

James R. Johnsen, Ed.D.

President

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March 30, 2016

The Honorable Bill Stoltze
State Capitol, Room 125
Juneau, AK 99801

Re: SB 171

Dear Senator Stoltze:

We have a lot of work to do at the university, and I share your desire to maximize our declining state revenues by finding efficiencies wherever we can. We both agree that travel is an important area for review, and fortunately Legislative Audit is currently conducting audits of state and university travel. I've been told that the fieldwork is substantially complete and that both audit reports will be issued in April 2016. These reports will be useful for decision making about travel for both the state and UA.

We agree with the intent of SB 171, which is to reduce travel expenses. My predecessor, Pat Gamble, had a good deal of success reducing the university's unrestricted travel budget. Between FY12 and FY15, unrestricted travel spending was reduced by \$2.6 million, or 21%. In FY16, the trend is continuing and travel spending is down another \$1 million, or 18%. As I see it, however, the dollar reductions that result from decreasing travel are not enough; we need the additional efficiencies that a more sophisticated travel system could provide. Accordingly, in January we began a comprehensive effort to replace our existing travel and expense management tools. A working group is charged with evaluating travel booking tool options, including the possible use of the state's travel system. The working group's initial report is expected in April, coinciding with the release of the audit.

Much has changed since the Department of Administration issued a proposal to UA regarding the state travel system three years ago, such as the substantial reduction in our travel expenses outlined above. That proposal was somewhat different than SB 171, in that DOA didn't want UA to actually use the state system. Instead, DOA suggested that UA develop a parallel system using the travel contracts that the state had already negotiated. DOA thought that would best maximize efficiency, while avoiding the unknown costs and challenges to integrate UA into the existing state system.

The Honorable Bill Stoltze


March 30, 2016

Page 2

The state and the university have some substantial differences in their use of travel appropriations. For example, roughly one-half of university travel is for federally-funded research grants, and a good deal of state travel is Medicaid-related. Because of this, the state and UA may need travel systems that focus on different strategies for savings. As discussed, we would appreciate the opportunity to evaluate and decide the best option and value based on the university's needs and objectives. Using the state's existing travel contracts might turn out to be the best way. However, it may be the case that UA finds better value in an alternative to the state travel system, such as higher discounts, more robust operation, better service, more user-friendly, or more up-to-date technology functions.

We have an absolute commitment to continue reducing the university's travel costs, and we believe that adopting a travel system that reflects the audit report and our working group's study is the best way forward, one that will get a truly up to date system that maximizes savings without compromising efficiency. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "James R. Johnsen". The signature is written in a cursive, flowing style.

James R. Johnsen

President, University of Alaska