

REVENUE OPPORTUNITIES SPECIAL REVIEW COMMITTEE

FINAL RECOMMENDATIONS TO THE CHANCELLOR
APRIL 24, 2015

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EXECUTIVE SUMMARY

In January 2015 the Chancellor's Cabinet reviewed this committee's list of initial revenue opportunity ideas and selected those for the committee to present in more detail in this, the committee's final report. In addition, the report contains several ideas the committee identified after receiving direction from the Chancellor's Cabinet.

The High Potential Revenue Opportunities included in this report result from the committee's evaluation of UAF's current funding sources, and the development of new revenue streams. Sources of one-time revenue generation such as selling University of Alaska property or equipment were discussed but considered unfeasible or undesirable. Several ideas, such as creation of an auxiliary business corporation, could both generate new revenue and reduce operating costs.

The prioritization of the High Potential Revenue Opportunities is based on the committee's estimate of each opportunity's financial rate of return, financial first cost, and alignment with the university's mission. Each opportunity was ranked by individual committee members on Financial Considerations (1-3) and Mission Alignment (1-3). Scores were totaled with a higher number equaling a higher ranking. The tables in the next section "High Potential Revenue Opportunities" present the rankings in two ways. The first table groups the opportunities into High, Medium and Low priority groups. The second table groups the opportunities into those requiring less, and more, than \$100,000 in initial investment.

The higher ranked ideas may be the ones which should be fully vetted through development of business plans; a level of detail beyond the scope of this committee.

HIGH POTENTIAL REVENUE OPPORTUNITIES

The 17 High Potential Revenue Opportunities included in the report are presented in a concise template format, and organized by the themes:

- Students & Tuition
- Auxiliary Business Corporation
- Policy and Process
- Research & Intellectual Property
- Fundraising
- Cost Savings

The committee ranked the High Potential Revenue Opportunities against financial payback, and alignment with the following UAF priorities:

- Supports undergraduate and graduate student achievement
- Attracts well-prepared students to UAF
- Reinforces UAF as Alaska’s and the Arctic’s research university
- Meets the needs of Alaska’s employers
- Promotes cultural and economic development

More due diligence is required to accurately determine the effects on the university’s mission, and the required investment and expected payback. For some ideas additional information is included in the appendices.

Idea	Combined rank based on alignment with UAF priorities & financial considerations*	Rank by Revenue Opportunities Committee
Ideas ranked high		
Students and Tuition		
Annual tuition rate increase (3%)	5.5	High
Differential tuition (\$50/SCH)	5.1	High
Improve student retention (20% increase)	5.0	High
Policy and Process		
Consolidate system-wide offices/services (Reduce 5 FTEs)	5.1	High
Maximize ICR	5.0	High
Research and Intellectual Property		
Expand corporate funded research	5.1	High
Develop standard contracts (Increase corporate research 5%)	5.0	High
Ideas ranked medium		
Students and Tuition		
Everyone’s a recruiter (10 new students)	4.6	Medium
Student payment plans (10 new students)	4.4	Medium
Gift certificates for tuition, fees, etc.(retain 10 students)	4.1	Medium
Auxiliary Business Corporation		
Establish an auxiliary business corporation	4.4	Medium
Research and Intellectual Property		
Establish a donor advised fund	4.3	Medium
More collaboration with industry	4.2	Medium
Ideas ranked low		
Research and Intellectual Property		
Internal investment revolving fund	3.9	Low

Fundraising		
Sell naming rights to programs, etc.	3.2	Low
Increase UAF fundraising events	3.1	Low
Cost Savings		
Outsource student health and counseling	3.6	Low

*Items were scored on a scale of 1-3 for both alignment with UAF priorities and financial considerations. The maximum score for any item was 6.0. The financial ranking took into account simple payback time, maximum revenues and low first investment. Alignment rankings were based on reviewer's opinion on how the revenue option supports the following UAF priorities.

- Supports undergraduate and graduate student achievement.
- Attracts well-prepared students to UAF.
- Reinforces UAF as Alaska's and the Arctic's research university.
- Helps UAF meet the needs of Alaska employers.
- Promotes cultural and economic development in Alaska.

Idea	Initial Investment Needed	Annual Income	Payback (years)
Ideas That Can Be Implemented for \$100,000 Investment or Less			
Students and Tuition			
Improve student retention (20% increase)	\$100,000	\$200,000	0.50
Annual tuition rate increase (3%)	\$5,000	\$1,000,000	0.01
Differential tuition (\$50/SCH)	\$5,000	\$500,000	0.01
Student payment plans (10 new students)	\$1,000	\$50,000	0.02
Gift certificates for tuition, fees, etc. (retain 10 students)	\$1,000	\$100,000	0.01
Everyone's a recruiter	\$10,000	\$100,000	0.10
Policy and Process			
Consolidate system-wide offices/services (Reduces 5 FTEs)	\$10,000	\$200,000	0.05
Maximize ICR	\$5,000	\$1,000,000	0.01
Research and Intellectual Property			
Develop standard contracts (Increase corporate research 5%)	\$60,000	\$450,000	0.13
Expand corporate funded research	\$15,000	\$100,000	0.15
Fundraising			
Sell naming rights to programs, etc.	\$50,000	\$200,000	0.25
Increase UAF fundraising events	\$25,000	\$75,000	0.33
Cost Savings			
Outsource student health and counseling	\$50,000	\$350,000	0.14
Ideas That Require More than \$100,000 Investment for Implementation			
Auxiliary Business Corporation			
Establish an auxiliary business corporation	\$150,000	\$500,000	0.30
Research and Intellectual Property			

Establish a donor advised fund	\$150,000	\$800,000	0.19
More collaboration with industry	\$200,000	\$500,000	0.40
Internal investment revolving fund	\$300,000	\$300,000	1.00

Because a separate committee is focusing exclusively on fee-related issues, this committee opted to defer recommendations about substantial fee changes to that group.

The committee was divided on reducing the tuition waiver from 100% UAF-funded to 80%. Accordingly, the idea is not in the body of the report but is included in the appendix.

The templates include the following abbreviations and unique nomenclature.

Abbreviations:

- OTO: one-time only
- ATB: across the board
- FTE: full-time equivalent
- ROI: return on investment

Decision level:

- 1: Chancellor or campus level decision
- 2: President or UA System level decision
- 3: Board of Regents' level action or decision
- 4: External action, change in state or Federal law (i.e. State, Borough, other, etc.).

Approximate timeline to implement the idea

- Short-Term: FY16-FY17
- Mid-Term: FY18
- Long-Term: FY19+

STUDENTS & TUITION

Idea: Improve student retention via improved student tracking and student advising		
Description: UAF PAIR data shows that UAF loses 60% of bachelor degree-seeking students before they graduate. The non-retention rate for the freshman year is 20%, which is better than average for comparable universities. The cumulative non-retention rate in the following years 2 - 6 is 40%, resulting in a 40% graduation rate after year 6. A lot of attention has been given to retention by the Provost's office in recent years, especially to freshman retention. Retention of year 2 - 6 students however is lagging behind. Either a shift in emphasis or additional emphasis on students in year 2 - 6 could result in increased retention of those students, leading to higher enrollment and better graduation rates. Additional opportunities exist in the improvement of retention for certificate and associate degree-seeking students. UAF PAIR data indicates that the retention rate at the associate degree level is weaker than at the bachelor degree level.		
Revenue potential:	Every 10% increase in overall (freshman + year 2 - 6) retention (graduation rate increase from 40% to 44%) could result in an increase in tuition and fee revenue of \$130K annually. A 10% increase in year 2 - 6 retention could result in an increase in tuition and fee revenue of around \$100K.	
Ability to Implement:	1--Chancellor/Campus Level Decision	
Timeline:	Short to Mid Term	
Analysis (Pro/Con):	<ul style="list-style-type: none"> • Increased retention leads to higher revenue without tuition rate increases. • Increased retention leads to better graduation rates. • Better tracking of students could result in improved understanding of dropout motivation and causes. • Improved understanding of dropout motivation and causes could lead 	<ul style="list-style-type: none"> • Retention may be heavily influenced by external factors outside of UAF's control (preparation for college, economy, life situations, access to financial resources, mobility). • Increase in resources (staff time and funding) is required to achieve retention improvement. • Improved student tracking requires investment in technology and training for use by staff and faculty.

	<p>to development of more efficient intervention strategies, advising options and support mechanisms.</p>	
<p>Suggested course of action:</p>	<ul style="list-style-type: none"> • Bring detailed retention data and analysis up to date to fully understand current situation. Retention data on student subgroups have not been updated for some time, although many retention activities have been undertaken in past years. • Invest in comprehensive student tracking technology and software to better understand student behavior, to intervene more quickly and to measure effectiveness of intervention activities. (Example of such software: www.starfishsolutions.com) • Create awareness among faculty and staff of the financial impact an increase in retention will have on the UAF budget, and of the important role faculty, advisors and student services staff play in the retention of students. • Encourage faculty, advisors and student services staff to take a more active role in identifying students who are at risk of dropping out and to connect with and assist such students. • For all “at risk” incoming students consider more intensive advising or tracking for the first year or two. • Increase need-based financial aid opportunities (grants, scholarships, etc.) to assist junior-senior students who are struggling financially. • Each semester, pull from UAF databases names and contact numbers of students who have not returned. Distribute this information and identify responsibility for contacting these students to determine cause of dropout and to offer assistance. • Create an easy-to-use tool, accessible to all authorized users, to pull non-retention information from UAF databases for follow up use by all units and departments. • Launch an analysis to determine the main causes of dropout to develop intervention strategies. • UAF is currently purchasing CMS software for advising. Ensure that it includes the tools to allow this recommendation to be 	

	implemented and concentrate on retention among students after their freshman year.	
Est. Revenue Generation (Min/Max):	Min: \$100K annually per 10% increase in retention. Assuming a \$50K investment for a Y1 10% increase the rate of return is 200%. A 10% increase would bring UAF graduation rate to 44%.	Max: \$400K annually for 40% increase in retention achieved in years 3 - 5. A 40% increase would bring UAF graduation rate to 56%.

Idea: Annual tuition rate increase		
<p>Description: UAF generated approximately \$40 million in tuition revenue in FY14, including \$4.45 million from the non-resident tuition surcharge.</p> <ul style="list-style-type: none"> Tuition rates impact the entire student body and are calculated, marginal increases that most students can manage over time or with a payment plan; nominal annual increases in the form of tuition rate adjustments are not the major factor contributing to increased student borrowing or debt at UAF. These marginal increases offset the fixed cost increases associated with operating the university and offering services to students. UA has the ability to implement annual increases matching CPI increases without Board of Regents approval. 		
Cost Statistic:	With flat student enrollment, a 3% tuition increase (roughly in keeping with inflation) is worth \$1M.	
Ability to Implement:	3 - President - Tuition increases equaling CPI Board of Regents - Increases larger than CPI	
Timeline:	Short-mid-term	
Analysis (Pro/Con):	<ul style="list-style-type: none"> Provides certainty to fiscal planning Increases greater than inflation can be proposed to BoR UAF's tuition is among the lowest in its peer group, and UAF student debt is below the national average. 	<ul style="list-style-type: none"> Revenue generation is dependent on enrollment Raising tuition can cause political fallout
Alternative Scenarios:	Consider alternative tuition models, like guaranteed rates of tuition for students completing within four years, with annual increases to tuition for each incoming class.	
Estimated Revenue Generation (Min/Max):	\$1M/year. Estimated cost to implement is very low (\$5K one time cost).	\$2M/year. Estimated cost to implement is very low (\$5K one time cost).

Idea: Differential tuition for high-demand, high-compensation programs		
Description: Apply a program specific fee to high-demand, high-compensation programs in Engineering and Computer Science (in addition to School of Management and Veterinary Medicine). This fee would be equivalent to a differential or “super tuition” for those programs that are expensive to offer and provide especially valuable employment prospects to graduates.		
Cost Statistic:	<p>A. 850 students declared as engineering or computer science majors in Fall 2014; if each of these students paid an additional \$1,000 per semester in special course fees, new revenue would exceed \$1.5M.</p> <p>B. Following the UAF SoM model- the College of Engineering and Computer Science had 4,670 upper division and graduate SCH in Fall 2014; charging an additional course fee of between \$50 and \$150 per credit hour would result in \$450K-\$1.4M in new revenue.</p>	
Ability to Implement:	2--President or UA System level decision	
Timeline:	Mid-term	
Analysis (Pro/Con):	<ul style="list-style-type: none"> • Fees do not require BoR approval • UAF School of Management has seen enrollment increase under new differential tuition model 	<ul style="list-style-type: none"> • Would require coordination with UAA’s programs to ensure we do not incentivize students to choose UAA instead of UAF • Fees are not covered by tuition waivers, so these programs may become less attractive to students enrolled using waivers.
Estimated Revenue Generation (Min/Max):	\$500K/year. Estimated cost to implement is very low (\$5K one time cost).	\$1.5M/year. Estimated cost to implement is very low (\$5K one time cost).

Idea: Student payment plans		
Description: Under existing policy students cannot officially request a payment plan unless they are currently enrolled. However, students cannot enroll if they have an outstanding balance owed to UAF. This is a catch 22 situation in the official policy. In fact, students have been granted payment plans in these situations, but the availability of this option is not advertised to students. We need to encourage the Office of the Bursar and the Registrar's Office to inform students that this option is available to help them stay in college and make progress towards graduation. While a student's specific circumstances will determine final eligibility, the current policy provides no flexibility to students to continue their studies if they have outstanding balances due to UAF.		
Cost Statistic:	Minimal cost. Simply informing staff and students that this option is available on a case by case basis.	
Ability to Implement:	Immediate implementation. Short-Term FY 15 and forward.	
Timeline:	Short term FY16-FY17	
Analysis (Pro/Con):	<ul style="list-style-type: none"> • Provides students with another avenue for staying in their degree program. • Will increase retention, and decrease time to graduation in some cases where the student could not continue without accommodation. 	<ul style="list-style-type: none"> • Potential for students to accumulate more debt without an ability to pay.
Estimated Revenue Generation (Min/Max):	\$50,000 (if ten students). Estimated cost to implement is very low (\$1K one time cost).	

Idea: Gift certificates for tuition, fees, and other student expenses		
Description: UAF allows for the purchase of gift certificates that can be applied to student accounts for tuition, fees, housing, dining, etc. This allows family and friends to easily support student expenses, potentially increasing the number of students who are able to attend UAF.		
Ability to Implement:	1--Chancellor or campus level decision	
Timeline:	Short-term FY16-FY17	
Analysis (Pro/Con):	<ul style="list-style-type: none"> • Can be implemented at UAF independent of implementation at other Universities • May increase enrollment and retention by reducing the number of students who don't attend due to financial challenges 	<ul style="list-style-type: none"> • Could be burdensome to administer • May not result in any new students, but could still mean a student takes an extra class in a given semester- would reduce potential revenue but could still be a customer service benefit
Alternative Scenarios:	Allow for sharable page for payments to student accounts (like fundraising sites, where students can share online link with friends and family and request donations to their account).	
Estimated Revenue Generation (Min/Max):	\$100,000 (10 new students). Estimated cost to implement is very low (\$1K one time cost).	\$500,000 (50 new). Estimated cost to implement is very low (\$5K one time cost).

Idea: Everyone's a recruiter		
<p>Description: Everyone affiliated with UAF can be a recruiter and UAF can make it easier by updating its website to offer direct access to information pertinent to interested students and their families. Currently on the UAF homepage under the virtual tour there is a section offering "Information for" followed by a list of choices that included everyone but prospective students: Alumni, Community, Faculty/staff, Students, and Parents.</p> <p>Create an easily identifiable button labeled "Prospective Students" providing direct a link to information about academic programs (including a point of contact), placement, programs of study, financial aid, student activities, campus life, support services, etc., would be invaluable to supporting "booster efforts". It would provide any UAF-affiliated person with all the information needed to address the majority of questions asked by prospective students and increase their knowledge about UAF and its support for students. This should translate into greater interest in UAF and thus lead to increased enrollments.</p> <p>To implement, request all academic programs provide concise program information and a contact person for advising, links to support functions like campus life, advising center, etc.</p> <p>Support this effort by conducting a brief survey or focus group(s) to identify the information typically sought by prospective students and their families. Also examine web portals for prospective students at other universities for ideas to improve UAF's.</p>		
Cost Statistic:	Minimal, primarily the time to collect and post to webpage, and develop and print brochures. (\$10K annually)	
Ability to Implement:	1--Chancellor or campus level decision	
Timeline:	Short-Term FY16-FY17	
Analysis (Pro/Con):	<ul style="list-style-type: none"> Simple to implement, pulling existing information together and linking through one button on the UAF home page 	<ul style="list-style-type: none"> Much of this information is currently available, online and/or in hardcopy so this effort is largely a duplication of what already exists.
Alternative Scenarios:	None	
Estimated Revenue Generation (Min/Max):	\$8K annually for every new in-state student living off campus; \$16K annually for each one living on campus	\$16K annually for every new out-of-state student living off campus; \$24K annually for each one living on campus

AUXILIARY BUSINESS CORPORATION

Idea: Establish auxiliary business corporation

Description: The Committee recommends that UAF explore options to create an auxiliary business corporation as a standalone 501(c)(3) as a business line under an existing university 501(c)(3) whose primary function is to allow UAF to deliver its core mission of Education, Research and Outreach by providing auxiliary support functions in a cost effective and efficient manner.

The Auxiliary Business Corporation shall be a standalone business entity that is governed by a Board of Directors who set administrative policies and general oversight. The Board of Directors will be appointed by the Chancellor in consultation with key leadership at UAF and UA. The Board shall appoint a President for the Auxiliary Business Corporation who shall be an employee of the University of Alaska Fairbanks (Vice Chancellor for Administrative Services or similar position). The President shall be responsible for the day-to-day operations of the Corporation and will be primarily responsible for overseeing implementation of policies set forth by the Board of Directors.

The Auxiliary Business Corporation will eventually house all reasonable operations that are determined as best operated in a format that is similar to the private sector. Below are examples of functions/services currently operated under the UAF structure that may be ideal candidates for operating under the Auxiliary Business Corporation.

Parking Services/Shuttle Operations:

Parking Services/Shuttle Operations has historically operated in a deficit. This is primarily driven by the heavy cost of personnel. The UAF employee compensation, minimum daily work hours, and benefit structure (inclusive of union expectations) make it difficult to hire staff (bus drivers, administrative staff, etc.) at rates competitive with the private sector. Additionally, the recruitment and termination process for personnel at UAF severely limits our ability to make timely personnel decisions.

Aspects of Facilities Services:

Several aspects of facilities services may be ideal candidates to be housed under the Auxiliary Business Corporation and may result in significant cost savings for the institution. These include maintenance and operations functions, vehicle fleet, custodial and perhaps utilities. More analysis is required to determine which operations would benefit from a move to the ABC.

Dining Services:

UAF recently entered in to a Public Private Partnership agreement through which it financed and constructed a substantial expansion of the current dining facility attached to the Wood Center. This is part of a concerted effort to invest in facilities and programs which enhance the overall student experience at the institution. Dining is a key component and driver of student satisfaction. Historically UAF has outsourced its dining operations with the latest contract to provide these services being awarded to NMS (Nana Management Services). During the past seven years that NMS has been providing these services, the quality of the food and customer service has been less than stellar. This has led to a high level of dissatisfaction and an overall poor perception of food service on campus.

The initial contract period of the contract was five years with the option for two, two-year extensions. The initial contract period commenced on July 1, 2007 and was extended for two years on July 1, 2012. Although, the current contract allowed for an additional two-year extension, UAF elected to extend the contract for only one more year and use the period to explore alternative mechanisms to provide dining services on campus to include:

1. Issuing a Request for Proposals for external entities to provide all dining services on campus
2. A blended approach where UAF would directly manage some dining locations and contract out others

If UAF elected to operate certain dining outlets or elected to bring dining in house, having an administrative structure that mirrors the private sector would be key in its ability to operate such in a fiscally sound manner. That structure would be provided under the Auxiliary Business Corporation.

Housing/Residence Life:

This is another auxiliary operation that could be a candidate to be housed under the administrative structure of the Auxiliary Business Corporation. The management of the facilities and the business aspects of the function could realize efficiencies under a streamlined administrative structure.

Ability to Implement:	3--Board of Regents' level action or decision
Timeline:	January 2016 at earliest

Analysis (Pro/Con):	<ul style="list-style-type: none"> • Potential for significant cost savings • Allow for efficient operations under a streamlined administrative structure • Allows for a mechanism to house non-traditional business lines (P3 funded projects including possible hotel/conference center) 	<ul style="list-style-type: none"> • Would require some initial investment to start-up • Requires BOR approval • If not properly managed may not result in projected savings
Estimated Revenue Generation (Min/Max):	At 5%-10% of current expenditure levels, \$500K annually is conservative. Cost to set up the business is estimated at \$150K.	Dining \$100K, Parking-Shuttle \$100K, Housing \$300K

Idea: System-wide offices/services and opportunities for consolidation

Description: The Committee recommends that UAF explore options to streamline services between Statewide (SW) and the three Universities. It is evident, based on a historical view, that SW has seen significant growth in all functional areas. Given the current severe budget circumstances it seems appropriate to review whether functions currently housed in SW are better suited to be at the University level. The Committee discussed various functions that may be candidates for review and while the following list is not comprehensive, they appear to be the obvious areas where efficiencies/cost savings could be realized.

Procurement: UAF currently does all the procurement for SW. We get no reimbursement from SW for these services while we reimburse them 12% for support of research. With the model we have implemented at UAF we have the expertise and the systems in place to potentially take on all procurement for the UA system. As part of the SUPER process improvement team’s findings and recommendations, we now have empowered/trained procurement officers in the units who have the authority to effect transactions which were traditionally done centrally. We could employ a similar model to support the other universities and do so at significant savings to UA.

Human Resources: The Universities have been asked to take on more of the HR functions historically housed at SW with no reimbursement for additional workload/costs that have resulted, e.g. Labor Relations. UAF processes the bulk of the systems payroll transactions and could easily take on SW and UAS for a reasonable "fee for service". Alternatively, the times call for us to seriously explore the possibility of fully outsourcing payroll processing. Payroll processing is a reasonably straight-forward process. Many large national and international firms have gone in this direction.

Office of Grants and Contracts Administration: UAF receives and manages roughly 80% of all sponsored activity at UA. Sponsored activity at UAA is minimal compared to UAF but the administrative structure employed by UAA is almost that of UAF. UAF could potentially manage all the sponsored activity for UA at a much lower overall cost and be prepared to do that in a relatively short time frame.

Other areas where this concept could be explored include: Travel, Accounts Payable, student payment plans.

Ability to Implement:	2--President UA System-level Decision
Timeline:	New fiscal year

Analysis (Pro/Con):	<ul style="list-style-type: none"> • Potential for significant cost savings • Allow for efficient operations • Minimize duplication of effort. 	<ul style="list-style-type: none"> • Would require some initial investment to start-up • Likely to result in push back from owners of the current process, • If not properly managed may not result in projected savings
Estimated Revenue Generation (Min/Max):	<p>Related personnel costs and other support</p> <p>1 FTE = Approximately \$40K in savings</p>	<p>\$200,000 savings for 5 FTE reduction at Statewide. Estimated cost to implement is \$10K.</p>

Idea: Maximize indirect cost recovery	
<p>Description: The three forms of ICR (Federal, State, and Industry) and Subawards</p> <p><u>Federal ICR:</u> The UAF federal rate is currently 50.5%, i.e. \$0.505 is added to each qualifying research dollar requested in grant proposals. This ICR is intended to assist UAF with the indirect costs of conducting sponsored activities, primarily facilities (rents & utilities) & administrative support costs, thus the term F&A. The national average for ICR is 51%, thus UAF is in line with other universities. However, UAF likely has higher facilities operations costs associated with its subarctic location.</p> <p><u>State ICR:</u> The UAF State of Alaska rate is 25%, i.e. \$0.25 is added to every qualifying research dollar received from State agencies, such as the Department of Transportation. This rate is essentially only for the administrative costs of UAF, because the state should not provide additional support for facilities since that is already calculated in the state operating budget. The contract vehicle for state-sponsored work is the research services agreement (RSA).</p> <p><u>Industry ICR:</u> UAF does not have an ICR policy regarding industry-sponsored research, but a standard should be considered. Industry typically has their own general & administrative (G&A) costs that are part of their cost structures with the norm being about 25%. Thus if we pegged industry ICR to the administrative rate we charge the State, we would be in line with the perceptions of industry for doing business. The downside to this rate is that UAF may not cover our full F&A costs. By establishing both an industry G&A rate and direct charging facilities costs at a determined rate, as a line item rather than “overhead,” UAF may recoup its full indirect costs while aligning more closely with industry expectations.</p> <p><u>Treating Vendors as Subawards (Waiving Indirect Costs):</u> Per CFR 200.68, UAF can only charge indirect costs on the first \$25,000 of any subaward we include in a grant or contract. UAF internal policy allows for treating some large-dollar vendors as subawards, thus voluntarily waiving indirect costs on vendor amounts greater than \$25,000 UAF could change this policy, allowing ICR to be charged for larger amounts with some types of vendors, potentially for as high as the first \$250k. By raising the threshold to \$250k, for example, UAF would generate an additional \$112.5K in indirect cost recovery on a \$250K contract with a vendor. Additionally all F&A waiver requests should be scrutinized and absent a strong business case for waiving related F&A, denied.</p>	
Cost Statistic:	ICR is lost due to various discounts and no industry standard rate
Ability to Implement:	Limited ability to modify Federal & State ICR. No Industry ICR standard, but this will need to align with Industry expectations of fair General & Administrative (G&A) rates. Vendor ICR is coupled to UA policy.

Timeline:	Long-Term: 36-48 months for Federal ICR negotiated rates Short-Term for Industry ICR standard Short-Term for BOR policy change with Vendor ICR	
Analysis (Pro/Con):	<ul style="list-style-type: none"> • ICR rates charged Federal and State agencies are reasonable • Regularly renegotiated, but last reviewed 2010-2011 • Instituting an Industrial ICR rate would capture additional revenue • Raising cap against which ICR is charged to \$250K and being very selective in when we waiver ICR can significantly raise revenues 	<ul style="list-style-type: none"> • ICR has been declining about 5% per year since 2011 • Vendor ICR change requires a BOR policy revision • Higher ICR can lead to less competitive proposals
Alternative Scenarios (Pro/Con):	UAF Industry Service Master Agreement	Standardize industry approach and boilerplate agreements
Estimated Revenue Generation (Min/Max):	\$1M. Estimated cost to implement is very low (\$5K one time cost).	\$2M

Idea: Make it easier for government, private foundations, and industry to contract with the university using a battery of standard agreements

Description: Companies or private foundations may want to pursue large government research grants or contracts in conjunction with the university. Alternatively, they may want to sponsor research.

The problem is that government, industry, and private foundations may perceive the university as slow in reaching negotiated terms, and they may be reluctant to contract with UAF as a result.

To remedy this problem, we recommend that UAF utilize master agreements regularly. A master agreement is a contract that streamlines work with industry or private partners. Instead of contracting for each individual task under separate contracts, the master agreement stands for several years, and allows the sponsor to rapidly contract with faculty across the university under task orders. This process reduces the amount of time to administer, negotiate, fulfill, and receive payment from each contract.

Under an existing process, OGCA and OIPC have been deploying an existing set of template master agreements that make it easier to contract with industry, and have already seen some success with this model. To scale this process, UAF could:

- Educate faculty and staff as to the process;
- Seek additional opportunities at UAF (examples are included in the appendix);
- Deploy master agreements rapidly; and
- Rapidly close deals using online e-signature software such as DocuSign and Adobe Echosign. In other cases, use click-through agreements for software, publications, and other copyright.
- Place the template agreements online for download and viewing (along with the contact information for each department who is responsible ([See OSP list from MIT for an example](#)));

Cost Statistic	Staff time from several entities: OGCA, OIPC, ORI, Procurement, etc.
Ability to Implement:	1--Chancellor or campus level decision
Timeline:	Short-Term: FY14-FY16: UAF now has a battery of testing agreements and industry sponsored research agreements, and so this activity could begin immediately with the right internal and external marketing effort.

Analysis (Pro/Con):	<ul style="list-style-type: none"> • Increased competitiveness for government grants that require collaboration. • Increased research sponsorship. • Increased options for IP (a way to find licensees and increase IP licensing). • Increased data as a service and software as a service contracts. 	<ul style="list-style-type: none"> • With limited staff, marketing, sales, and negotiations may suffer. • With multiple departments who are responsible, there is an increased need to establish a point of contact. • Without outreach and education of employees, this effort will be see stagnant growth.
Alternative Scenarios:	To scale up the initiative, there may be a need to pay all costs above and hire an additional FTE to market, drive sales, and negotiate contracts.	
Estimated Revenue Generation (Min/Max):	Increase throughput of corporate research by 5% = \$450K/yr. Estimated cost to implement is a \$60K one time cost.	Increase throughput of corporate research by 20% = \$1,800,000/yr. Estimated cost to implement is a \$60K one time cost.

Idea: Expand corporate sponsored research with industry and private foundations	
<p>Description: Research institutes across the university prepare annual reports and press releases to market their advantages to the Alaskan public and to the legislature. These marketing efforts may miss large potential partners for research on the national and international level. As the world’s leader in arctic publications and research, there is a major opportunity to target companies in Alaska, the United States, and around the world who want to perform arctic, sub-arctic, cold climate, or remote sensing research.</p> <p>To expand its marketing efforts, UAF could:</p> <ul style="list-style-type: none"> • Empower faculty to market the university by providing them with sample language - Provide general language and verbiage about the research strength of the University of Alaska Fairbanks for use in proposals and at conferences. Having a general brochure that is printed and ready for researchers to distribute at conferences. • Learn best practices and build relationships with university partners - Join the University Industry Demonstration Partnership (UIDP) to build a closer working relationship with industry. (It costs about \$4,000 for membership) • Contact top spenders on R&D with general information about the university and make a targeted marketing pitch for potential areas of collaboration. http://www.strategyand.pwc.com/global/home/what-we-think/global-innovation-1000/top-20-rd-spenders-2013 • Establish a UAF Point of Contact (POC), and support the POC in contacting companies by allowing them to purchase lead lists. • Increase Faculty and Staff knowledge of new research opportunities with industry using a notification system and/or online portal. 	
Cost Statistic:	<p>\$3,000 for printing costs.</p> <p>\$4,000 for UIDP membership and \$1,500 for travel.</p> <p>Costs for the online notification system or for staff time.</p> <p>\$3,000-\$6,000 for lead lists throughout the year.</p>
Ability to Implement:	1--Chancellor or campus level decision
Timeline:	Short-Term: FY14-FY16

Analysis (Pro/Con):	<ul style="list-style-type: none"> • Competition on the national level • Increase perception of UAF as a research leader nationwide. 	<ul style="list-style-type: none"> • Sales and fundraising relationships are time intensive. This effort may not see much benefit unless a clear Point of Contact is created for negotiation.
Alternative Scenarios:	There may be a need to pay all costs under the low cost model, and hire an additional FTE to market, drive sales, and negotiate contracts.	
Estimated Revenue Generation (Min/Max):	Estimated at \$100K revenue annually. Cost to implement is \$15K annually.	

Idea: Make it easier for industry, private foundations, and people to work with the university on an ongoing basis by using a donor advised fund structure and promoting the research tax credit	
Description: UAF needs a more flexible way to engage multiple companies, persons, and foundations who want to work with UAF to address a pressing societal issue.	
<p>To solve big problems in their states, other universities have used donor advised funds to sponsor specific research or educational goals. A donor advised fund is a charitable giving vehicle administered by a public charity that manages donations on behalf of organizations, families, or individuals. To participate in a donor advised fund, a donating individual or organization opens an account in the fund and deposits cash, securities, or other financial instruments. Donors surrender ownership of anything they put in the fund, but advise as to how their account is invested at the university and other entities.</p> <p>Donors provide funding for a core need such as energy efficiency, mineral discovery, native health, fisheries regulation, workforce education, climate change, etc. In return they may receive the following benefits: project abstracts from projects funded under the program, the opportunity to propose research, attendance at conferences, and the opportunity to jointly submit or participate in proposals to programs wherein university-industry, university-government, university-community, partnerships are encouraged.</p> <p>UAF could expand corporate and private sponsored research by expanding the donor advised fund structure that currently exists. To scale this effort, UAF could:</p> <ul style="list-style-type: none"> • Educate faculty and staff about how to utilize this model; • Develop funds in areas of interest,; • Ask corporations, foundations, or persons to make a gift; • Get advice from the donor about how they would like the university to use the gift to support specific research or educational goals. 	
Cost Statistic:	Staff time to educate employees, to raise monies, to coordinate, and to maintain the funds.
Ability to Implement:	1--Chancellor or campus level decision
Timeline:	Short-Term: FY16-FY17: One fund already exists. Multiple funds will be needed, which may be easily setup as a fund and org.

Analysis (Pro/Con):	<ul style="list-style-type: none"> • The structure enables every faculty and staff to become a fundraiser. • U.S. tax law allows the donor of appreciated securities or other assets to get a tax deduction for the market value of the donation. • The Alaska Education (and Research) tax credit is applicable for companies. • This model would allow for large, ongoing relationships. 	<ul style="list-style-type: none"> • There is major potential for this effort to cause a loss in focus on specific research or educational programs. If this occurs, faculty and staff will have no incentive to raise money using this model. • There is a need to avoid redundant areas of interest, and there may be a need to name a director of the research or education area under each fund.
Alternative Scenarios:	To scale up the initiative, there may be a need to pay all costs and hire an additional FTE to market, drive sales, and negotiate contracts.	
Estimated Revenue Generation (Min/Max):	\$800,000/yr. Estimated cost to implement is \$150K annually.	\$2,000,000/yr

Idea: Increase sponsored research and intellectual property licenses by actively seeking collaboration with industry and private foundations

Description: Research institutes across the university prepare annual reports and press releases to market their unique advantages to the Alaskan public and to the legislature. These marketing efforts may miss large potential partners for research on state, national, and international level. As the world’s leader in arctic publications and research, there is a major opportunity to target industry and private partners around the world who want to perform arctic, sub-arctic, cold climate, or remote sensing research.

- To expand its marketing efforts, UAF could:
- Learn best practices and build relationships with corporate partners - Join the University Industry Demonstration Partnership ([UIDP](#)) to build a closer working relationship with industry. (It costs \$4,500 for membership for the university per year);
 - Increase Faculty and Staff knowledge of new research opportunities with industry using a notification system and/or online portal;
 - Empower faculty to market the university by providing them with sample language - Provide general language and verbiage about the research strength of the University of Alaska Fairbanks for use in proposals and at conferences. (See the following examples: [University of Pittsburgh](#), [Pitt Cutsheet of Energy Research](#), [MIT 1st overview](#), [MIT 2nd overview](#));
 - Contact top corporations who perform R&D with general information about the university and make a targeted marketing pitch for potential areas of collaboration. ([See list from PWC](#));
 - Establish a Departmental Point of Contact (POC), and support the POC in contacting companies by allowing them to purchase lead lists; and
 - Increase the capacity for OGCA, OIPC, and procurement to complete these tasks.

Cost Statistic:	Staff time to educate employees, to raise monies, to coordinate, and to maintain the funds.
Ability to Implement:	1--Chancellor or campus level decision
Timeline:	Short-Term: FY16-FY17

Analysis (Pro/Con):	<ul style="list-style-type: none"> ▪ Increase perception of UAF as a research leader nationwide. ▪ Increase perception of UAF as an economic driver in the state. ▪ Building positive relationships with industry may provide additional opportunities for technology licensing ▪ Building positive relationships will lead to more competitive partnerships and proposals. 	<ul style="list-style-type: none"> ▪ Sales relationships are time intensive. This effort may not see much benefit unless a clear Point of Contact is created for sales, negotiation, and contracting. ▪ Managing the overlap with existing UAF contracting, marketing and development offices could prove difficult if a clear point of authority is not established.
Alternative Scenarios:	There may be a need to pay all costs and hire an additional FTE to market, drive sales, and negotiate contracts.	
Estimated Revenue Generation (Min/Max):	Passive Marketing and Outreach model: \$150,000	Active Sales Model: \$500,000 plus could help achieve master agreement and donor advised fund goals. Estimated cost to implement is \$200K annually.

Idea: Internal investment revolving fund

Description: The Committee recognizes that a majority of the ideas proposed in its report will require some level of initial investment to allow for the idea to be fully developed and implemented. While some may call for relatively minimal investment, others may require a reasonable amount of initial capital. UAF has traditionally taken a very favorable approach to making investments in areas where there is growth potential through an internal reallocation process. However, there is no expectation of repayment when such investments are made. The general feeling in the campus community is not favorable to annual pullback to fund reinvestments. The Committee deliberated on this and proposes that UAF establish a Venture Capital/Investment Revolving Fund to allow for investments in revenue generating ideas that show promise to repay the investment. We further recommend that there be a mechanism to replenish this fund through the dedication of a small portion of annual tuition and/or ICR. Additionally, the Committee recommends that investment made out of this fund carry the expectation that if the revenue generating idea is successful, the fund would be repaid the initial capital within a reasonable timeframe. Finally, the Committee recommends that the Chancellor appoint a small committee to supervise this fund; reviewing and approving the fund’s resources for investment in ideas/projects.

The internal investment revolving fund serves as a source of funding for activities which have revenue potential for UAF. Such investments shall be made based on proposals provided to the "oversight committee" with a business plan outlining the investment, the revenue potential, and source and timeline of repayment (the Committee may elect to define expectations in further detail). An example of such a potential use of the investment would be investment in a start-up package for a promising faculty hire in a unit. Assuming an initial investment of \$250K, the recipient unit promises to repay the amount into the reinvestment fund from ICR revenues generated by new grants acquired by the faculty member over a period of three years.

Cost Statistic:	\$300,000 to capitalize the fund	
Ability to Implement:	1--Chancellor or campus level decision	
Timeline:	New fiscal year	
Analysis (Pro/Con):	<ul style="list-style-type: none"> • Potential for moving ideas to fruition • Allow for funding for strategic investments • Built in accountability expectations by the expectation of repayment of the initial capital. 	<ul style="list-style-type: none"> • Would require some initial investment to start-up

	<ul style="list-style-type: none"> • Could be used to cover up-front costs for proposed fundraising events 	
Estimated Revenue Generation (Min/Max):	\$300,000	

FUNDRAISING

Idea: Sell naming rights to colleges, programs, chairs and other intangibles	
<p>Description: The naming of University programs is a well-established practice nationally. There is a potential to raise significant amounts of funding for academic and research programs. Often these opportunities are the culmination of the development of relationships with alumni, private parties and business/corporate sponsors over an extended period of time. Given that there has been considerable press about UAF's budget/funding situation this is an opportune time to solicit contributions from UAF supporters. Nevertheless, the rewards can be significant and these opportunities are worth pursuing.</p> <p>The value of these naming activities is typically negotiated with the donor. This can include comparison with comparable amounts given to other colleges & universities for similarly named facilities, schools and programs. For example the School of Management surveyed other comparably sized business schools to determine a value range for naming the School of Management. In this particular case the value is \$11 to \$13 million. The interest by the donor may be related to a number of factors including: the naming is part of a business strategy to place the corporate name early in the minds of students who may become employees or customers, building on the brand equity of the University, and/or the prestige that is afforded.</p> <p>It is important to note the naming can occur at various levels within a school or college. For example the School of Management has several programs within the school that could be individually named as well as the overall School of Management. Naming is also possible for facilities like buildings, classrooms, labs, specialized equipment or facilities and there are established guidelines for these. We have a resource room where the Student Investment Fund has access to Bloomberg financial news terminals that is named for Denali Capital Management who covers the cost of providing this resource.</p> <p>Naming usually is the culmination of the development of a close relationship with the donor. UA development can provide assistance with these efforts, but the role of senior faculty, deans and directors is also plays a key role in the process.</p> <p>Other considerations include:</p> <ol style="list-style-type: none"> 1. Funding methods: lump sum verses annuity. 2. Duration or for specific time period. 3. Who gets the funds? Should the funds be shared? 	
Cost Statistic:	No incremental costs just staff and faculty time.
Ability to Implement:	1--Chancellor or campus level decision

Timeline:	Mid to Long Term FY16 and beyond	
Analysis (Pro/Con):	<ul style="list-style-type: none"> • Significant funding possible that could be used to offset budget declines, new faculty needs, scholarships, other resources. 	<ul style="list-style-type: none"> • Potential is likely limited to few schools/colleges. But most any program on campus has potential to raise funds through naming.
	<ul style="list-style-type: none"> • Current budget press creates opportune time to ask. 	<ul style="list-style-type: none"> • Requires time/effort by Faculty, Dean, & Chancellor
Estimated Revenue Generation (Min/Max):	\$200,000 annually. Estimated cost to implement is a \$50K annually.	\$50M

Idea: Increase UAF fundraising events

Description: In addition to current partnering to fundraising for community programs such as the Heart Walk and the Chancellor’s Gala, consider several additional events to raise money for UAF specifically.

1. A participant event to engage the Fairbanks community in fun activities while generating unrestricted revenue. Teams or individuals would raise a minimum amount in pledges to participate, and local businesses would be asked to provide sponsorship and prizes.

Initial ideas for the event include:

- Polar Bear dip (teams raise pledges to jump into the lake in late winter/early spring, wear costumes or body paint- see other similar events around country)
 - Ski-a-thon on campus trails- prizes for costumes, etc.
 - Sledfest on sledding hill
2. Another formal annual event along the lines of Chancellor’s Gala, but with UAF as the sole beneficiary. HIPOW, the annual fundraiser for Catholic Schools of Fairbanks, consistently raises more than \$500,000. Fairbanks is a generous community and UAF is likely to have ties to more community members than the Catholic Schools.
 3. Install signs for on-line donations (and perhaps donation boxes) at the trailheads and near the recycling drop off area. Many non-UAF affiliated community members use and value these services and would provide some financial support if it was easy to do and they were reminded that all these amenities for the Fairbanks community cost money to provide and maintain.
 4. At all UAF events that are free to the public, provide a short reminder that events have a cost and provide a number where people could text a small donation (\$5, \$10) as a virtual donation box. This avoids added costs incurred by handling cash or check donations. . Asking people to support a concert, lecture series, or family-friendly event at the Museum that they just attended helps people appreciate and value the events provided by UAF even if they don’t chose to donate.

Cost Statistic:	AK Special Olympics raised \$350K this year with Polar Plunge. Catholic Schools of Fairbanks raised \$570,000 this year with HIPOW.
Ability to Implement:	1 - Chancellor or campus level decision
Timeline:	Short-term FY16-FY17

Analysis (Pro/Con):	<ul style="list-style-type: none"> • Can be implemented at UAF • Increase community engagement with campus • Unrestricted revenue • Fits with UAF's brand story--fun, adventurous • Up-front costs for events could be funded through proposed internal investment revolving fund 	<ul style="list-style-type: none"> • Would need clearance from EHS&RM • Logistics may require up-front cost, which could be borne by sponsors • Cost associated with event coordination--may be achievable with current staffing
Estimated Revenue Generation (Min/Max):	\$75,000. Estimated cost to implement is \$25K annually.	\$500,000

COST SAVINGS

Idea: Outsource Student Health and Counseling Center operations to reduce costs and raise additional revenue		
Description:		
<ul style="list-style-type: none"> • The UAF Student Health and Counseling Center provides basic medical and behavioral health services for UAF students. The \$1.4M budget is met primarily by \$240K in General Funds, \$1.13M in student health fees and \$30K from insurance companies to process claims. • Outsourcing operations to a third-party medical provider would eliminate the need for the \$240K in General Funds, and additional revenue might be generated by leasing the clinic facility to the third-party provider. • It is assumed the student health fee would be assigned to the third-party provider to cover the cost of providing students those limited primary care services not covered by their health insurance. • Concerns about maintaining quality patient care, or unreasonably raising student health care costs need to be evaluated. • Expand clinic to serve students, employees and possibly dependents. The physical size of the existing clinic and available parking may be the limiting factor. 		
Cost Statistic:	Costs: Eliminate \$240K General Fund expenditure.	
Ability to Implement:	1 - Chancellor or campus level decision	
Timeline:	Short-Term: Could be implemented for FY17.	
Analysis (Pro/Con):	<ul style="list-style-type: none"> • It could reduce GF by \$240K annually in. • Could raise \$100K(+) annually through facility lease to provider. • If expanded to serve employees UA could negotiate a fixed annual fee per employee for primary care, with HC insurance covering specialty care. • May reduce employee travel time to private HC providers, reducing time charged to Sick Leave. 	<ul style="list-style-type: none"> • May raise HC costs for students. • Response time for off-hour emergencies might increase. Current fast response time is appreciated by UAF staff. • Quality of care, and ease of access to it, might deteriorate.
Alternative Scenarios:	Outsource to private provider(s) located off-campus.	
Estimated Revenue Generation (Min/Max):	\$350K annually. Estimated cost to implement is a \$50K one time cost.	

APPENDIX A: IDEAS SUBMITTED IN DRAFT REPORT

Students	Auxiliary Business Corporation	Policy/Process	Research/Intellectual Property	Facilities	Fundraising	Cost Savings
Ideas with High Potential						
Increase student retention	<p>Establish an umbrella auxiliary business corporation (ABC)</p> <p>Non-traditional business models</p>	<p>Increase tuition</p> <p>Revisit agreement between Statewide and 3 MAUs</p> <p>Streamline all contracting and MOU processes and documents</p> <p>Ensure maximum allowable ICR rate is always obtained</p> <p>Retain SCR fee (possibly increase it)</p> <p>Consider raising existing fees to cover cost or adding additional fees</p>	<p>Expand corporate sponsored research with industry and private foundations</p> <p>Expand donor-advised fund structure</p> <p>Enable rapid contracting opportunities for research and IP</p> <p>Promote education (research) tax credit</p> <p>Small 'venture capital' pot of funding for innovative revenue-generating ideas</p>		Sell naming rights to facilities (buildings, classrooms, labs)	Consider outsourcing Health and Counseling Center services

Note: Ideas in boxes were identified in January for further development in this final report.

Students	Auxiliary Business Corporation	Policy/Process	Research/Intellectual Property	Facilities	Fundraising	Cost Savings
Ideas with Medium Potential						
<p>Increase number of new students</p> <p>Maximize distance learning for non-traditional students</p> <p>Business partnerships for student offerings</p> <p>Expand summer semester offerings</p>	<p>Establish a consulting process through UAF</p>	<p>Expand approved vendor list and available UAF merchandize</p> <p>Have State endow UAF using Permanent Fund money <i>(formerly a high priority idea)</i></p>	<p>UAF coordinate to improve collaboration among researchers</p> <p>Review administrative obligations of researchers</p>	<p>Hold more events open to non-students at the Wood Center more (especially Pub and Ballroom)</p> <p>Move bookstore to Wood Center</p> <p>Consider a rope tow or similar lift to serve the terrain park and/or the sledding hill</p> <p>Increase rental use of SRC as an event locale</p> <p>Rural campuses coordinate with private tour groups</p>		<p>Ensure scheduling of courses in appropriate size classrooms <i>(formerly a high priority idea)</i></p> <p>Long range scheduling of courses <i>(formerly a high priority idea)</i></p>

Note: Ideas in boxes were identified in January for further development in this final report.

Ideas with Lower Potential						
Coordinate classes with Ilisagvik College		License food trucks on campus Offer passport services on campus Participate in common application		Increase Patty Ice rental Recreational classes for tourists (tie to Summer Arts Festival) Market Kasitsna Bay facility as a tourist destination (<i>formerly a high priority idea</i>)		

Note: Ideas in boxes were identified in January for further development in this final report.

APPENDIX B: EXAMPLE OPPORTUNITIES FOR MASTER AGREEMENTS

Master agreements streamline the contracting process, and allow for follow-on research to occur quickly. Instead of contracting for each individual task under separate contracts, the master agreement stands for several years, and allows the corporate sponsor to rapidly contract with faculty across the university under task orders. This reduces the amount of time to administer, negotiate, fulfill, and receive payment from each contract.

Additionally, these contracts facilitate the licensing of intellectual property. Many other institutions build intellectual property licensing options into their research contracts, and when these options are expressed, it can expedite the process to bring these technologies to market and increase the amount of licensing revenue accruing to the university.

UAF now has a battery of testing agreements and industry sponsored research agreements, and so this activity could begin immediately by educating faculty and staff and by marketing this structure to corporate sponsors. In addition to using this contract with work for individual companies, several university faculty have opportunities to perform testing services on a repeated basis and create sustainable revenue streams.

- **Geospatial or Climate Analysis** - The newly created RCS could provide data storage and software as a service similar to what Ohio State does through its AweSim system. (<https://awesim.org/en/>). In short, Ohio State hosts its own and others' software applications for modeling and manufacturing. UAF could do the same for hazards research, maps, surveys, and change detection. Additional opportunities exist in atmospheric modeling, climate science, and structural modeling.
- **UAF could provide design and engineering services for the private sector.**
 - (1) The UAF G.I Machine shop and Electronics Shop have unique capabilities to build new prototypes.
 - (2) Several university employees have the ability to help with engineering and design.
 - (3) CTC could prepare CAD drawings for a fee.
- **Dust and Unpaved Road Testing** - Billy Connor has developed a method of testing palliative substances that are sprayed on gravel roads to keep dust down. UAF, if it used expedited contracting processes, could test these palliatives from companies around the world using soil samples that each company sends us. Further, the UAF could build a library of data from the testing could be used to further research projects or make better palliatives. UAF could become the leader in palliative research.
- **Geochemical Analysis** - Jessica Larsen has developed a tool to measure the porosity of rocks using a kit. Industry could hire the university to venture out to measure this porosity; the university could use this data to improve the device. UAF could sell data maps and OIPC could license the software package.
- **Mineral Exploration** - Milt Wiltse has developed a method of finding mineral seams using software and ArcGIS. Though this could be a big opportunity, there is a need to prove the technology. If the inventor could hire interns to venture out, capture data, store the data, and run this analysis, UAF could sell these

services. Further, the technology would be further developed and more likely to be licensed to a private entity in the future.

- **Microgrid/Energy Storage/Wind-diesel/** - ACEP has worked with OIPC to develop a testing contract so that others can use the facility to test devices at their facility.
- **Hazards and risk analysis (decision support) for sea ice, ice roads, natural hazards, regulation, etc.**

APPENDIX C: DONOR ADVISED FUNDS AND HOW THEY WORK

A DONOR ADVISED FUND MODEL FOR RESEARCH AND EDUCATIONAL COLLABORATION

Other universities have created industry affiliate programs around core areas of expertise and have coupled them with donor advised funds. Copying the explanation directly from Stanford, the way it works is:

- 1) “[Corporations] make a tax-deductible gift of \$1 million or more to Stanford to establish a donor advised fund now and later advise how they would like the university to use the gift. Gifts may be cash, securities, or other more complex assets.
- 2) While corporations consider what they would like their donor advised fund to support, the donor advised fund can be invested with the Stanford endowment, which is managed by the [Stanford Management Company](#).
- 3) Generally, half of a corporation’s gift must be designated to Stanford. The other half may be used to support other charities. A corporation will have advisory privileges and may recommend distributions to Stanford or other qualified charities.
- 4) A donor also may use a donor advised fund to continue his/her family’s philanthropy into the next generation. A donor advised fund may be established through a bequest, naming his/her children or others to be the fund advisors.”

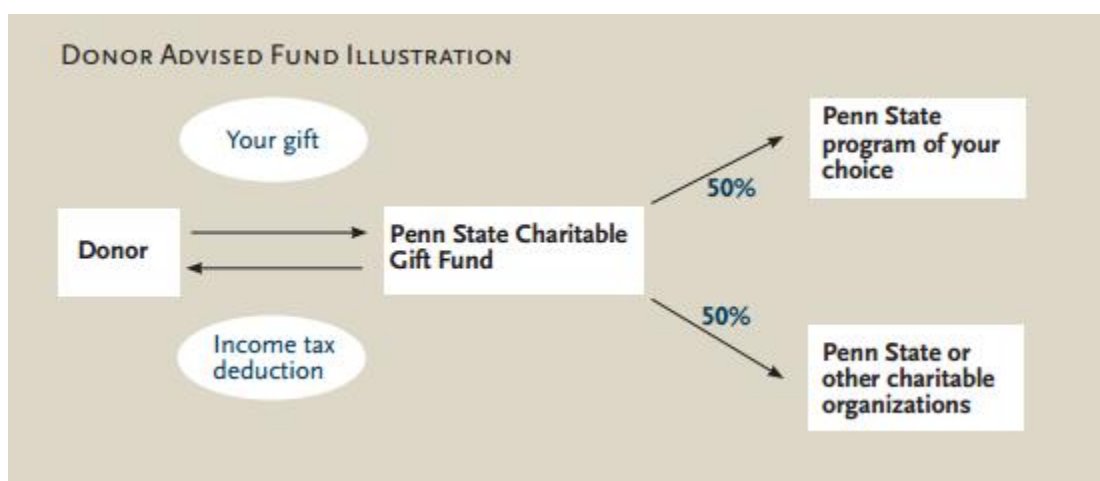


Figure 1 - Penn State University’s DAF Structure.¹ Most universities require that 50% or more of the funds support the university.

THE VALUE PROPOSITION TO DONORS

At some universities, the institution creates pools of donations through a Memoranda of Agreement, otherwise known as a membership agreement. These programs are guided by

¹ http://giveto.psu.edu/s/1218/images/editor_documents/Media_and_Events/Publications/Gift_Planning/donor-advised-fund-fact-s

an Industry Advisory Board (IAB) in each area that meets semi-annually to plan future research.

Members provide funding for a core need. In return members may receive the following benefits: project abstracts from projects funded under the program, the opportunity to propose research, attendance at conferences, and most importantly, the opportunity to jointly submit or participate in proposals to programs wherein university-industry, university-government, university-community, and/or university-NGO partnerships are encouraged. (See example at <http://bcgc.berkeley.edu/consortium-program>).

Some of these institutions make this a contractual relationship, while others create a donor pool. The benefit under the donor relationship is the potential for tax deductions and credits. IRC Sec. 174 permits that research expenditures may be expensed or amortized, while the Alaska Education Tax Credit may permit certain types of activities to qualify for the state credits. Please note that tax consequences are a consideration for each program created under the structure, and would need to be reviewed on an ad hoc basis

WHAT HAPPENS TO INTELLECTUAL PROPERTY AND RESEARCH RESULTS?

Intellectual Property under these programs is handled under option agreements. Every member of the fund gets non-exclusive rights to IP, but if the university elects to patent, then either the IP license is auctioned off to the highest bidder, or each person who wants the IP shares in it, pays any costs, and pays royalties. Further, the university reserves its right to publish per the contract unless the information is proprietary or confidential.

POTENTIAL USE CASES OF DONOR ADVISED FUNDS

- Workforce Education - Every major company in Alaska has workforce education and safety training costs. The University could develop a DAF to fund policy research, online educational classes, and seminars.
- Native and Alaska Community Health.
- Mining - (some form of this exists already at the university).
- Fishing Trawlers - environmental impact and policy.
- Petroleum exploration and discovery.
- Aviation program for flying unmanned aircraft and educating young pilots (17+ per FAA reg.)
- Oil spill response, environmental impact, and policy.
- Arctic shipping and risk mitigation.
- Arctic Security.
- Climate research.
- Arctic Energy and Efficiency

APPENDIX D: TUITION WAIVER RECOMMENDATION—NOT UNANIMOUS

Idea: Reduce 100% tuition waiver to 80% tuition waiver (20% tuition paid by student).

Description: The committee considered a proposal to reduce the employee and dependent tuition waiver from 100% paid by UAF to 80% paid by UAF and 20% paid by the student, but could not come to unity on recommending this to the UAF administration.

The 100% tuition waiver is one of the benefits most valued by UA employees. It is open to all employees and their dependents. Complete elimination of the waiver has met strong public opposition when considered by the Board of Regents. The partial reduction in the waiver might receive similar opposition, lower faculty and staff morale, negatively affect the ability to attract and retain employees, and reduce the number of students. The Staff Council representative opposes the waiver elimination and has stated that the impacts to employee morale, in conjunction with furloughs, holding positions open, and changes to the layoff regulation, would be devastating.

For employees using the full extent of the waiver, paying 20 percent of tuition could cost between \$550 and \$1,280 per employee-student, and between \$1,044 and \$2,420 for each full-time dependent. For employees in lower pay scales, this could be equivalent to a 5-10 percent cut in compensation, in addition to any furlough impacts.

Recent facts regarding of the elimination of the tuition waiver (at UAF):

- About 12% of eligible UAF employees (626) use the waiver in a year and another 558 spouse/dependent students use it. That's 1,184 students.
- The value of the waived credit hours total \$2.1M.
- Aside from a few bottleneck courses, the use of the waiver does not significantly raise UAF costs. In most cases the students join existing classes.
- Because the waiver only covers tuition, employees and dependents pay all the fees, buy books, and pay housing and dining fees if on campus. The amount of the housing and dining revenue attributable to students on the tuition waiver are not known.

Cost Statistic:	Cost to implement is minimal.
Ability to Implement:	Board of Regents level decision

	If changed by the Board of Regents each University would have to change registration and accounting processes to collect the 20% fee from each student.	
Timeline:	Short-Term: FY16-FY17.	
Analysis (Pro/Con):	<ul style="list-style-type: none"> • It could raise \$420K annually in tuition revenue, assuming no change in the number of waiver credit hours 	<ul style="list-style-type: none"> • Implementing the 20% student contribution to tuition could reduce the number of waiver credit hours. The estimated revenue would be less and there would be a corresponding loss of fees, book store revenue, and housing and dining revenue (between \$150-300K reductions depending on number of lost students). ▪ Reduction in the waiver would likely be met by strong opposition, especially at a time of budget cuts and lay-offs. ▪ It could be more difficult to attract and retain employees.
Alternative Scenarios:	None.	
Estimated Revenue Generation (Min/Max):	Maximum possible savings assumes no reduction in number of tuition waiver credit hours after imposition of 20% cost to students. Charging students for 20% of the \$2.1M value of the waived credit hours would raise \$420K. Cost to implement is currently uncertain. Maximum net savings need more study.	

UAF FY10-13 Employee and Spouse/Dependent Tuition Waiver Benefit Analysis November 2013

Executive Summary

- Per current Board of Regents' Policy P04.06.010, the University of Alaska provides an employee education benefit, funded from unrestricted and restricted funds via the employee staff benefit rate, as well as dependent tuition waivers which are managed internally using unrestricted funds.
- Changes to the UA benefit program must be bargained with the unions. If inequity exists for UA employees between bargaining units (represented vs. non-represented) it may trigger organization efforts.
- In FY13, 5,376 UAF employees were eligible to receive the tuition waiver benefit. Of those eligible, 626 utilized the benefit, approximately 12%. An additional 558 spouse/dependent students utilized the UAF waivers for a total of 1,184 students last fiscal year. Employees often use the benefit at various times over the course of employment, so the total impact on the workforce is greater than the number that may use the benefit in a given year.
- In FY13, the dollar value of the employee and spouse/dependent education benefit at UAF was \$2,139,133, a decrease of 3% since FY10. However, this does not represent lost revenue; it is expected that a significant number of employee, spouse, and dependent students would not attend without the waiver.
- The expected revenue impact at UAF should the waiver be eliminated is between \$0.5-\$1.25 million.
- Course charges may be waived for a maximum of 16 credit hours and eight non-credit courses per academic year. Course fees other than tuition, such as lab, supply or technology fees, student activity or health center fees, and books, etc., are not covered by the tuition waiver. Any reduction in use of the waiver will also create a corresponding loss in fee revenues.
- Reducing or eliminating the employee tuition waiver benefit would have significant implications for UAF's ability to attract, retain, and develop staff and faculty, and would reduce the incentive for many Alaskan students to attend university in-state. In FY13, 558 individuals used spouse/dependent waivers at UAF; these are students who might otherwise have forgone a university education or left Alaska, contributing to the "brain drain".
- UAF does not generally have capacity issues within programs (with the exception of a few bottleneck courses); therefore employees or dependent/spouse attendees do not displace other paying students. The cost to administer the course is "sunk" whether UAF fills the seats or not, in most cases. The employee tuition waiver allows UAF to optimize resources for course provision without an incremental addition of cost and increases corresponding fee revenue.
- This employee benefit continues to be actively managed and was updated for 2013 to include a six-month probationary period for newly hired employees, additional credit hours available for employees and minimum cumulative GPA standards. Regular part-time and full-time employees and their families may use the tuition waiver program to work toward a degree, improve job skills or for recreational use. This access to instruction enables employees to gain familiarity with programs and services in order to act as advocates for UAF within the community - assisting with prospective student and/or employee recruitment.

- UAF promotes employee development; if the tuition waiver was not available UAF would pay for courses as training, however it would not be through the staff benefit rate, which is partially covered by federal and private sources.

Background

Providing an employee education benefit is a customary practice in both public and private higher education institutions. The overwhelming majority of all higher education institutions provide educational benefits to their employees and approximately 50% of public institutions provide tuition waivers to dependents. All UAF peer institutions offer some type of employee and spouse/dependent benefit or tuition discount.

Additionally, the employee education benefit serves to:

- Attract and retain staff/faculty; sustain a competitive position with other universities
- Provide required work-related training and skill upgrades without additional training costs
- Provide financial support to educational delivery and keep training dollars at the university
- Increase the university's human capital; encourage skill development
- Prepare staff for promotional opportunities
- Expand staff understanding of the university's mission and programs
 - Provide contact between faculty and staff or students and staff
- Demonstrate confidence in UAF's level of instruction
- Establish consistency with Board of Regents' position on the value and commitment to higher education
- Keep students/dependents in-state

Employee Tuition Waivers

Employee tuition waivers are funded via the staff benefit rate. Total FY13 salaries and wages (including staff and leave benefit costs) totaled \$255M for UAF. Of that total, the E-classes that are eligible to receive the employee tuition waiver benefit are \$228M, or 89%. Of this, only 63% is due to unrestricted expenditures. See Table 1.

The largest group, F9 UNAC Union Faculty, is currently negotiating a contract; eliminating the tuition waiver benefit will impact retention and recruitment with this employee group. Any adjustments to the benefit program must also be negotiated with each union. If eliminated from one bargaining unit, and not others, inequity among staff and faculty may trigger organization efforts or other unintended consequences.

Table 1. FY13 UAF Salaries & Wages, including staff and leave benefits, for eligible UAF E-classes

FY 13 Total Salary Costs**	NR Classified	CR Local		EX, FN, FR		F9 UNAC Union Faculty	AR, A9 UAFT Union Faculty	FT, FW Adjunct Faculty	Grand Total***
		6070 Union Classified	XR APT Exempt	Execs & Nonunion Faculty	Nonunion Faculty				
Agency (Fund 9s)	72,592	759	49,282			268		220	123,121
Auxiliary (Fund 19s)	1,378,734	497,228	1,073,031		21,148				2,970,141
Designated (Fund 18s)	33,947		3,809			343,522			381,278
Matching (Fund 14s)	499,555	953	1,333,264	676,347	2,801,748		10,757		5,322,625
Plant Funds (Fund 59s)	47,216	654	180,318	655	127,247			16,459	372,549
Recharge (Fund 17s)	3,439,835	8,937,552	4,556,643	83,838	23,000				17,040,870
Restricted	11,192,899	566,705	17,979,077	4,748,250	19,455,193		1,652,565	1,334,567	56,929,255
Unrestricted	35,324,655	1,754,184	37,098,376	11,017,090	45,991,835		7,999,395	6,104,714	145,290,249
Grand Total	51,989,434	11,758,035	62,273,800	16,547,329	68,742,813		9,662,717	7,455,960	228,430,088
** Includes staff and leave benefit costs.									
*** Includes only E-classes that have a Tuition Waiver portion in the Staff Benefit rate. Not all E-Classes are eligible for the Tuition Waiver benefit.									

Table 2 categorizes each E-class to show the breakout of salaries and wages, leave benefits and staff benefits.

In general, the portion of the tuition waiver as part of the total staff benefit rate is very small, at less than 1% of the total in almost all cases except for FT Adjunct Faculty E-class. That group however is the lowest actual cost in terms of salary and benefit dollars.

Table 2. FY13 UAF Tuition Waiver as a Portion of Total Staff Benefit Rate

FY13 Employee Account Category	NR	CR	XR	EX, FN, FR	F9	A9	FT, FW	Grand Total
Salaries & Wages Total	28,145,017	6,380,216	35,824,735	11,001,533	50,428,683	7,216,055	6,778,317	145,774,556
Leave Benefits Total	6,066,905	1,365,487	7,736,359	1,780,968	872,648	77,692	0	17,900,059
Staff Benefits Total	17,777,512	4,012,333	18,712,705	3,764,827	17,441,482	2,368,971	677,642	64,755,472
Grand Total	51,989,434	11,758,035	62,273,800	16,547,328	68,742,813	9,662,717	7,455,959	228,430,086
FY13 Proposed Total SB Rate	52.00%	51.80%	42.80%	29.40%	34.10%	32.50%	10.00%	
Actual Tuition Waiver % within SB rate	0.84%	0.75%	0.54%	0.32%	0.42%	0.52%	1.05%	

Utilization and Capacity

UAF does not have a capacity issue for most courses or programs. Aside from a few bottleneck courses such as Chemistry for an Engineering degree, most classes at UAF have space for additional students without added incremental cost. The revenue/cost ratio for a course is maximized if all seats are filled. Enabling employee and spouse/dependent enrollment is a way to maximize revenue (including fees) from instruction.

Employees and spouse/dependents often take courses that are not near capacity, so the risk of this group displacing paying students is very low. Degree-seeking students are also advised to register early for proper course sequencing, and UAF is often able to add an additional section or move an overenrolled course to a larger room when a course fills early, so necessary courses for degree completion nearly always available.

In FY13, over 5,000 UAF employees were eligible to use the employee tuition waiver. However, the actual number of employees that utilized the employee tuition waiver was 626 (12% of the total). See Table 3.

Table 3. FY13 Utilization of Employee Tuition Waiver

FY13 UAF Employee Utilization	
UAF Employee Actual Use	626
UAF Total Eligible Employee	5,376
Total Utilization	11.64%

Although the proportion of employees who utilized the benefit in a single year is relatively low, the impact of reducing or eliminating the benefit is much more significant because employees, spouses, or dependents use the benefit at one time or another rather than using it consistently throughout the length of a career.

In November 2013, the UA Staff Alliance blog published a discussion about the tuition waiver benefit and over 50 comments from faculty, staff, students and other external parties are posted in support of the benefit. Comments in support include: the sole reason many employees came to work at UA, this benefit is unique to UA and represents a strength or belief that education is important, it promotes employee loyalty, has a positive impact to retention, encourages Alaskan residents (and children of residents) to stay in state for a college education, and allows perspective for employees to experience the programs and services this group supports.

Full blog comments are published here:

<http://uastaffalliance.wordpress.com/2013/11/07/reduction-of-tuition-benefit-to-be-on-december-bor-agenda/comment-page-1/#comments>

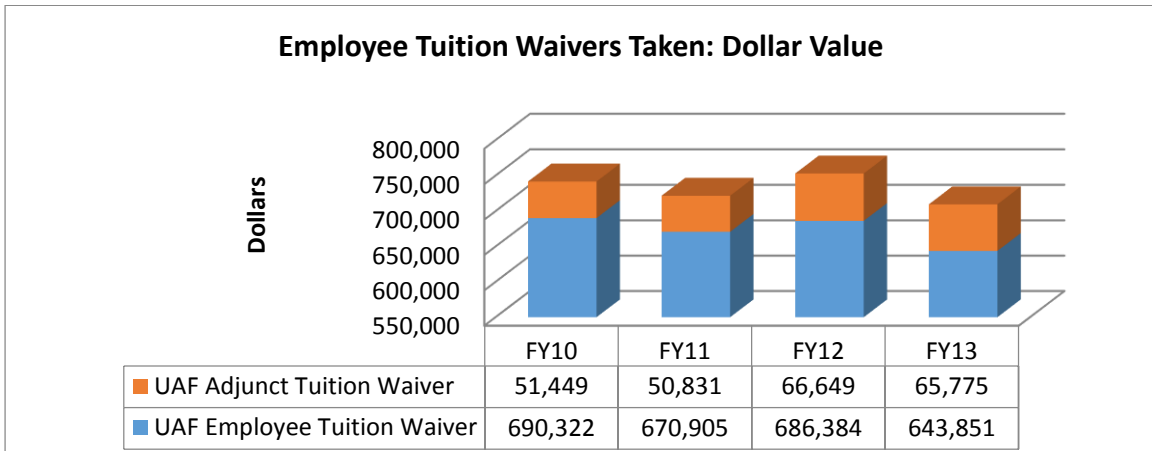
Additional surveys are currently in progress via the UA System Office. More feedback is anticipated.

Financial Impact

The total dollar value of employee and adjunct tuition waivers has decreased about 4% from FY10 to FY13; however, this is not an indicator of perceived value for this benefit. This benefit is highly valued by employees. See Graph 1.

The cost to administer this program and promote a UAF education may be far less than the returns represented in higher staff morale and impact to the community or state.

Graph 1. Employee Tuition Waiver - Dollar Value of Waivers Used FY10-FY13

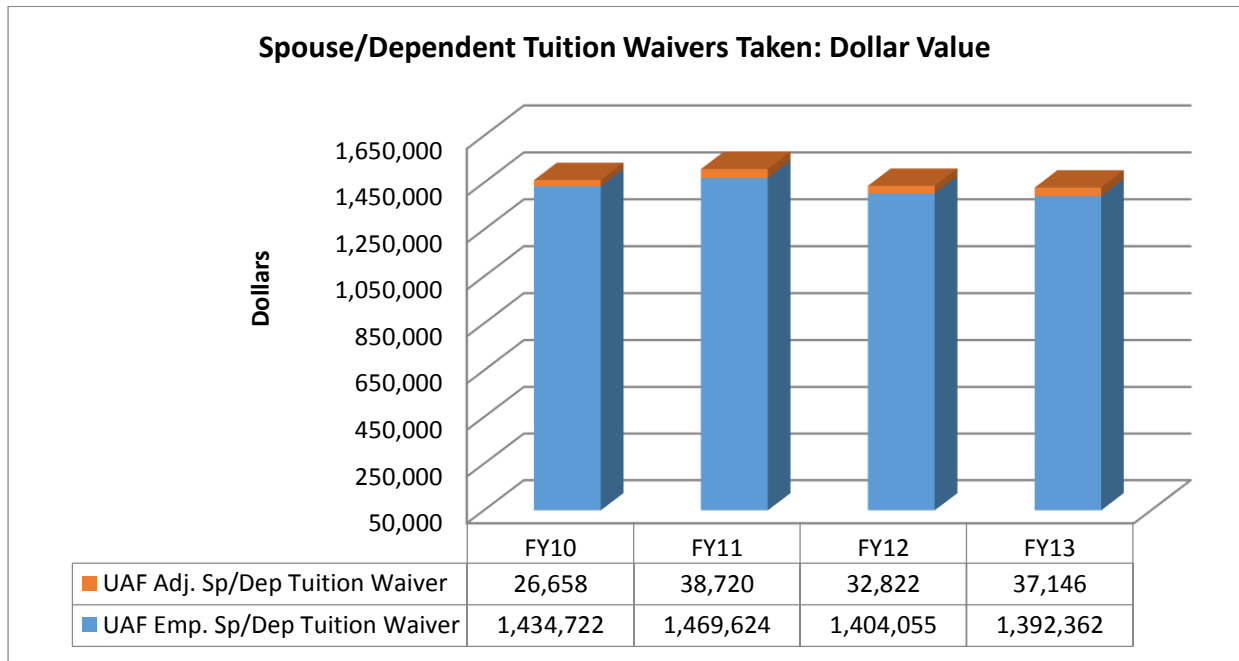


Spouse/Dependent Tuition Waivers

Spouse/dependent tuition waivers are not funded as part of the staff benefit rate; they are managed through unrestricted funds. Spouse/dependent waiver charges are unallowable on restricted funds. The value of the spouse/dependent portion charged to student accounts has steadily decreased since FY11 as shown in Graph 2. The dollar value used has decreased approximately 2% since FY10.

The spouse/dependent tuition waivers provide access to some students that would not otherwise have attended college at all; UAF employs many people who did not themselves attend college and who do not have sufficient income to pay tuition for a spouse or children.

Graph 2. Spouse/Dependent Tuition Waiver Dollar Value of Waivers Used FY10-13



Implications

The financial impact of reducing or eliminating the employee education benefit would not be to increase revenue proportionate to the current cost. It is certain that a number of the students currently using the tuition waiver would not attend without this benefit.

While UAF’s employee, spouse/dependent tuition waivers totaled \$2.2M in FY13, UAF would expect to receive only \$0.7M-\$1.4M of that in tuition revenue. The expected decrease in enrollment would also result in a reduction in fee revenue, between \$150-300K*.

	Low enrollment impact	High enrollment impact
Tuition revenue	\$ 1,411,527	\$ 778,596
Fee revenue	\$ (156,404)	\$(282,990)
Net revenue change	\$ 1,255,123	\$ 495,606

As described above, reducing or eliminating the employee tuition waiver benefit would have significant implications for UAF's ability to attract, retain, and develop staff and faculty, and would reduce the incentive for many Alaskan students to attend university in-state which contributes to the "brain drain" and perpetuates an issue Alaskan leaders are currently grappling with.

**Models assume that UAF would lose 25-50% of full-time (9+ SCH) waiver students, 50-75% of waiver students taking between 4-8 credits, and 75-100% of waiver students taking 1-3 credits.*

Appendix

Item A: BOR Policy P04.06.010. Employee Education Benefits

Regular employees, their spouses, and dependent children under the age of 24 are considered residents for enrollment purposes. Regular employees, spouses, and dependents are authorized a waiver of course credit hour charges as prescribed by university regulation. Employees are responsible for any tax liability generated from employee education benefits.

Item B: University Regulation R04.06.010. Employee Education Benefits

Regular employees, spouses and dependents are authorized a waiver of course charges under the following conditions:

- A. Regular employees and their spouses and dependent children are eligible for education benefits as provided in this section after the employee has completed a six-month employment probationary period. Any waiver of the waiting period must be approved by the chancellor or president, as appropriate, and the Statewide Office of Human Resources.
- B. Eligible regular employees of the university may have tuition waived for up to sixteen credit hours per academic year with a maximum of eight credit hours per semester.
- C. Eligible regular employees may have course charges waived for up to four university-approved non-credit courses in each semester, not to exceed eight non-credit courses per academic year. Prior to the start of each academic term, the list of university-approved non-credit courses will be provided by the Statewide Office of Human Resources.
- D. Notwithstanding subsections A and B of this section, eligible regular employees with an employment contract with the university for the following academic year, but who are off contract during the summer, may have up to sixteen graduate or undergraduate course credit hour charges waived per summer session. Such employees may have up to eight non-credit courses waived from a UA-approved list per summer session. The employee's tuition waivers shall not exceed sixteen credit hours and eight non-credit courses per academic year.
- E. An academic year begins with the fall semester and ends with the summer term.
- F. Eligible regular employees may take up to three credit hours during working hours with prior written approval by the supervisor, without having to make up the time if, in the opinion of the supervisor, the coursework will be of direct benefit to the university.

- G. Eligible regular employees may take university-approved non-credit courses during working hours with prior written approval by the supervisor. Employees are not required to make up the time for their attendance at university-approved non-credit courses.
- H. Eligible regular employees may attend credit courses that do not directly benefit the university during working hours with prior written approval of the supervisor. The employee shall use accrued leave or make up lost work time through a flexible work schedule requested through and approved by the supervisor.
- I. Spouses and dependent children under the age of 24 of eligible regular employees may have course credit hour tuition waived as provided in this section.
- J. Employees, spouses and dependent children must maintain a 2.0 or better cumulative GPA to be eligible for undergraduate education benefits. Employees, spouses and dependent children must maintain a 3.0 or better cumulative GPA to be eligible for graduate level education benefits. Grade appeals will be reviewed in accordance with the procedures for challenges to academic decisions set forth in university regulation and MAU rules and procedures.
- K. Employees who qualify for education benefits through their employment status are not eligible for education benefits as an employee's spouse or dependent child.
- L. An individual who qualifies for permanent disability during his/her regular employment under the University of Alaska's long-term disability plan will have course credit hour charges waived for a period of three academic years following qualification.
- M. An employee who has included university coursework as part of an approved leave of absence is entitled to the same education benefits as a regular employee.
- N. Education benefits cease upon termination of employment except for those courses in which the employee, spouse or dependent child is currently enrolled and classes are in session at the time of termination.
- O. An employee is responsible for any tax liability generated from employee education benefits.
- P. Tuition and course charges will not be waived for the following:
 - 1. Self-support course charges, except for non-credit university-approved courses taken by employees;
 - 2. Course charges for non-credit courses for spouses and dependent children of employees;
 - 3. 500 level courses; and
 - 4. Year-long courses.
- Q. For a student enrolled in the WWAMI Medical Program, a tuition waiver may be used only for University of Alaska-provided coursework.

Item C: Recent Updates

This employee benefit continues to be actively managed and was updated for 2013 to include a probationary period for newly hired employees, additional credit hours available for employees and minimum cumulative GPA standards. Regular part-time and full-time employees and their families may use the university's tuition waiver program to work toward a degree or improve their job skills.

- Employees hired on or after January 1, 2013 must satisfy the six-month new employee probationary period to be eligible for the tuition waiver benefits for themselves and their dependents.
- Continued Eligibility: minimum cumulative GPA of 2.0 for undergraduate and 3.0 for graduate students is required to continue receiving tuition waiver benefits.

- Classes taken during work time: Employees may take up to three credit hours during working hours without being required to make up the time, if the course will enhance job-related skills or knowledge. Prior approval must be granted by the employee's supervisor and the appropriate forms completed.
- In addition, an employee may have course charges waived for up to four non-credit courses from a UA-approved list per semester, with prior approval from a supervisor. These non-credit courses are designed to enhance job-related skills and work performance.
- Course charges may be waived for a maximum of 16 credit hours and eight non-credit courses per academic year, beginning with the fall semester and ending with the summer term. Course fees other than tuition, such as lab, supply or technology fees, student activity or health center fees, and books, etc., are not covered by the tuition waiver and are the student's responsibility.