



our alumni: who carry our flag out into the world, working all across our state, creating new businesses and solving the state's problems, and giving back to the university that moved them forward in life

our partners: employers, communities, agencies and the many others across our state and the country who help advance our work

our donors: who pay it forward with their own resources, whose generosity enables our students to realize their dreams, whose foresight provides our university a margin of excellence in all we do

our leaders: including those here today in the audience, UAS Chancellor Rick Caulfield and numerous elected officials

all those people with Alaskan values: the grit, perseverance, work ethic, commitment, and respect for each other no matter what city or village we call home. No matter what political party or position on a particular issue—those values bring us together to serve our students every single day and to meet the needs of our state.

2. Yes, the University of Alaska is strong, but like our state, we face very serious challenges:

- Our reliance on the state for funding, in terms of the percentage of our budget that comes from the state, is among the highest in the nation. Such heavy reliance on a source that itself is challenged places the university in a most vulnerable position.
- Our funnel of students from Alaska's high schools is weak, in terms of:
 - low high school graduation rate
 - low college going rate, and
 - of those who go to college, a low level of readiness for college and, then, comparatively low college graduation rates
- We import 70 percent of the new teachers hired each year...outsourcing to other states the single most important job in our state! Now, I know some great teachers come to Alaska from Outside, but our heavy reliance on Outside teachers contributes to high teacher turnover costs. And if you think the financial cost of our teacher turnover is high, it pales when compared to the educational impact on our kids.
- Another challenge is our changing economy. Yes, we'll rely on natural resource development for many years to come, but ultimately, our ability to compete nationally and internationally will depend on the quality of our talent. Looking across the 50 states, and across the nations of the

world, there is a very strong correlation between education attainment and income. Alaska has been an exception. We are a low education, high income state. Looking forward, the choice we face is simple, and stark. Will we become (A) a high education/high income state, or (B) a low education/low income state? We at the University of Alaska, and I am sure every Alaskan listening to these words, choose A. You can rest assured that at the University of Alaska, we'll do all we can to build that high education/high income state.

- Another challenge is our facilities,

statewide in three phases

- Decisions have already been made by the Regents in phase 1, resulting in a planned consolidation of 30% in the number of departments that we looked at:
 - from 3 research administration offices to 1
 - from 3 procurement offices to 1
 - from 3 schools of management to 2
 - from 3 schools of education to 1
- While we are implementing phase 1 decisions, we are analyzing our options in phase 2, with decisions set for June....we kicked off our final phase 3 reviews last month
- It is clear that some people are upset about this process. I understand their concerns, and have implemented a number of their recommendations. As we make tough decisions, though, there's no way around some of that upset. We are striving for a process that is inclusive, transparent, and goal driven. I've listened to the concerns and suggestions and I am working to implement improvements in response to input from our faculty, staff, and students and the community.
 - More than 250 faculty, staff, students, and community leaders have participated on our review teams
 - Literally thousands of hours have been spent generating and analyzing 75 different options for improvement, with more to come
 - Thousands of inputs have been reviewed by management and the Board of Regents
 - We are seeking savings to be reallocated this year into top priorities for growth
- Now, making sausage in public can be a challenging process, but at the end of the day, I am sure we will make better

Last year, in the face of a \$25M cut, the third in a row, the Regents courageously reallocated another \$25M, they cut even deeper, in order to make sure top priority programs were funded.

Examples include:

- Going to the bond market to borrow the money needed to finish the Engineering Building at UAF, after it was not funded by the legislature
-

and nurses and most important, teachers.

It's why we are reaching out to you for what you need to grow your businesses. It will surely take a while, but we will create that culture of education that Alaska needs and deserves!

Yet another asset is our world class research organization, which not only brings us a 410% ROI, but enhances our reputation, strengthens the training

100 years ago when UA was founded. And it's hard today.

But our founders' dream was to build a great state for all our people. All our people.

The good news is that progress is being made, but there is much more work ahead, and--now more than ever--I ask you all to join me, to reach high, to push hard, to give forward to the university that lives to serve you and all our fellow Alaskans, in this our 100th anniversary year, for another 100 years to come.

Thank you.