

AD SUMMUM

Leading Change at the University FOR Alaska, 2016-2025

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I. The University of Alaska is Important to Alaska.

Alaskans are on a journey. We have been since this land was settled over ten thousand years ago by our first people, through the purchase from the Russians in 1867, statehood in 1959, and passage of the Alaska Native Claims Settlement Act in 1972.

That journey continues today as we have become a world class source of natural resources, a pillar of America's national defense, a model for integrating and providing opportunity to diverse peoples, a destination for people seeking to reconnect with the earth's natural beauty, and a leader in understanding that change—both hopeful and concerning—is taking place in the Arctic.

We all know that Alaskans have not always gotten it right.

But one of the things our founders did get right was the creation of the University of Alaska. Founded in 1917 as the Alaska Agricultural College and School of Mines and renamed the University of Alaska in 1935, we have become a jewel in the

crown of America's greatest state. We have grown from a single campus on a hillside, known by the Athabaskan people as Troth Yeddha', which opened in 1922 with just 6 students, to 16 campuses today, reaching from Ketchikan in the Southeast up to Kotzebue above the Arctic Circle. Today UA is home to 30,000 students, 5,000 of whom walk across a stage each year in celebration of their completion of degrees from the Associate to the Doctorate.

Our seal, adopted in 1935, is of Denali, the Great One. Our motto is AD SUMMUM, to the top. Our founders charged us then, and continue to charge us each and every day, to strive toward the top of the mountain, so we can realize the unparalleled potential of Alaska for her people.

The University of Alaska leads the world in research on Arctic fill-in-the-blank. This unparalleled research strength brings much deserved recognition to our scientists, it enhances the quality of the teaching and learning experience for our students, it provides a valuable source of funding for our university, and it contributes to the state's economy. But more important, it brings real understanding of the changes taking place in the North and real solutions to the problems those changes cause.

The University of Alaska leads the state in providing higher education opportunities for our people. We produce more of Alaska's educated workforce—from accountants and nurses to engineers and teachers—than any other institution in our state,

by a long shot. And we share what we learn through many thousands of hours of public service and engagement in communities large and small across the state.

The value of what our students learn can be measured in many ways. Studying at the University of Alaska results in increased incomes, better health, greater civic participation, and reduced health costs and rates of incarceration. These positive effects are intergenerational and, therefore, will bring benefits to Alaska for many years to come.

We, gathered here today, have the honor of leading this great university. There is no single institution in our state more important for Alaska and its people. There is no mission more compelling than ours. There is no set of values more worthy than ours.

Think about it! We get to get up every single day and come to work at a place that transforms people's lives, communities, our entire state! We discover new knowledge, we teach what we have learned, and we reach out beyond the gates of our campuses to put all that that we know into the service of our state and its people.

Ours is a noble mission. A mission too compelling to let wither on the vine when times are tough. It is at times like this that you and I, all of us here today along with the thousands of great Alaskans who work with us, to renew our commitment, to dig deep into ourselves, to give the best of what's in our brains and in our hearts to this University of Alaska.

II. Two Forces Require the University to Change.

The University of Alaska has been and will continue to be one of the most important institutions in our state. Sustaining this critical role for our people and our state requires us to face two very powerful forces impacting us from outside the university; dramatic reductions in state funding; and Alaska's growing need for a trained workforce.

The funding we receive annually from the state—on which we depend more than any other university system in the country—is being cut. From 2015 to 2017, our base allocation from the state has been reduced by \$50 million. Preliminary indications from the Governor's office suggest a best case of a flat budget in FY2018 and a worst case of another 10% cut. But given the uncertain fiscal politics of the state, our budget forecast is similarly uncertain.

These budget cuts have resulted in over 900 faculty and staff layoffs and position reductions, elimination or suspension of 50 academic programs, reductions in class availability, increases in faculty instructional workloads, less support for research, and reductions in student support services.

On the positive side, the university has implemented lean process improvement, strengthened intercampus collaboration, invested in leader development, increased public awareness, and added emphasis on private fundraising. And despite the

cuts we have taken, our general fund appropriation per student is still among the highest in the country and our tuition among the most affordable. In the “it could have been worse column,” we were facing an additional cut of \$50 million this past year, which we were able to fight off.

At the same time that our budgets are being cut, the second force for change, our state’s unmet and growing need for a trained workforce, becomes ever more clear and compelling. In this increasingly global economy, education is the key factor contributing to prosperity. The quality and quantity of our workforce, from occupational endorsements to PhDs, will decide our economic fate.

Over the last forty or so years in Alaska, it’s been possible to earn a good living without much or any higher education. This possibility has become increasingly rare as the “knowledge economy” has grown. And as the correlation between educational attainment and income has grown stronger—it’s about 0.8 the last time I looked—jobs for people with little or no higher education are disappearing. Estimates are that of the 11.6 million jobs created in the U.S. since the great depression, 11.4 million (or 98%) required a postsecondary degree or certificate, with 8.4 million (or 72%) requiring at least a baccalaureate degree.

The correlation between educational attainment and income has been much weaker here in Alaska than in most other states. However, as our economy seeks to grow and diversify,

all the signs indicate this correlation will strengthen here in Alaska. And when it does, the question is whether we will be a high education/high wage state or a low education/low wage state.

Those of us in this room today will lead in answering that question. Yes, it will take parents, students, employers, policy makers, and teachers to step up too. I know it's tough to affect all those exogenous variables. But at the end of the day, there is one institution in Alaska, just one, that can affect all those variables, and it is us.

By 2025, our economy is projected to need a workforce in which 65% have a degree in higher education, with 40% needing a certificate or associate's degree in a vocational field, and 25% needing a baccalaureate or above. Right now only 37% of our Alaskan grown workforce has completed some form higher education.

So, in order to accomplish our mission for Alaska and produce that workforce, from now until 2025 we must increase graduates by 76%. That's a very, very big number, but if broken down by year, it's a growth rate of 7.6%. Still, a big number in light of recent downward trends, but a lot easier to get our heads around.

These forces of change mandate that we address fundamental questions; what will it take to increase our workforce production; how will we continue leading the world in research on the increasingly important issues in the Arctic; how will we

strengthen our service to the people, the businesses, the organizations, and the communities of Alaska?

Part of the answer is that UA must change how we serve our students, how we partner with employers, how we work with legislators and community leaders, how we organize ourselves, how we finance our operations, and how we establish and reinforce new ways of accomplishing our mission.

There is no question that we must pursue these mission priorities for our state. The question is, how will we do all this while our budgets are being cut? It is both as simple and as complex as that.

III. Our Change Imperative.

In the face of these two forces and our mandate to serve Alaska, business as usual is no longer viable. The retired American general Eric Shinseki once said, "If you don't like change, you are going to like irrelevance even less." While we must change, this change imperative also provides a rare opportunity to remake the University of Alaska.

Tomorrow's University of Alaska will be built upon the great accomplishments, the qualities and strengths of today's university, our leaders, our faculty, our staff, our students, our alumni, and our community partners. Our scholarship and our academic programs. Our facilities and our technologies.

But it will be a different university, one that is more nimble, more competitive, more forward leaning, less expensive to operate, more accountable, more open, and more entrepreneurial. It will be more tightly integrated with the state and it will be recognized as the “go to university” for our students, our employers, our policy makers. The great university that built this great state.

There are three major streams of this change process, each supporting the other.

1. The Budget

The state itself stands today without a sustainable fiscal plan. So, instead of asking the state for more financial support based on our annual needs and wants, we are building a ten year framework that strives to meet the state’s workforce development needs (65% by 2025). In light of our high state contribution and low tuition, the framework assumes a gradually declining contribution from the state and gradually increasing tuition. We plan to benchmark our state contribution to the national average plus a reasonable factor that accounts for Alaska’s unique location and related costs, and our tuition to the average tuition in the 15 western states.

The base year for the framework is FY2016, in which we received \$350 million in state funding, \$25 million less than FY2015. In FY2017 we took a second cut of \$25 million. To ensure that we have time to implement changes, we will request a budget for FY2018 of \$341.2 million, an increase of

\$16.2 million over the current year. As proposed, these funds would go to support such strategic priorities as facility maintenance, student recruitment and retention, research, workforce development, and K-12 outreach.

Beginning in FY2019, the framework anticipates gradual reductions each year until FY2025, when we would receive \$312 million.

Meanwhile, our second major source of revenue—tuition—is 19 percent below the western states average. The framework assumes we will increase tuition over time so that it reaches the western states average. I would note that our community campus tuition, tied as it is to our university tuition, is comparatively high. We will work on ways to moderate the negative effects this problem through tuition waivers, scholarships, financial aid, and other means.

This framework has several important benefits:

- less reliance on the state,
- a little more reliance on our students,
- as well as the added benefits of transparency and predictability,
- so all university stakeholders—from students and their families to employers, state political leaders, and private donors—know their share of the investment needed to strengthen the university,

- so that we produce 65% of the workforce by 2025, 90% of the new teachers and nurses hired each year;
- so that we continue to lead the world in research on issues that matter to us living here in the north;
- so that we create a new economy in Alaska based on our knowledge; and
- so that we create a culture of education that provides opportunities for all Alaskans to realize their dreams.

The key to the success of this framework is an unprecedented increase in enrollment and completion. These factors— together with a continuing uncompromising commitment to campuses free of sexual assault—will result in meeting the state’s workforce needs more cost effectively. A great deal of hard work by every single one of us will be needed to drive our enrollments and completion rates.

At the September meeting of the Board of Regents, the chancellors were asked to comment on this framework. As you might expect from a statistician, UAF Chancellor Thomas quoted the great statistician George Box, “All models are wrong, but some are useful.” This framework may not be perfect, I will be the first to admit, but I am confident it will be useful.

And as to the ambitious goals laid out in the framework, UAA’s Chancellor Case invoked a call from his prior life, to “aim high.” I also appreciate the commitment UAS’s Chancellor Caulfield

made in terms of bringing the full resources of his innovative faculty and staff to meeting our statewide goals.

2. Strategic Pathways

The second stream of activity is Strategic Pathways, our process for answering the question: how do we organize ourselves to improve our efficiency at meeting the state's needs at lower cost?

Many of you here today have contributed to this process and I want to thank you for your hard work on what I know is a tough job.

Over the course of a single year, we—faculty, staff, students, community leaders—will examine 23 of our major administrative and academic units, from finance to teacher education, and engineering to information technology. In each review, the team prepares a public presentation that identifies options for improving our organizational structure and the pros and cons for each option.

The Summit Team then reviews the options, and may come up with some of its own, and provides its views to the president. With that advice and—with input from faculty, staff, and student governance as well as the public—makes a decision to implement changes (in the case of decisions not requiring Regents' approval) or what to recommend (in those cases that require Regents' approval).

The reviews are being conducted in three phases. At this point the seven areas in Phase 1 are in various stages of implementation.

The teams have done extraordinarily fine work, given the challenging task before them. Over half of you in this room today have participated in this process; I want to thank you for your hard work.

This process is challenging because of the complexity of looking at multiple programs across our diverse campuses, and because every single program we offer serves an important purpose and has a constituency. Every decision with negative consequences for a particular program or campus—even if it means better performance from a broader perspective—will be seen as a loss to those served by and associated with that program.

There also is an inherent tension in every one of these reviews between distributed and centralized models of service delivery. But at the end of the day, our mission is to serve the state's needs. If we have not been especially effective in producing graduates or in filling market demand under our current structure, we will change how we organize ourselves in order to be more accountable.

One last note on Strategic Pathways. Just as our mission is centered around discovery, learning, and engagement, so is the Strategic Pathways process. Members of our community come together to identify options and to weigh the pros and cons of

those alternatives. New ideas have been brought up and debated. Minds have been changed, mine included. Renewed commitments and collaborations have been made. Recommendations have been proposed and decisions have been made.

While it certainly is not perfect, Strategic Pathways is useful as both a learning and planning process, helping us think anew about how we perform and how we organize our university. I am reminded of the great organizational scientist, Edgar Schein's definition of culture. At the risk of oversimplification, culture is the process of learning from and teaching how we solve two essential problems: adaptation to external forces and internal integration. This is exactly what Strategic Pathways is, a learning and planning process that is addressing our internal integration/organization in response to external forces, how we organize ourselves to meet the state's needs for higher education with less financial support from the state.

3. Engagement with Alaskans

The third stream of activity is being led by the University of Alaska Foundation. This process is engaging Alaskan leaders in creating the university's future by discussing questions like these:

- What aspects of our mission attract the passion, the ambitions, the hopes of Alaskans about their university, their state, their future?

- How can we strengthen the culture of education in Alaska?
- What opportunities do you see for growing our own Alaskan workforce?
- How can we better tell the story of our tremendous research programs?
- How can we leverage our research, teaching, and service missions to contribute more directly to economic development?

These conversations will refine our engagement strategy with Alaskans. That strategy will address how we build strong relationships in the near term and provide opportunities for people to realize their goals through meaningful support for us in the long term. Clear areas of opportunity include listening more attentively to the many diverse voices of Alaska, becoming more inviting and more amenable to partnership and collaboration, and telling our story more effectively.

An aspect of this work is a public awareness campaign funded by private dollars from the University of Alaska Foundation. This campaign began with a public opinion survey of Alaskans' views of the university and a separate, but related, assessment of the university's impact on the state's economy. In brief, we enjoy very strong support from the people of Alaska and the annual impact on the economy, not including the wage benefits that accrue to our graduates, is in excess of \$1 billion.

The second step is a social media campaign with an inspirational video and a supporting website that you will learn

more about today. This campaign has as its theme, driving change in Alaska.

The third step is in the planning stage and will involve the use of private dollars to expand awareness and the image of the university in the eyes of all Alaskans, especially those we seek to serve here at UA. I am, frankly, sick and tired of hearing advertisements on the radio for the Foster School of Management and Arizona State University. I think Alaskans deserve to hear about their university and we will step up in the near term to get the good word out there.

IV. The University of Alaska FOR Alaska.

As I began here this morning, I repeat, we are all on a journey, a journey that came to include the founders of the University of Alaska, those men and women who charged us to go to the top, AD SUMMUM.

I see in these simple, yet powerful symbols, the inspiration for our future. The mountain represents our state and the motto, our mission. Through our discovery, our teaching, and engagement, we will climb to the top. It will be a lot of work, it will take time. But it is why we are here.

Our journey will require us to prepare more teachers and nurses, more maritime trades and mine workers, more nurses, to name just a few of our top priorities in workforce development. This work will require strong partnerships with K-12, health care, and other industries vital to Alaska's economy.

And it will require new ways of thinking about how to educate those 115,000 Alaskans with some college and no degree finish up and move on to the next step in their lives.

The journey will require us to build on our capacity to solve problems of importance to Alaska, to the nation, and to the world. These problems arise in numerous aspects of our lives, including health, the environment, our economy and our politics, Alaska's wildlife, energy, transportation, and the cultures of our diverse people. These problems are not just local, they have truly global implications.

The journey will require us to focus on building our state's economy through workforce development, of course, but also through the creation and commercialization of the tremendous intellectual property in our labs, our classrooms, and our studios. We must foster interdisciplinary teams and leverage public/private partnerships to create businesses that employ Alaskans, invest in Alaska, and improve the quality of life here in Alaska.

All that, so when we reach the top of the mountain and look across our great state, we will see:

- a highly skilled and innovative workforce of Alaskans, trained by Alaskan grown K-12 teachers and world class university faculty, producing value in the global marketplace

- a healthy and sustainable environment along with strong communities and a dynamic and diversified economy
- a seamless alignment between the university and our partners in K-12 such that Alaskans see and take advantage of the unquestionable value of higher education and accrue its very real benefits, including better health, increased civic engagement, longer life expectancy, and a better life for future generations

By your being here today, leaders of the University of Alaska, I am inviting you to dream big, think creatively, and continue putting our students first in all we do. We have demonstrated without a doubt that we can do this.

Now more than ever, our students and our state need us to lead. And lead we will, for there is no higher calling, no greater obligation, and no greater opportunity for each and every one of us to build a lasting legacy for the people of Alaska, this place that has given us all so much.

Thank you.