ease of implementation
 - Additional considerations

The review should be conducted at a summary level based on existing data, sufficient for the Board to decide whether to:

- Discontinue review
- Continue review at a more detailed level for future consideration
- Take action

The review will be documented on the template provided and sent to the Executive Council NLT May 22

Set single definition of lecture/clock hour

Lead: VPASR
Council: Academic

UGF cost savings (est'd)	Student access and affordability	Mission focus	Timeliness/ease of implementation	Additional considerations

Consolidate and redesign common GERs

Lead: VPASR
Council: Academic

UGF cost savings (est'd)	Student access and affordability	Mission focus	Timeliness/ease of implementation	Additional considerations

Increase coordination of curriculum and faculty and staff resources in similar programs across UA

Lead: VPASR
Council: Academic

UGF cost savings (est'd)	Student access and affordability	Mission focus	Timeliness/ease of implementation	Additional considerations

Devolve IT services from Statewide to universities

Lead: VPUR
Council: Business

UGF cost savings (est'd)	Student access and affordability	Mission focus	Timeliness/ease of implementation	Additional considerations

Consolidate IT services in Statewide

Lead: VPUR
Council: Business

UGF cost savings (est'd)	Student access and affordability	Mission focus	Timeliness/ease of implementation	Additional considerations

Merge community campuses into UAS

Lead: President
Council: Executive

UGF cost savings (est'd)	Student access and affordability	Mission focus	Timeliness/ease of implementation	Additional considerations

Merge UAS into UAA and/or UAF

Lead: President
Council: Executive

UGF cost savings (est'd)	Student access and affordability	Mission focus	Timeliness/ease of implementation	Additional considerations

Overview

1. The university projects a fiscal gap of \$14M-\$40M by FY22, after using \$25M one-time funds
2. In response to Audit Committee direction, the president—with input from the chancellors and governance leaders—developed an expedited, consultative review process of options for transformation
3. Numerous options were suggested for review; a small number were selected for review and consideration
4. These options will receive a preliminary review by a UA council and, after review by the Executive Council, be presented to the BOR in June