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February 17, 2016

The Honorable Mark Neuman
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 505
Juneau, AK 99801-1182

The Honorable Steve Thompson
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 515
Juneau, AK 99801-1182

Dear Co-Chair Neuman and Co-Chair Thompson,

Thank you for the opportunity to present the University of Alaska's FY 2017 budget overview to the House Finance committee on February 9. The following is in response to questions posed by committee members during the meeting.

What is the cost of accreditation of three universities vs. one university with three locations?

The three Universities in the University of Alaska System are separately accredited by the Northwest Council on Colleges and Universities (NWCCU). NWCCU accreditation dues are based on annual institutional revenue so, the bigger the entity, the bigger the fee. However, there is a cap, and since UAA and UAF are in the larger category of institution we would save about \$31,000 per year on dues if the three UA universities were one institution. UA, as a system of three universities, cannot operate under a single accreditation.

Most of the work and cost associated with accreditation is in self-assessment, including learning outcomes assessment. This would have to take place at the same magnitude across the system if UA were one university or in its current structure of a system of three universities.

UA pays the cost of the accreditation site visits (e.g., travel). That is about \$10,000 per seven-year cycle. With one university vs. three, one site visit would be required instead of three. Depending on the size of the visitation team, however, the travel costs per visit would go up for the single accreditation because

the team would probably want to visit all major campuses within the one university. As such, savings from going to one university is at most \$20,000 per seven-year cycle from site visits.

Specialized accreditations are much the same, but typically the dues (if any) and fees are lower. For teachers, the Council for the Accreditation of Educator Preparation (CAEP) fee is \$2,400-\$3,500, depending on number of graduates, so net savings of one University is about \$5,900. For engineering, Accreditation Board for Engineering and Technology (ABET) charges \$675 per program, per campus, per year, so there would be no savings since the fee goes up each time a campus is added. For business and accounting, Association to Advance Collegiate Schools of Business (AACSB) is \$5,400 for Business, and \$8,700 for business and accounting. If accreditation was kept in both business and accounting, \$5,700 might be saved. Each site visit (usually on a 5-year to 7-year cycle) costs about \$5,000-\$10,000. UAS has only the CAEP accreditation, so savings would be less than \$4,000-\$8,000 on an annual average.

In total, savings could eventually be as much as \$50,000 per year on average by having a single NWCCU and CAEP, ABET, and AACSB accreditations. However, there would actually be additional costs, rather than savings, during the first few years because the accreditations would need to be redone and new (earlier than usual) site visits would be needed.

Was the commissioner of the Department of Labor and Workforce Development (DOLWD) contacted before UAS began its Marine Transportation AAS?

Strategic consultation took place with former DOLWD Commissioner Diane Blumer and her staff, AVTEC personnel, and employers about the Associate of Applied Science (AAS) program in Marine Transportation. A detailed response from UAS Chancellor Rick Caulfield and letters of support from industry are attached.

What was the recent Kodiak Appropriation?

There has not been a recent appropriation to the Kodiak Seafood and Marine Science Center. Please see the attached letter from UAF in this regard titled "UAF Response".

What will the cost savings be from Strategic Pathways?

The purpose of the University of Alaska is to serve the wide variety of higher education needs in our state. Alaska depends on us to meet those needs through our research and creative activities, teaching and learning, and outreach to the public. We have done a great job over the years in performing to our purpose, but there remain many large gaps that require our focused attention. There are also several major opportunities that must be pursued. Now, more than ever, as our budget is under serious threat this year and for years to come, we must find ways to serve our important purpose more cost effectively than we do today. Strategic Pathways is the framework we will use to improve our service to the state. It is based on the simple fact that each of our universities has unique strengths in meeting the state's needs.

Strategic Pathways envisions a University of Alaska where we reallocate resources from programs that are (1) not core to each university's strengths in meeting state needs; (2) challenged by low enrollment, high cost, or insufficient faculty resources; or (3) redundant with stronger programs at our other universities. Resources will be reallocated to those programs that are tied to each university's unique distinctive strengths. Through a wide variety of technologies and arrangements across the UA system, these excellent programs will be made accessible to all Alaskans, and at a lower overall cost.

Strategic Pathways will be implemented in 3 phases, with Phase 1 beginning this spring and Phase 3 completed by 2019. Faculty, staff, and students will have extensive opportunities to participate in the process and the university community will be informed of progress on a regular basis.

Strategic pathways will save money by streamlining processes and eliminating redundancy. It is too early to tell what cost savings that will accrue over the next decade, however, we estimate savings over that time to be in the millions of dollars.

Is UA bandwidth e-Rate eligible? Can UA partner with K-12 and share bandwidth?

Colleges and universities, community campuses and postsecondary vocational institutions are not eligible for eRate subsidies. Eligible entities are defined in the 1996 Telecommunications Act. Adding additional eligible entities requires an act of Congress. UA has discussed alternatives with the FCC for years to try to creative alternatives like making "Native American serving institutions" or those "meeting a special rural definition" eligible, but to no avail.

Use by UA students in a K-12 school is allowed only if it is incidental use. UA students in a village who need access could use the school computer lab if it is open for public hours, for example. That use is totally up to the discretion of the individual school districts. If UA were to lease a room solely to establish a UA learning center in a school (i.e. go beyond "incidental" use), UA would have to pay the full unsubsidized cost for that use in order not to jeopardize funding for the school district. K-12 students participating in dual-credit college courses can freely use their school network as they are K-12 students.

What is the history of private giving and where do donations go?

Attached is a document titled "Year to Date Fundraising 12-31-15" that shows totals for the last five years of private giving. Also attached is a document titled "Distributions for the Benefit of UA," which shows where donations went in FY14.

What are UA's Key Indicators and what are the President's performance metrics?

Attached is a document titled "UA Performance Framework" which sets out the key indicators for the period of FY10 through FY15. Also attached is a document titled "presidential performance comp fy16" which lists the performance measures that are in President Johnsen's compensation program.

What is the status of the UAF Combined Heat and Power Plant?

Attached is a document titled "UAF Powerplant Update" which provides the latest information.

Please let us know if the members would like additional information.

Sincerely,

A handwritten signature in black ink, appearing to be 'D. White', enclosed within a large, loopy circular flourish.

Daniel M. White

Vice President for Academic Affairs and Research, University of Alaska