UNIVERSITY OF ALASKA FAIRBANKS

FY13 Cost Savings & Efficiency Efforts
September 2013

In FY13 UAF made increasing efforts to identify cost savings and cost containment measures, maintained conservation and sustainability initiatives as a high priority, made process improvement efficiencies, and continued to explore new revenue opportunities. In addition to these regular management practices, UAF implemented several strategic tuition offsets, vertical reductions and organizational changes that will continue to show results in FY14 and beyond.

In FY13, UAF projected a fairly flat revenue picture for FY14. The State maintained a "hold the line" budgetary approach. Tuition revenue streams and federal sources (including indirect cost recovery) would be reduced slightly or maintained, but were not expected to increase at the level of projected cost increases. These conditions made it very clear that without managed change UAF would face a budget deficit before FY15.

To address these budget issues, UAF took proactive steps in FY13 to understand the fiscal climate and conditions that impact the campuses, schools, colleges and institutes. UAF made significant and strategic management adjustments to better align with budgetary constraints and optimize resources.

There are several major categories of cost savings and efficiency efforts in FY13:
- Financial and Human Resource Efficiencies
- Utilities, Energy or Resource Conservation
- Outsource, Change in Service Model or Process Improvement
- Tuition Offset, Strategic Vertical Reduction or Reorganization
- Revenue Generating Actions

Actions taken in FY13 and FY14 are yielding one-time and continuing savings that can be strategically reinvested into UAF's highest priority programs or growth areas in future years.

Financial and Human Resources Efficiencies

- Announced in FY12, but effective in FY13 UAF consolidated two major units, Student Services and University Advancement, and established University and Student Advancement (USA). This programmatic and administrative change resulted in savings due to consolidation of HR, travel, procurement, and budget management across the previously independent areas. This translates to a more integrated approach to student related programs and services.

- Based on opportunities for improved performance, including increased revenue from grants, tuition, and student fees, Provost Henrichs decided to merge SNRAS, the Cooperative Extension Service (CES) and the Agricultural & Forestry Experiment Station (AFES). The merger was announced in summer 2013, but will take effect at the start of FY15. Currently faculty and staff are meeting to develop implementation plans for the merger. The new unit will need to absorb the impact of any decreases in state and federal funding and will be staffed strategically to continue to address the missions of SNRAS, AFES, and CES and the needs of students and Alaska's communities.

- Starting in May 2013, UAF employed a 90-day vacancy hiring delay for all staff positions. UAF deans, directors and executive leadership have been carefully reviewing each position prior to refill. Where opportunities to restructure exist, deans and directors are encouraged to implement them or consider shared service models via collaboration with other units. Many units are actively pursuing optimization efforts and in some cases are choosing not to refill vacant positions in order to meet other programmatic or service needs. Units are also choosing to reduce services where appropriate.

- Over the last several years the UAF Office of Procurement and Contract Services has established a number of indefinite delivery – indefinite quantity (IDIQ) contracts for technology equipment. IDIQ contracts provide cost savings through the competitive solicitation process coupled with the ability for departments to make purchases quickly and easily. Many of the items now under contract are high volume, low dollar items. Use of the pricing on these contracts saved approximately $2M off of the manufacturer's suggested retail prices (MSRP). These contracts are vendor managed so UAF departments do not have to reference the contract (and must only identify as a UA customer) to garner the savings.

- Using baseline data from 2008 and updating it through 2013, UAF conducted an analysis of administrative and support staffing levels and trends in August 2013. Regular review of administrative and support capacity has three primary goals: 1) to inventory UAF FTEs in these job categories, 2) to develop criteria to rate importance, efficiency and effectiveness among functions, and 3) to identify common processes to streamline.

  To date, UAF has reduced FTEs in traditional administrative and support areas (administrative generalists/specialists, fiscal managers/technicians, humans resources, procurement, police, fire, environmental health & safety and facilities staff). UAF has made several targeted investments in student services (advising and student service staff), marketing and communications (as part of the reinvigorated marketing campaign) and development staff (fundraising efforts) as part of the Board of Regents' budget and UAF strategic initiatives within the last five years.

  - For the full UAF Administrative & Support Capacity Update 2008-2013, see link below: http://www.uaf.edu/finserv/omb/administrative-support-re/

- Use of technology to improve administrative efficiency and online instruction has benefitted several schools and departments over the course of FY13. The School of Education (SOE) transitioned to use of Google hangouts for meetings to save on audio conferencing costs. CES also increased use of online and distance delivery training and workshops; this saved travel costs and instructor time which allowed CES to reach more communities.

  - More specifically, an Anchorage agent taught a nutrition class to Seward, Homer and Soldotna participants using the OWL Network and libraries in three communities. This reduced travel time by nearly three days and allowed residents of 23 communities to participate in the Master Gardener online course. Agents also used the online network to teach courses on pesticide application, certified food protection and 4-H leadership.

  - CES additionally increased use of online registration capability for Extension workshops and conferences. The Business Office uStore processed 1,082 transactions electronically which would have previously been processed manually.

- UAF's video conferencing use has increased 19% from FY11-FY13. UAF had three schools in the top five across the UA system in use of video conferencing during FY13. Additionally, cost avoidance for travel expenses across the entire UA System for FY13 is estimated at $842K with the utilization of video conferencing.

- eLearning and Distance Education have integrated recruitment activities with the UAF Admissions Office. The training and recruitment material provided by eLearning allows the central admissions officers to represent the department at recruitment fairs. Through these actions eLearning has eliminated costs associated with travel and vendor registrations, while improving the work efficiencies of staff through improved collaboration and backup.

- Career Services has been downsized and will be merged with Human Resources to carry on essential coordination and outreach with potential employers of UAF graduates.

- UAF Rasmuson Library downsized operations and utilized savings to prepare the new location for the Stevens Archives and cover some of the increasing fixed costs for collections, e-subscriptions and services.

- Several units have explored new partnerships to leverage operations and efficiencies in FY13.
    - The Chukchi Campus was able to build on partnerships with their Native Corporation, NANA, and will receive funding for the Tech Prep program and dual credit high school courses from Aqqaluk Trust, which is a subsidiary of NANA.

    - CES partnered with Alaska Rhodiola Products, a rhodiola growers' cooperative, which led to funding for travel and expenses for an Extension visit to Alberta, Canada to learn more about growing the crop.

    - CES partnered with the Fairbanks Community Food Bank to share the kitchen facilities for evening classes, which saved the cost of renting a similar facility.

    - CES additionally partnered with Kawarek Inc., a Bering Strait nonprofit that paid for a CES agent to become trained in the Green Dot Violence Prevention program which allowed CES to offer the program in Northwest Alaska.

- Schools and colleges are making choices to optimize faculty effort and have elected to hire faculty with higher instruction workloads in order to teach more classes, or hire term and adjunct faculty in certain program areas to increase offerings to students at a lower cost than exclusively using tenure track faculty. These changes do not adversely impact accreditation or academic program quality standards. These decisions, however, do reduce UAF research capacity slightly.

- The College of Liberal Arts (CLA) improved operations within college administration. CLA combined the research administrative functions of the Associate Dean with the Grants Manager duties to form a new Grants Administration Manager. This position is tasked with a renewed emphasis on the development of the college's research mission and resulted in nearly $85,000 in structural savings.

- The College of Engineering and Mines (CEM) reallocated vacant faculty salary support to upgrade lab and classroom equipment and send faculty to ABET college accreditation training.

- UAF units are actively reviewing use of space including leased space in off-campus locations. Where units can be moved to campus and leases ended, it will result in a cost savings for UAF in FY13 and FY14. Some examples include:

  o School of Fisheries and Ocean Sciences (SFOS) facilitated a reduction in leased Alaska Sea Grant Space $73.5K (three months in FY14).

  o CES will move its district office from leased space in downtown Palmer to the Matanuska Experiment Farm. This move will integrate agricultural research with Extension outreach and will save UAF $48K annually in lease costs.

  o UAF Marketing & Communications and the UA Press have moved from the Wells Fargo building into more campus-centric space allowing for improved coordination with campus groups and effective space for book publication, sales and community outreach.

- The Community and Technical College (CTC) reallocated funds via position management to make facility improvements in the newly purchased hangar for the Aviation Program and supply state-of-the-art dental equipment to the Dental Hygiene program to improve instructional quality.

- Some UAF locations have employed soft closure periods before and after holiday breaks or during times where student activity is lower. For example, Interior Aleutians Campus (IAC), Facilities Services and other administrative offices have participated resulting in salary savings and reduced energy consumption.

- UAF has made significant strides to train employees in safety standards and has made the remediation of safety hazards a priority in FY13. UAF has made efforts to communicate the "if you see something (unsafe) say something" message broadly and has created various places online to report unsafe incidents or situations. The campus expects to evaluate the outcomes of these safety initiatives and hopes to see a reduction in associated claims.

- Finance and Accounting worked with units to improve financial management reporting and projections in order to understand and maximize UAF resources at all levels of the organization.

Utilities, Energy and Resource Conservation Efforts

Sustainability and energy conservation has been and continues to be a major initiative for UAF. UAF consistently seeks input from the Fairbanks Community and community campus areas, and works with Facilities Services, schools/colleges and student groups to implement as many reasonable ideas as possible.

UAF sustainability efforts include recycling, composting and waste reduction, transportation and parking improvements including "Green Bike" rentals, efforts to improve energy, lighting and solar use, responsible purchasing, use of organic and locally grown foods, green buildings, sustainable landscapes and grounds maintenance, and water quality and conversation methods.   UAF's student sustainability board (R.I.S.E) distributes more than $300k annually (via student fees) to projects related to sustainability. To see more detail about UAF sustainability projects please visit: http://www.uaf.edu/sustainability/greenaction/.

- Beginning in 2011, all three UA universities selected an energy service company through a competitive RFP process to perform energy audits on many campuses across the state. Siemens Corporation was the successful bidder on the UAF projects and completed the Investment Grade Energy Audits. These audits included a thorough study of the existing lights, fans, motors, HVAC systems, building envelopes, and cooling systems in ten buildings selected for review. UAF anticipates an approximate $600k in annual savings and will pay-back its $6M investment in 10 years. Another set of energy projects will begin in FY14.

- At the Bristol Bay Campus the new addition has exterior LED lighting, which reduces electric use. Five LED outdoor flood lights are expected to reduce electrical use by 50% vs. traditional 100w sodium lights which were installed on older areas of the building. A new garage door opening was also reduced by 104 sq. ft. resulting in reduced heat loss and fuel savings.

  Bristol Bay additionally experimented with turning off the boilers for a two week period over the summer. The test resulted in a $500 savings. The campus will continue working with UAF Facilities Services to develop an operational procedure for Summer 2014 to reduce fuel use on the campus between June and August. As part of the plan the campus will determine an alternative source for heating water separate from the boiler system.

- The University Fire Station with help from a RISE grant installed a 3.2kW solar array in the summer of 2012. The energy is connected to the GVEA's utility grid through the SNAP program. Office of Sustainability student workers installed the system with help from local electricians and the fire department staff. The plan is to install 2 more 3.2kW systems over the course of ten years.

  The University Fire Department has also reduced the number of vehicles in its inventory which reduces the corresponding fuel, service needs, insurance and licensing. The UFD has taken measures to increase car-pooling and reduce idling to improve fuel consumption.

- The Sustainable Village Solar project is a partnership between Cold Climate Housing Research Center, University of Alaska Community and Technical College, GVEA, UAF students, and the RISE Fund. UAF and CTC students installed four of the planned six solar PV arrays as a 2012 summer class. The 12.9kW system came on-line in early October and distributes power into the GVEA grid. When finished, this system will produce 19.35kW.

- The first student solar project on campus was conducted on the Student Recreation Center, designed to be a 17kW system. The SRC system replaces about four percent of the 2009 yearly load, as energy efficiencies increase within the SRC, so will this percentage. There is no need for batteries; all of the power produced by the panels is utilized immediately, and if not needed by the SRC, the electricity is used by the university grid system. The SRC has a higher summer load than winter load. This is due to the need to circulate more air through the building in the summer months.

- The Institute of Arctic Biology (IAB) greenhouse manager developed new pest/disease control procedures that have virtually eliminated the need to purchase pesticides which are expensive and toxic, has decreased the purchase of biological pest control products and has improved the sustainability of the IAB greenhouse.

- UAF Facilities Services has implemented various efficiency and sustainable improvements.

    o The Facilities shops are utilizing iPads and other mobile devices to improve workflows, allow for faster communication and management of call-outs. Technicians have floor plans and work orders at a glance in a portable format, which makes communication and planning with units and design firms more efficient.

    o The maintenance shops have updated and put the Operations & Maintenance (O&M) manuals online for easier access for engineers, maintenance and consultants. This reduced research time and allows improved access to needed manuals.

    o Facilities vehicle shops have converted to use of smaller, more fuel-efficient vehicles.

    o Facilities has implemented "Nighttime Setback" programs in new buildings and improved the building envelope in some of the older buildings. Nighttime setback programs manage temperature control and lighting when buildings are vacant, saving on fuel and energy costs.

    o A campus-wide re-lamping project was initiated, swapping high-energy use bulbs with more energy-efficient lights. Planning and installation of control systems for exterior campus lighting is also underway.

    o The new Murie Building central chiller made it possible to remove the old and inefficient units in the BiRD and Virology buildings. Future expansion to the O'Neill Building and the Museum is planned, which will allow the much less efficient systems in those buildings to be removed as well.

    o Facilities completed energy upgrade projects for the Sports Complex, Gruening, Elvey, and Irving I. New, more efficient motors and variable speed drives in the heating systems were installed. Additionally, door seals and windows for several buildings were replaced in Kodiak, Chukchi and the Seward Marine Center including boiler upgrades.

Outsource, Change in Service Models and Process Improvement

In FY13, UAF made significant progress in its review of highly-used workflow processes, in an effort to make efficiency improvements in several key areas.

- Shared services models are an emerging theme at UAF and were explored in a few locations in FY13.

    o The Institute of Arctic Biology (IAB) entered into a shared services agreement with the Center for Alaska Native Health Research (CANHR) to provide travel and communication support. By using existing staff at IAB, CANHR reallocated nearly $145K to directly support research activities that will result in additional research opportunities in the future. This has also resulted in more efficient administrative functions within IAB and CANHR.

    o UAF Housing and Dining operations were reorganized to realize efficiencies and cost savings. As a result of consolidating the two offices, the Polar Express student ID

services were moved under the Office of the Bursar and one position eliminated. Additionally, all administrative functions i.e. accounting, HR, travel, etc. for the two units were combined under a joint business office led by an executive officer. Parking Services was also moved under the Office of Bursar, realizing additional cost savings and process efficiencies. The goal of this consolidation was to make headway in creating a "one-stop-shop" for all student-related support services i.e. billing/payments, parking services, polar express ID services, dining, etc. Currently UAF is reviewing other business functions within Administrative Services to determine which like operations can also be moved under the joint business office.

- UAF's administrative services process improvement initiative began as part of the Administrative and Support Review process that evolved from the 2010 Chancellor's Executive Leadership Workshop. One of the goals of the Administrative Support Review Committee was to identify common processes to streamline that would improve overall administrative effectiveness. Since then a full scale process improvement methodology has been adopted and a growing team of facilitators has worked to lead several institutional movements promoting change. These efforts represent bottom-up change developed by the process owners, supported at the highest levels of the organization.

  Project details and recommendations from the process improvement teams can be found online: http://www.uaf.edu/finserv/omb/process-improvement/current-projects/

  o In FY13, the Grant Award Set-Up (GPS) team presented recommendations (via a business case) to the executive level steering committee. Several recommendations were accepted including the expansion of InfoEd, an online proposal and award management software package and an exploration of higher signature thresholds on certain awards (to eliminate delays in set-up). A training plan is in development.

  o The Employee Pre-Recruitment (HIRED) team also presented its recommendations (via a business case) to the steering committee. Several recommendations will be completed within UAF HR, while others will require System Office collaboration. Work teams have been formed to explore feasibility of the existing UAKJobs system vs. a new system.   Additionally, work teams focused on streamlining positions descriptions (PDs) and developing best practices for UAF departments are underway.

  o The Procurement and Travel project teams began in FY13. Teams were formed, the current processes were mapped and "rubs" have been identified in each process. Each team is working through an implementation plan to gather data and feedback from each area in order to propose recommendations for an optimal process. Results from these teams are expected throughout the year.

- UAF implemented a procurement technician (P/T) training program in FY13 that provides in-depth procurement training to select (typically high volume or specialized department) staff members across campus. When training is complete, the member "graduates" and is granted increased procurement accesses within Banner so high volume units can complete more of the work as a first line of support rather than funneling work through the central office.

- Several units made organizational changes to streamline service provision. UAF Human Resources (HR) combined with the Geophysical Institute (GI) HR office to form a more unified HR presence on the UAF campus. This allowed the large office suite complex in the

Elvey Building to be repurposed (contributing to UAF's ongoing efforts to reduce off-campus leased space) and improved purchasing arrangements associated with maintaining multiple offices, staff coordination, HR consistency and response.

- eLearning & Distance Education examined the printing, facing and mailing processes related to faculty and student support. Based on the review, the department eliminated and streamlined processes, reducing costs by 50-75%. eLearning: now sends all Faculty Resource Guides electronically; posts all faculty welcome letters to Blackboard rather than mailing them; eliminated all printing and mailing associated with student incomplete registration notifications as this is now all done via telephone or online and has increased communications and student intervention; stopped mailing the Student Success Guides as this is now only mailed to new students; and ended all paper-based courses.

  eLearning additionally recognized the database used for student and faculty management was outdated and in need of upgrade. eLearning used internal technical expertise to build a custom database via a partnership with Salesforce (a cloud based technology) in an effort to avoid a new system with a cost of over $200k. eLearning now serves as an expert resource for integrating the Salesforce product across the UA System as appropriate.

- UAF CES, Athletics Department, GI, SFOS and other heavy travel units are piloting the Travel Expense Management (TEM) system. UAF plans to share results of testing as the implementation project progresses. The goal is to correctly report travel expenditures, increase awareness and reduce risk associated with UAF employees on travel status, and reduce the time for traveler reimbursement post travel.

- The Rasmuson Library converted manual deposit information into a database; decentralized reconciliation procedures associated with university ProCards and downsized the administrative support associated with office management functions. The library has also restructured the digitization service center and associated material costs allowing for increased productivity for the unit and increasing patrons' access to materials.

- The Institute of Northern Engineering (INE) moved storage of financial documents to electronic files, eliminating the need for paper copies. This has saved administrative staff thousands of copies, space for storage and streamlined business processes.

- IAB recently redesigned its website and web communication methods to create a one-stop, easily navigated portal to IAB staff, services, research, information, events and news. This has been a major process improvement effort within the institute resulting in saved staff time and reduced complexity. The Toolik Field Station is a part of this online upgrade and has enabled access for researchers and visitors to make reservations to visit the research station and improved its reporting capability with funding agencies, such as the National Science Foundation.

Tuition Offset or Vertical Reduction

To address specific budget gap issues noted above, UAF took proactive steps in FY13 to understand the fiscal climate and conditions that impact the campuses, schools, colleges and institutes. Actions were taken to balance the budget and maintain the quality of UAF teaching, research and service programs. Actions included but were not limited to:

- Reducing off-campus lease obligations

- Saving money through energy management
- Delaying hiring actions to maximize vacancy savings
- Identifying specific reductions to programs and services
- Utilizing staff benefit rate reductions
- Managing year-end reserves

The UAF Provost also encouraged deans to increase teaching workloads where faculty have records of lower research productivity, and to avoid teaching courses with low enrollments or increase use of directed study where classes with lower enrollment cannot be discontinued. UAF is continuing to ensure that required courses are taught often enough so that students can graduate on time.

Some of the specific reductions to programs and services began in FY13 but continue in FY14.

- Increasing investments in high-performance computing have been discontinued and the structure of research computing support is under discussion.

- The Rasmuson Library canceled over $100k in serial and database fees to generate savings and another $145k was reallocated from monographs and video budget lines to pay for increasing fixed e-subscription costs. The library will continue to subscribe to essential databases and key research and curriculum support materials where possible; however there is a funding request in FY15 to help address these critical needs.

- The Office of Information Technology (OIT) streamlined and consolidated services in an effort to trim spending.

- USA downsized administrative support in intercollegiate athletics and conducted a reorganization of training and competitive schedules for the swim team, resulting in cost savings.

- Administrative Services, the Vice Chancellor for Research, the Provost and academic programs as well as Rural, Community and Native Education units have all made targeted reductions to balance the budget while maintaining institutional quality.

Revenue Generating Ideas

At the end of FY13, Dr. Ashok Roy, UA Vice President of Finance, compiled a comprehensive list of revenue-generating and cost-cutting ideas. These ideas cover several topics such as online education, privatization, student recruitment and retention, tuition and fees, fundraising and philanthropy, and many others. UAF leadership recognized an opportunity to communicate UAF's efforts in these areas and prepared a document that was shared with Statewide Administration in early FY14.

To best discuss the concepts proposed, UAF discussed major themes associated with each idea to include online education, outreach opportunities, programs and reviews, research and technology innovation, resource allocation, tuition and enrollment strategies and more. This report can be shared where appropriate as additional revenue generating ideas are needed. To date, over 65% of the ideas shared in Dr. Roy's original document are currently in progress and are showing results in key areas. Other concepts actively pursued by UAF departments are listed below.

- A tuition surcharge for the School of Management was recently approved by the President. UAF will continue to explore whether a tuition surcharge should be implemented for other high-cost programs that have high student demand.

- Activite UPay/UStore online payment technology in an effort to eliminate manual credit card payments, transmit credit card information, and facsimile. This online mechanism for payment is expected to improve business operations, to better institute PCI compliance and increase student and customer access to UA offerings.

- UAF completed a branding "make-over" that will be used to promote campus activities and the Centennial Celebrations 2015-2017. External fundraising efforts will be in full-swing in conjunction with the updated campaign and focus on Student Life initiatives. Several schools/departments are working with the Development Office to find additional opportunities to expand gifts.

- IAC was able to generate new tuition revenue through an Academic Service Agreement with Tanana Chiefs Conference (TCC). TCC approached IAC with a need for Construction Trades Technology courses to be offered in alignment with a community building project. As a result of this agreement an additional $35k in tuition revenue was generated.

- The UA Museum of the North increased out of state admission fees from $10 to $12 in April 2013. As a result admission revenue was up 23% compared to FY12 numbers.

- The Homeland Security and Emergency Management Program at SOM began offering employer-sponsored courses to employees of the Transportation Safety Administration (TSA) in the of Spring 2013.   Tuition and fees generated totaled nearly $22k with this single offering. The HSEM program plans to offer more courses to TSA employees in the future.

- CES is expanding efforts to create tuition revenues. In collaboration with American Samoa Community College, SNRAS and eLearning, CES developed and delivered two classes in nutrition education for Samoan students. The first offering generated over $5k in tuition; more opportunities like this exist and are being explored.

  CES has also created a Continuing Education Unit as a new revenue-generating entity. Extension was able to garner two contracts from UA Corporate Programs: one $50k contract from the Alaska Storm Water Association and a $400k contract from the Alaska Department of Transportation. The revenue generated from these contracts will allow CES to grow in strategic areas.

- The Chukchi Campus intends to continue developing strong partnerships with organizations in the region such as through the Northwest Arctic Borough School District Magnet School Project, with the Maniilaq Health Organization for the Nursing and Rural Human Services program and with the Northwest Arctic Borough for library services. Strong partnerships in the area ultimately bring in more students and tuition revenues. Chukchi intends to increase more tech prep and dual credit courses this academic year.