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## Budget, Strategic Pathways and UAF Chancellor Search Updates

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TO: University of Alaska Community  
FROM: Jim Johnsen, President  
SUBJECT: Budget, Strategic Pathways and UAF Chancellor Search Updates

As we wrap up the 2016 academic year—a year of great successes and serious challenges—I would like to thank you all for your hard work, update you on our status, and inform you of decisions and plans we are making that I hope will provide a positive direction through the uncertainty that plagues our state.

**The University has a long history of service to Alaska; our future, despite our challenges, is bright.**

Our mission is to provide the many benefits of higher education to our state through research, teaching, and public service. We perform that mission with excellence on our sixteen campuses all across Alaska and beyond through distance education technology. This spring, we celebrate 4,600 students completing their academic programs, from occupational endorsements to PhDs. Our positive impact on Alaska is written on every one of those faces. Thank you for all you have done to create this success.

**The University of Alaska is strong.**

We lead Alaska in providing opportunities for our people to access learning and to prepare for a career. We train ever more nurses, engineers, teachers, social workers, process technicians, accountants, and the list goes on and on. We lead the world in Arctic research. We contribute richly to Alaska's economic success, social progress, and cultural wealth. Again, thank you for your contributions to this progress.

**We face serious challenges, internal and external.**

Our State funding for FY 2017, as it sits right now in the legislature, will result in a \$50 million cut to our budget. When added to the \$25 million bill for our unfunded mandates and contractual obligations, the net effect is a \$75 million (22%) reduction from our current FY 2016 state appropriation. We hope the legislature restores some funding as it completes its work in Juneau, but the uncertainty surrounding the budget forces us to plan for the worst while we advocate for what we need. As a result, our operating costs must be reduced. Administrative systems and processes must be simplified. We must reduce the number (478 at last count) of academic certificate and degree programs, some of which have very low enrollment or do not meet changing market demands. We must refine our scope of operation to be within our core mission. We must make it more convenient for our students to tap the resources of the entire UA system and our campuses and reduce intercampus competition.

**We have extraordinary opportunities.**

We can expand access to higher education across the state through more distance education, dual credit programs with high schools, and stronger partnerships with employers. We can strengthen our workforce development mission by preparing more Alaskans for high demand jobs such as teachers and nurses, especially in rural Alaska, and for good jobs in the skilled trades. We can build on our excellence in Arctic research as the entire world sharpens its focus on changing conditions and responsible resource development in the North. And we can contribute to Alaska's economic diversification through the creation of new businesses based on the ideas and technologies developed in our labs and classrooms.

**We face tough choices.**

How do we pursue our mission and our opportunities for service to Alaska at the same time our budget is being

cut? One option is to spread out the cuts more or less evenly, with negative impacts on all programs across the University system. Another option is to identify programs that are core to our mission and protect or invest in them as we reduce more deeply in less critical areas. And as we look across the University system at our three universities and numerous community campuses, (1) how can each campus build on its unique strengths to lead in meeting Alaska's needs for higher education, and (2) how can we reduce unnecessary differences among our campuses to enable our students to reduce costs and improve their progress?

### **We will make difficult decisions.**

Strategic Pathways is our framework for deciding which of our campuses will lead, and how they will lead, in selected academic fields and administrative services. It envisions increased collaboration across the University system, so that programs and courses offered at one campus are available at other campuses. It also will involve increased consolidation, particularly in administration. The process will include leaders from the classroom and the backroom, and will follow a series of steps from gathering and evaluating data, clarifying interests, identifying standards and best practices, generating options, and evaluating those options in light of our interests and best practices.

### **We begin to make decisions today.**

Our greatest enemy is uncertainty. Uncertainty with respect to our budget from the State and how those (likely) cuts will affect our mission. Uncertainty about the UAF chancellor position. Uncertainty about what academic programs will be cut, maintained, or grown. Uncertainty about our administrative structure.

With strong guidance and support from the Board of Regents, I am announcing several key decisions that will provide direction for our future.

#### 1. Strategic Pathways

##### a. What will be reviewed in Phase 1?

###### i. Academic units:

1. Teacher Education
2. Management / Business (including public administration)
3. Engineering

###### ii. Administrative functions:

1. Information Technology
2. Procurement
3. Research Administration
4. Intercollegiate Athletics

##### b. What changes have been made to the Strategic Pathways framework?

- i. I have met with student groups, faculty, staff, and advisory councils at UAA, UAF, and UAS and, based on the input, modified the framework. Please see the Strategic Pathways website (<http://www.alaska.edu/pathways/>) for a revised version of the framework.
- ii. In addition, I am considering a planning process focused on building a long term, sustainable revenue growth and diversification plan. More on this as it develops.

##### c. What is the process for the reviews?

- i. Timing: In light of the serious budget cuts still under consideration by the State and the need to resolve choices in the near term, I have decided to expedite the Phase 1 review process such that it will be conducted this summer in time for integration with next year's budget development timeline in late August. To meet the FY17 budget shortfall, decisions impacting academic and administrative units must be made prior to completion of Phase 1 Strategic Pathways review and with consideration of the overall SP framework.

II. Participation: In consultation with University and governance leaders, I will select teams of respected and informed faculty, staff, students, and community members for the reviews. Each team's work will be led by an expert facilitator.

III. Communication: As we move through the process steps outlined below, we will update information on our Strategic Pathways website (<http://www.alaska.edu/pathways/>). This information will include the charters for each review team, the list of participants, meeting schedules, data, periodic updates, and the final reports from the teams to the President. In addition, you are encouraged to provide input to the process at that same website.

IV. Process Steps:

1. Charge: I will select the teams and provide a charge, along with scope and schedule, to each review team. (May)
2. Data collection: UA IR staff, in conjunction with campus IR offices, will collect and develop data for each team. (May/June)
3. Review process. (June-August)
  - a. Select teams (May)
  - b. Review data (June)
  - c. Identify interests (July)
  - d. Identify standards, benchmarks (July)
  - e. Generate options (July)
  - f. Evaluate options in relation to interests and standards (August)
  - g. Identify up to three options for consideration (August)
  - h. Teams present to UA president and Summit Team (August)
  - i. UA President will present to the Board of Regents (September)

2. Administrative Structure: In response to direction from the Board of Regents to consider and implement ways to reduce the size and cost of administration, streamline decision making, and improve organizational accountability, I am taking the following steps:

- a. I will propose to the Board at its June meeting that the University actively explore single accreditation rather than three, our current status. Potential advantages to single accreditation include greater flexibility in structuring and coordinating academic programs and administrative services across the system, fewer top level administrators, greater responsiveness to student interests, and lower operating costs. We need to ensure that these potential advantages are real and that we understand all the implications of moving in this direction—hence my recent outreach to the Northwest Commission. Rest assured that we will ensure our current accreditations stay in place while we assess the single accreditation and decide if and how to pursue it.
- b. In light of our budget crunch and our consideration of potential structural changes in the near term, I have decided not to permanently fill the UAF Chancellor position at this time. The candidates for the position each had strengths, but I cannot in good conscience bring someone in knowing that we will be evaluating single accreditation that could result in elimination of that position. I will work with UAF to name an interim Chancellor by the end of May allowing enough transition time before Chancellor Mike Powers steps down in August.
- c. As our administrative structures become more integrated, we will find redundant positions that, when combined or eliminated, will generate substantial cost reduction. By reducing administrative costs, we are able to mitigate somewhat the impact of budget cuts on faculty and

staff in direct student serving roles. I anticipate the need to reduce a substantial number of high-level administrative positions beginning this year, with a cost savings goal of approximately \$5 million per year.

3. Outstanding Issues: Clearly, change of this magnitude raises serious issues, including:

- a. Accreditation: As I noted above, we are in discussion with the Northwest Commission to assess the implications, advantages and disadvantages of single accreditation. Note that the University of Maine system is exploring single accreditation, though under a separate regional accreditor. I would reemphasize to you that our continued accreditation status is critically important and it will be protected throughout this review process.
- b. Governance: If at some time in the future the Board of Regents approves major structural changes, we will revisit our faculty, staff, and student governance structures to ensure we establish an appropriate governance framework.
- c. Policy: Board of Regents' Policy would require substantial modification to enable a "Single University" structure to work.
- d. Collective Bargaining: The University's collective bargaining relationship with faculty and staff unions is already at the UA system level, so these potential changes should not affect the fundamentals of our relationship with the unions. However, various processes in the CBAs would require modification to reflect structural changes. These can, and will be addressed with the appropriate union representatives at the appropriate time.

**Why is this important?**

Our greatest enemy is uncertainty. By announcing these actions now, I hope to provide you some degree of certainty in an otherwise uncertain world. By these and other changes yet to come, we will:

- position UA to more aggressively meet our state's higher education needs: access/opportunity, workforce development, research, economic diversification
- bring down our administrative costs so that more funding can go to our core mission of teaching, research, and service
- streamline our decision making processes and improve accountability to our stakeholders
- go through evidence based processes to inform major decisions
- ensure engagement with our faculty, students, staff, and communities in our decision making process

As we go down this trail together, I will keep you informed and provide avenues for your feedback. These are tough times for Alaska and our University. The only way we will make it through to a better future is to communicate, engage, and make the difficult decisions needed for the long-term benefit of our students, our communities, and our state.