

July 31, 2017

Chairman Bill Ridenour
Arizona Board of Regents
2020 N. Central Avenue, Suite 230
Phoenix, AZ 85004

Dear Chairman Ridenour,

Attached are reports on my individual performance incentives for FY17. This year's performance measures focused heavily on Northern Arizona University's (NAU) enterprise of distance learning options offered outside of the Flagstaff Campus, including statewide sites, online education and our unique competency based Personalized Learning Program. These programs educate approximately 25% of the students receiving their postsecondary education through NAU and each has contributed differently in NAU's history.

I am coming up on my three year anniversary with Northern Arizona University and am as excited about our future as when I came to Arizona to serve as NAU's President in 2014. Also included in this transmission is a report on my multi-year goals set forth during my initial hire. These milestones provided vision and direction during my first three years, serving as critical areas of emphasis in response to ABOR priorities for NAU's contribution to the Enterprise System.

My time at NAU has included a focus on efficiency in order to maximize dollars in support of a high quality student experience regardless of delivery model and excellent academic quality in our degree offerings. This required reorganization of multiple departments and divisions with an emphasis on cross-unit collaboration. When I came to NAU, every unit was aggressively pursuing the university's mission and vision, but it was done in a silo as opposed to a team approach. This had resulted in duplicate efforts and stretched resources. I am confident in the leadership team and structure that has developed over the last three years and our ability to lead a complex university, serving the region, the state and engaged in an increasingly global marketplace.

Thank you for your support and leadership. I look forward to continuing to work with the Board, my colleagues and the dedicated faculty and staff at Northern Arizona University to improve the future for both individuals and the State of Arizona.

Sincerely,


Rita Hartung Cheng
President

Attachments

FY 2016 – 2017 ANNUAL PERFORMANCE REPORT, AT RISK COMPENSATION GOALS

STRATEGY FOR REMOTE-TO-FLAGSTAFF SITES AND STRATEGIES FOR STATEWIDE ACCESS

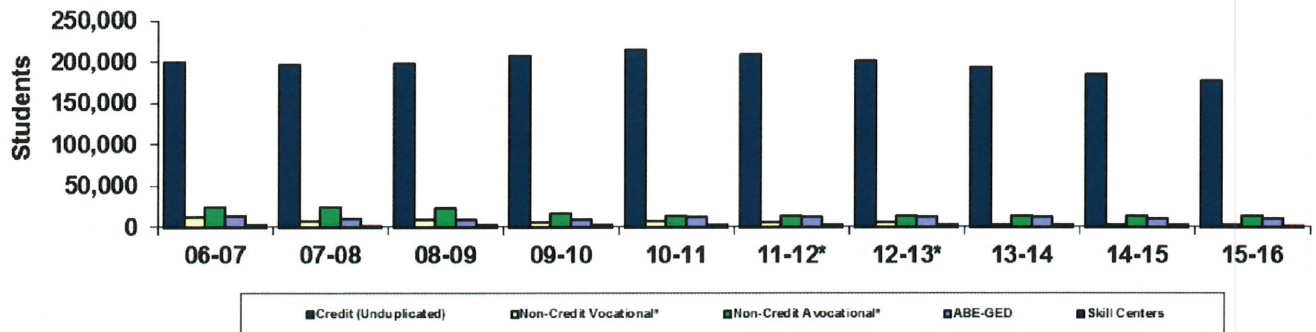
Northern Arizona University has a long history of providing education at a distance. Our mission and commitment to serving Arizona is represented in NAU's practice of providing the same high-quality education opportunity at sites separate from the Flagstaff Campus. These sites are focused on degree attainment and do not offer the same amenities and support services as a residential research campus and can thus be provided at a different tuition level. To date, the focus on this portion of NAU's enterprise appears to have been on fulfilling the university's commitment to access through distance delivery at a lower cost. A review of the economic and business model for this portion of the enterprise is long overdue, and I appreciate the opportunity provided by the Arizona Board of Regents to report on this area.

This report focuses on statewide sites outside of the Flagstaff campus and excludes online education, which is reported separately, with the caveat that many remote sites include a hybrid education delivery model where some courses are face-to-face and some are delivered online. All NAU degree programs have student learning expectations, curriculum maps, and undergo faculty curriculum review as well as the university program review process. All sections of a course, no matter the delivery model, must meet these criteria and an approved course shell is provided to institute some structure to this effort through our Bb Learn format. Degrees awarded are NAU degrees and we do not differentiate by delivery mode or location. Coordination, consistency and support of this framework was in need of attention and direction and I have spent significant time over the last year in this area to bring confidence to our framework of "One NAU" serving students in many locations and through many delivery models.

NAU's statewide sites have expanded and contracted for various reasons over the years. These statewide locations began in school districts and on community college campuses where faculty provided education delivery on-site. Community colleges and some school districts experienced years of growth where it was no longer practical for NAU to lease space on their campuses. This led NAU to leasing community and commercial space throughout the state. In some cases, commercial space was also sought to increase NAU's visibility and to consolidate service delivery, primarily in the Phoenix and Tucson metropolitan areas. During the most recent round of budget challenges, NAU conducted the most thorough student enrollment review of distance delivery sites that I have found, ultimately making the difficult business decision to close 13 sites in 2015. At this time, NAU maintains 21 distance delivery sites and additionally engages in short-term agreements with school districts to provide cohort degree delivery for teacher certification and education leadership degrees.

Overall enrollment at NAU’s Community Campus sites has declined over the last five years. One contributing factor affecting NAU’s community campus enrollment not within NAU’s control is the enrollment of academic programs at Arizona’s community colleges which provide the pipeline for our programs. This must be regularly reviewed to insure program alignment and appropriate location investments by NAU. For reference, below is the most recently published trend data for Arizona’s largest community college system, the Maricopa Community College District. Highlighted is the section most relevant to our partnership, the student population enrolled in credit bearing courses.

Maricopa Community Colleges District Summary of Fiscal Year Headcount



Headcount by Category	06-07	07-08	08-09	09-10	10-11	11-12*	12-13*	13-14	14-15	15-16
Credit (Duplicated)	220,085	217,364	219,780	231,856	241,686	233,020	223,902	213,454	203,238	194,570
Credit (Unduplicated)	198,811	196,443	197,210	206,912	214,732	208,739	201,077	192,399	183,430	175,595
Non-Credit Vocational*	11,367	6,903	7,715	5,909	6,284	5,850	5,181	2,349	1,937	1,964
Non-Credit Avocational*	23,883	24,430	22,770	16,593	13,616	13,510	13,507	12,618	13,225	13,485
ABE-GED	12,624	10,243	9,223	9,113	11,264	11,128	12,297	11,244	10,310	10,003
Skill Centers	1,815	1,527	2,097	2,471	2,298	2,016	1,748	1,681	1,752	1,461

* Non-credit Headcount was re-stated for FY2011-12 and FY2012-13 by Mesa College in August, 2014

Source: ABE/GED, Skill Center, and non-credit headcount as reported by the colleges. Credit headcount reported from IRIS. Students may be simultaneously enrolled at more than one college and/or enrolled in more than one course category.

Print in landscape for best results.

Maricopa Community College District • Office of Institutional Effectiveness • Maricopa Trends • www.maricopa.edu/academic/ir

Last updated February 9, 2017

Enrollment declines at NAU’s community campuses also appears to be reflective of several prior administrative decisions to deliberately reduce face-to-face at statewide locations. A significant effort was made in 2010-2014 to build online programs at the expense of on-site face to face programs. Increased outreach and recruitment efforts to enroll transfer students

on the Flagstaff Campus rather than at other NAU sites in recent years has also contributed to declining statewide site location enrollments. These trends provided the basis for several site closures, but should not be perceived as the future of NAU’s community campus model. With strategic review of the factors listed below, NAU will be purposeful and deliberate in program offerings and investments in a community campus model that reinvigorates partnerships, targets programs to workforce and student demands and controls costs. Additionally, NAU partnered with an external provider to assist in targeted recruitment and processing support for students interested in pursuing an education degree. Through this effort, as well as some “secret shopper” experiences with my leadership team, several obstacles were discovered in NAU’s program application process which are now being addressed. Obstacles existed in some cases at the undergraduate level, but primarily occurred at the graduate level, and included areas such as prerequisite courses in excess of our competitors, and additional application requirements such as essays, letters of reference, and background checks. A priority area over the next year is to continue to streamline and adopt best practices.

While total enrollment is currently at about 2,500 students in our community campus programs, this population has a higher resident proportion than even NAU’s total enrollment, which is the highest of the Arizona University System. The impact of these community campuses is significant to Arizona’s Achieve60 goal and the overall ABOR metrics. Past enrollment trends for NAU community campuses are reflected below:

		<u>Fall '12</u>	<u>Fall '13</u>	<u>Fall '14</u>	<u>Fall '15</u>	<u>Fall '16</u>
CC	UG	2,046	1,890	1,740	1,544	1,437
	Grad	1,265	1,033	873	694	622
	Total	3,311	2,923	2,613	2,238	2,059
	Res	3,283	2,881	2,557	2,187	2,014
	Non Res	28	42	56	51	45
	Total	3,311	2,923	2,613	2,238	2,059
		<u>Fall '12</u>	<u>Fall '13</u>	<u>Fall '14</u>	<u>Fall '15</u>	<u>Fall '16</u>
Yuma	UG	485	448	435	441	474
	Grad	106	93	94	79	57
	Total	591	541	529	520	531
	Res	532	485	476	471	481
	Non Res	59	56	53	49	50
	Total	591	541	529	520	531

There are a number of ways to control costs in statewide education delivery models. These include composition of faculty, infrastructure costs and dispersed versus consolidated student service delivery models. Various considerations were included in reviewing and developing a sustainable business model for NAU’s statewide education delivery, including both institutional costs and the cost to students. NAU’s Flagstaff Campus has significantly integrated technology

in classrooms and technology-assisted educational delivery. However, there is often overlapping faculty in the Flagstaff Campus and statewide sites. Because of this, our cost structure is different for the entire university as opposed to having significant differentiation between delivery models which other institutions may experience. Academic quality is enhanced by incorporating faculty in our statewide sites more comprehensively into our overall faculty development and support as well as improving connections and responsibilities with the “home” colleges who should be supporting their programs.

Knowing our revenue and cost structures has helped inform decisions and is only a part of making decisions to advance programs in various geographic regions. NAU’s mission includes accessibility and we have both a tradition and commitment to statewide service and serving underserved populations. Our most prominent programs date back to our history as a teacher’s college and we continue to play a large role in preparing both entering teachers and educational leaders such as principals and supervisors. Our accessible delivery format of evening, weekend and summer classes distinctly fit the needs of individuals often already employed by schools or districts seeking full certification, certification specialty endorsements or leadership certificates. Our history in Yuma began with teacher preparation and has grown with the economic and workforce needs of the region to include nursing and biology, as well as business programs and social work. While we continue to work to address our enrollment in Yuma, we are seeing progress in our freshman retention rates from 60% in Fall 2015 to 100% in Fall 2016.

In Yavapai County, we joined with the City of Prescott Valley approximately a year ago to evaluate workforce needs and redefine NAU’s programming in this region. Support for NAU is strong in this community and we have worked with local governments and private individuals to expand our presence to include a visitor’s center in commercial property where traffic flow is higher than our academic location. We have recently secured grant funding to expand a college resource center to the Prescott Valley region to further increase planning and preparation for higher education attainment in this community. We have hired a new Campus Executive Director in Yavapai County to advance the information that originated in the workforce report. This effort will include modifying the unique 3-year calendar that NAU Yavapai piloted into a more traditional community site in partnership with the community college and other community partners. We are also encouraged by our retention rates in Yavapai with an increase from 63.6% in Fall 2015 to 66.7% in Fall 2016.

Additional programming exploration is underway in business and hospitality industries as identified in the workforce report and we continue to work with the healthcare providers in this region. Further demonstrating NAU’s efforts to uniquely match our talents with regional needs, we have a robust Hotel and Restaurant Management (HRM) Program with Pima Community College, an RN-BSN cohort to further address the growing nursing shortage in all areas of Arizona, including southern Arizona, and we are working on expanding the reach of our Industrial Technology Management degree in partnership with Pima Community College and Central Arizona College to address Arizona’s growth in manufacturing.

Interestingly, many institutions charge consistent tuition levels regardless of the delivery model. This was reported by over 75% in the survey respondents to recent WICHE research, mentioned below, with over half of these institutions charging additional fees for distance delivery. NAU significantly discounts tuition at our statewide sites consistent with our commitment to access. Efforts began during the April 2017 tuition setting cycle to streamline this price structure from several price points at different statewide sites to a single statewide tuition level and NAU anticipates completing this process in the 2018 cycle by bringing NAU Yavapai (the only remaining outlier) up to the same tuition price point as the rest of the NAU statewide community campuses. This statewide tuition and fee level remains approximately 29% below tuition and mandatory fees at NAU's Flagstaff Campus.

In 2016 WICHE's (Western Interstate Commission on Higher Education) WCET Division (WICHE Cooperative for Educational Technologies) engaged in a review of the economics of distance learning. A link to the full report is http://wcet.wiche.edu/sites/default/files/Price-and-Cost-Report-2017_0.pdf. The report identifies that mission, and not cost, was the predominant consideration for most institutions providing distance education in the past. While the unique response rate was approximately 30% of institutions surveyed, the majority of respondents were from public universities and thus provides good points of reference even if not directly applicable for all markets. Although the report also focuses more on student price rather than institutional cost, it contributes to the information examined during our evaluation. Caution is given to the high number of Associate's Degree Granting institutions who responded compared to Master's and Doctoral degree granting institutions. Interestingly, approximately 1/3 of the respondents were from schools with less than 10,000 students. These FTE numbers seem very low, until one realizes that 2014 IPEDS data from 4,806 institutions shows 77.4% of institutions of higher education in the United States report less than 5,000 FTE student counts.

Over the last year, NAU has undertaken significant restructuring of our Extended Campus operations. We have eliminated the Vice President of Extended Campuses position and assigned responsibilities to other Vice Presidents. This restructuring was not an ad hoc action, but in-line with my desire to create responsibility for all students within every department of NAU rather than continuing the practice of operating in silos. You have heard this initiative referenced in multiple OFRs and speeches as "One NAU". This includes locating student support services for all students within the Enrollment Management and Student Affairs division. All information and technology support has now been located in a single ITS management unit for the university rather than differentiated, and the same is true for university marketing. All facility leases and building management is being centralized in FY18 into NAU's Capital Facilities and Campus Operations Division. A new unit has been created for Educational Partnerships within the Office of External Affairs and Partnerships to enhance our community college relationships with particular attention to the ABOR metrics related to degrees awarded to Arizona community college transfer students. Creating teams between our Flagstaff Campus and our employees dispersed throughout Arizona develops staff and faculty support structures and access to a broader scope of expertise to enhance the quality of our services statewide. The final integration step underway for Fall 2017 is to incorporate all community campus programs within the "home" college and department on the Flagstaff

Campus. This initiative includes reviewing and restructuring current staff positions and the leadership structure that is needed to better pursue overall university priorities.

Restructuring the organization leadership and reducing the number of physical sites were critical steps to position NAU to move from simply a mission component of educational delivery, to a sustainable business model which ensures that we can fulfill this mission moving into the future. Teams from across campus were charged to improve recruitment strategies unique to transfer students while utilizing the successful trainings and orientations that have been built for the Flagstaff Campus initiatives. New marketing tools for transfer student and community site recruitment have been launched (see attached). We are also working on the integration of all outreach efforts into the Salesforce CMS successfully utilized for communications with students recruited to the Flagstaff Campus. Technology advancements have been made to provide technology assisted planning and advising services through JacksPath at jackspath.nau.edu, and efficiencies have been identified to cross-train staff to advocate for all of NAU's programs and sites rather than duplicating efforts as had been common under the Extended Campus silo model previously.

The course scheduling system utilized for planning and predictability on the Flagstaff Campus is being modeled for our community campus sites. Increased predictability and tighter course sequencing is needed to serve students with greater purpose toward degree completion in a directed model with fewer institutional costs that result from offering too many options. The academic integration of programs offered on our community campus sites into their "home" college and department on the Flagstaff Campus supports eliminating the antiquated "reward" system that had developed to entice Flagstaff Campus faculty to teach in online and community campus programs rather than building these responsibilities into their regular teaching obligations and statement of expectations. This effort will be ongoing over this next academic year and is a necessary cost saving step in the overall regular review of workload.

Further evaluation of NAU's program portfolio is required, but strategies have been developed to extend NAU's outreach in education, law enforcement, healthcare and government (administration and public administration) in particular. These areas have been identified based on labor statistics, local workforce evaluation, and employer participation in furthering their employee educational attainment through tuition reimbursement benefits and promotion and/or salary differentials. We are expecting to establish partnerships with third party tuition reimbursement organizations who have significant Arizona client lists, as well as business clients throughout the United States. Ed Assist will be our first tuition reimbursement partner and we are in the final stages of establishing this agreement. This partnership will provide direct marketing of NAU's programs to individual prospective students whose education is being financially supported by their employer.

NAU is in the process of reviewing all of the 2NAU memorandums of understanding that were previously executed with community college partners. Our first updates included new outreach with Dine College and the Tohono O'Odham Community College. These new partnerships have developed as a result of specific investment in our tribal relationships and my personal

attention to efforts in support of expanding outreach with Native American communities. We have instituted NAU campus visits for students from high schools with high Native American populations and connected our Center for Science Teaching and Learning (CSTL) with these same high schools to provide teacher mentoring and resources where qualified teachers in the critical subject of high school science may not be available. As with many examples of our community sites, our coordinators, recruiters and faculty in these communities provide multiple connections to the university resources and expertise beyond immediate academic programming.

NAU's College of Education has submitted a grant application to support additional expansion of Grow Your Own Programs with school districts to support teacher preparation in collaboration with Arizona schools currently experiencing teacher shortages. We secured letters of support from four Arizona community college presidents and look forward to implementing several of the community building strategies to develop learning communities with our community campus student groups whether we secure the grant or not. NAU also has been selected to participate in the Yale National Initiative to strengthen teaching in public schools. We will be working with Yale University to create a Teachers Institute to strengthen teaching and learning in schools serving students on the Navajo Nation.

NAU has developed a strong concurrent program for nursing students with several community colleges in Arizona (CEP), allowing students admitted to a community college nursing program to concurrently pursue their RN and BSN degrees at the same time. This effort required careful planning with our nursing faculty and community college nursing faculty to intersperse courses from both institutions into a full BSN degree program. Given the Hospital Association goal to have 80% of nurses bachelor's certified by 2020, this has successfully contributed to both student and workforce demand. This curriculum has been supported by the Arizona Board of Nursing. Endorsement of concurrent programs by an independent licensing body reaffirms the quality we are confident our community campus programs deliver. Continued review of opportunities such as this will be critical to maintaining NAU's niche in a crowded market.

Additionally, we have partnered with a private company, Coder Camp, to begin NAU's first coding certificate programs in the Phoenix area after reviewing the workforce demands for highly skilled technology coding employees that require specific skills and not entire degrees. After reviewing this initiative in 6-months we will evaluate whether this is an area where we can further develop for expanded success.

Program selection for delivery at our statewide sites is an increasingly collaborative process with local communities and requires extensive partnership discussions with local elected officials, local businesses and government entities as well as careful review of both workforce need and student pipeline. Such a review was conducted in partnership with the Town of Prescott Valley last summer and informs our infrastructure and programmatic decisions for this campus. This will include eliminating the year-round, 3-year degree model as the primary initiative driving this campus and increasing efforts to offer degree completions in partnership with Yavapai College as well as graduate degrees in targeted areas including education.

A final step in creating a sustainable community campus enterprise at NAU has been to reduce the reliance on other funds for these initiatives and enhance the focus on enrollment and direct revenue generation. The final 5-year TRIF plan which NAU submitted to ABOR in the spring of 2016 began this process by reducing the allocation of TRIF revenues allocated to workforce development initiatives. Approximately \$1 million annually was reduced from supporting statewide sites in order to focus this final 5-year period of TRIF funding more on start-up research costs. As the future of TRIF is uncertain, and the purpose of these funds was to initiate new programs and new research which can then thrive on its own, this was an important shift initiated during this recent planning cycle. The TRIF workforce initiatives largely supported education and nursing programs at NAU's statewide community campuses and the investments have resulted in access to high quality education programs for students seeking teaching and nursing as a profession. We are continuing to grow both nursing and teacher preparation and professional development programs statewide. In fact, we doubled the Yuma nursing cohort this year from 10 to 20 students and added additional Grow Your Own partnerships with school districts as outlined with NAU's Teacher Academy proposal through careful planning and tuition and fee setting. These investments served the local communities by providing a workforce consisting of individuals embedded in their community and often planning to stay in those communities.

It would be impractical to indicate that all of NAU's statewide community campuses can independently attain self-sustaining status. This area of NAU's mission must be viewed in its entirety, and we are advancing and expanding programs in the Phoenix and Tucson areas which can generate revenue, increase NAU's identity and brand awareness and help support smaller programs and student cohorts in other statewide community campus sites. The elimination of a separate administrative structure and the integration of this portion of NAU's enterprise into the overall university support and academic structure will provide cost reduction and enhanced student services.

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As a transfer student, you have credit hours from other institutions you want to put toward a four-year degree. You might also have family and work obligations that demand your attention. We offer you the true NAU experience with dedicated services, career-ready programs, and personal attention from expert faculty at a location convenient to you. Because we are just as committed to your future and success as you are.



NAU everywhere.

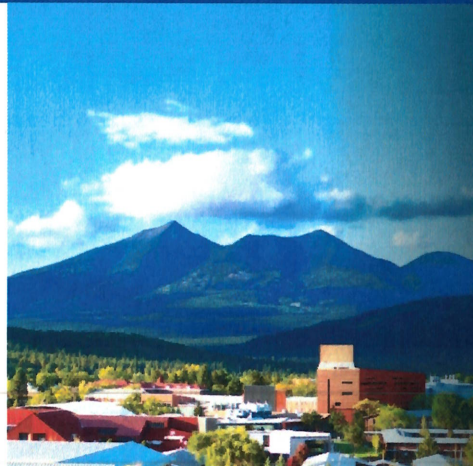
Wherever you live, you have access to NAU programs and services. Study online, attend a community campus with people who are sharing the same journey, or live in Flagstaff and experience your education in a quintessential college setting.

Our community campuses.

Arizona Western College	Estrella Mountain Community College	NAU North Valley	Scottsdale Community College
Central Arizona College	Glendale Community College	Northland Pioneer College	South Mountain Community College
Chandler-Gilbert Community College	Mesa Community College	Paradise Valley Community College	Yavapai College and Prescott Valley Campus
Coconino Community College	Mohave Community College	Phoenix College	Serving Native American communities throughout Arizona
Eastern Arizona College	NAU East Valley		

The view from Flagstaff.

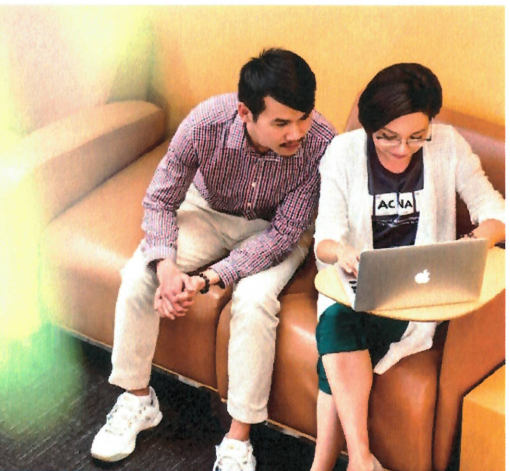
The world looks different from here. There's something about living and studying in Flagstaff that changes the way you see the world. The combination of community, rigor, and stunning natural beauty can help you see opportunities in every direction.



Expand your options with NAU online.

The flexibility of our online offerings is matched only by their quality. Find the path that fits you and your goals.

nau.edu/online



2NAU brings your future closer.

If you're in your first or second semester at community college and you are committed to completing your bachelor's degree, then 2NAU is the perfect program for you. It's an affordable, seamless way to transfer to NAU without any loss of time, credit, or money.

With 2NAU, we can help you stay on track to your four-year degree with personalized transfer guidance, including communications that alert you about important dates and deadlines. You'll receive an NAU ID and invitations to special events. For those who qualify, there are also scholarships available just for 2NAU students.

For a list of participating community colleges and to see if 2NAU can work for you, visit nau.edu/2nau





NAU is in your corner.

Northern Arizona University is the academic home to people from all over Arizona and around the world. We understand that no two journeys are alike and we give all of our students the support they need to be successful in pursuing a degree.

Transfer Admissions

We have dedicated transfer resources to help you make the transition to NAU as smooth as possible. Find them at our Transfer & Commuter Connections.

nau.edu/tcc

Financial Aid

With so many challenges ahead, we don't want paying for college to be one of them. Contact our offices with any questions about paying for college.

nau.edu/financialaid

Transfer Scholarships

If you're pursuing your first baccalaureate degree, you may be eligible for transfer tuition scholarships.

nau.edu/transferscholarships

Advising

Our advisers can help you navigate all the opportunities waiting for you and help you graduate on time.

nau.edu/advising

First Generation Student Success

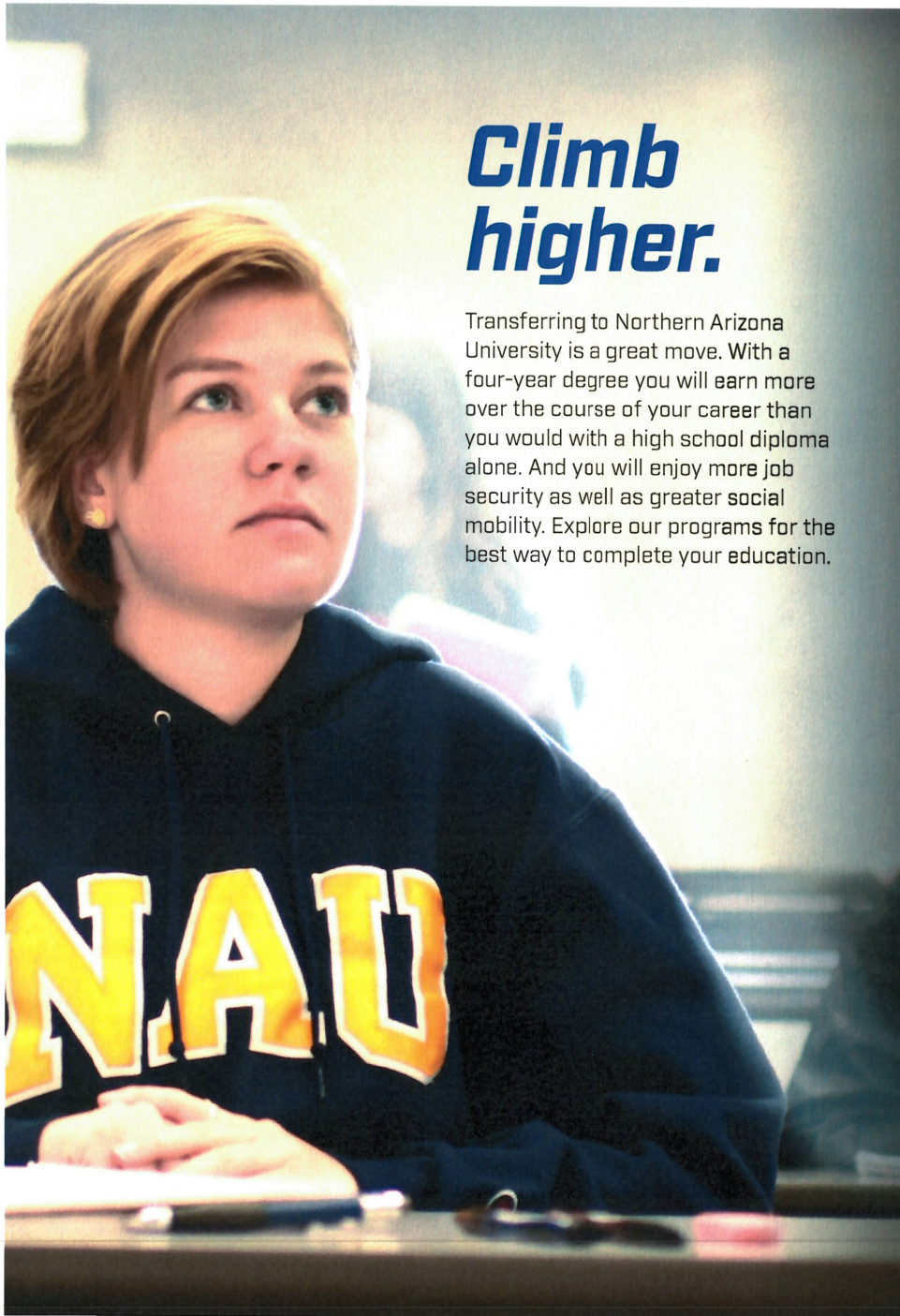
For those who are the first in their families to attend college, we have dedicated support services. We want every student to enjoy the full NAU experience.

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Military and Veterans

We are consistently ranked as a top college for veterans by a number of publications. We are committed to helping you enroll and earn your degree at any of our locations or online.

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Community Campus

- Administration - Yuma
- Bachelor of Business Administration-Management, BBA
- Communication Studies
- Elementary Education, BSED
- Elementary Education & Special Education, BSED
- Elementary Education with Early Childhood Certification, BSED
- Environmental Sciences - Yuma
- Hotel & Restaurant Management
- Industrial Technology Management - Yuma
- Interdisciplinary Studies, Service Management and Leadership - Prescott
- Interior Design
- Interdisciplinary Studies, Applied Human Behavior, Community Development & Sustainability, Entrepreneurship, Service Management & Leadership - Prescott
- Justice Studies
- Justice Studies 90-30*
- Logistics and Supply Chain Management
- Nursing, BSN - Concurrent Enrollment Program
- Psychology - Yuma
- Public Administration
- Public Administration 90-30*
- Technology Management - Yuma
- Technology Management 90-30* - Yuma
- Secondary Education, Biology, BSED - Yuma
- Secondary Education, Physical Science, BSED - Yuma
- Sociology - Yuma
- Spanish - Yuma

Online

- Administration
- Allied Health
- Business Administration
- Business and Marketing - Emphasis
- Communication General
- Communication Studies
- Community, Commercial and Tourism - Emphasis
- Computer Information Technology
- Criminal Justice Administration - Emphasis
- Dental Hygiene - Degree Completion Program, BSDH
- Diagnostic Medical Imaging and Therapy
- Early Childhood
- Education and Training - Emphasis
- Emergency Management
- Emergency Management 90-30*
- Entrepreneurship and Small Business - Emphasis
- Family and Consumer Science - Emphasis
- Global Business - Emphasis
- Health Care - Emphasis
- Health Careers - Emphasis
- Health Sciences
- Hotel and Restaurant Management
- Human Resource - Emphasis
- Human Resource Management - Emphasis
- Humanities 90-30*
- Industrial and Emerging Technologies - Emphasis
- Intelligence Studies - Emphasis
- Justice Studies
- Justice Studies 90-30*
- Liberal Arts
- Logistics and Supply Chain Management
- Logistics and Supply Chain Management - Emphasis
- Management
- Management - Emphasis
- Marketing - Emphasis
- Medical Assisting
- Nursing, BSN - Option for Registered Nurses 90/30*
- Occupational - Emphasis
- Organizational Communication - Emphasis
- Outdoor Education and Leadership - Emphasis
- Paramedic Care
- Park Protection - Emphasis
- Parks and Recreation Management
- Physical Therapist Assisting
- Psychology
- Public Administration
- Public Administration 90-30*
- Public Health
- Respiratory Care
- Small Business Administration
- Social Work, BSW
- Sociology
- Speech-Language Sciences and Technology
- Surgical Technology
- Technology Management
- University Studies

To see a comprehensive list of all undergraduate degree programs please go to: nau.edu/catalog



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The transfer process can feel like a long and winding road with some confusing turns at times. That's why we created Jacks Path. It's an interactive tool that brings clarity to the road ahead and your future after you earn your degree.

With Jacks Path you can plan your entire academic journey and track your progress. You'll have the ability to see how your credits will apply to multiple degree programs and compare course requirements. What makes it so effective is the transparency—Jacks Path will let you know exactly what you need to do and when you could expect to complete your degree.

And you can also use Jacks Path to see career information and outlook related to your chosen major. So you can plan your education and build your future.

For the quickest, easiest way to see what courses will transfer and how you can finish your 4-year degree, explore nau.edu/jackspath



***Make
your way
here.***

Whether we are in your neighborhood or a scenic drive away, it's always a great idea to meet the people who will be helping you accomplish your goals. Make plans to visit any of our locations or attend an event. We can't wait to meet you.

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Visit Days

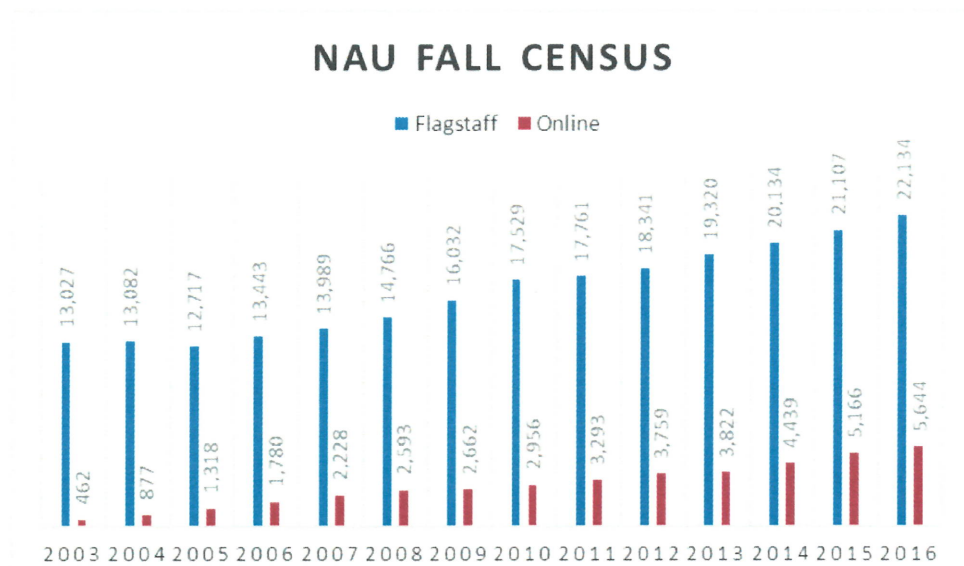
We host visit days and campus tours all year. To find an upcoming event at a location near you go to nau.edu/VisitDaysAz

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admissions@nau.edu
nau.edu/transfer

FY 2016 – 2017 ANNUAL PERFORMANCE REPORT, AT-RISK COMPENSATION GOALS

NAU'S DISTANCE LEARNING STRATEGIES

NAU was an early adopter of online learning strategies. For several years in the early 2000's this was an area of student enrollment growth during a downturn in enrollment on the Flagstaff Campus. While NAU has continued to innovate in new areas, including competency-based education, our lead in the overall online education market has been outpaced by competitors who have been more focused and aggressive in this area.



A recent publication by the Chronicle of Higher Education (Online Education Heading Toward the Future) accurately describes the shift in technology integration in higher education as, "It has grown from a peripheral project of early tech adopters or a practice of the for-profit industry into an accepted way of delivering education that is now deeply embedded in the majority of colleges and universities." This report indicates that 2/3 of higher education administrators believe online learning is a critical part of their mission and strategic plan. As a result, an institution must differentiate itself to be successful in the area of online education similar to the way we must make our residential campuses distinctive to recruit and retain students. Online education provides an important mechanism for NAU to fulfill its mission of access to remote areas of the state, non-traditional learners, and graduate students. Online education also provides an opportunity to reach an out-of-state market that is unlikely to relocate to Arizona but would be attracted to NAU's wide breadth of online programs and the high quality brand carried by an NAU degree. Additionally, online education offers flexibility for individuals to pursue their education while balancing other commitments, such as family and career.

NAU will re-emerge as a leader in the online education market by engaging in targeted, strategic programming supported by lean business processes. In support of this effort, NAU contracted with an external research firm to analyze the educational marketplace and guide decisions around programmatic areas of expansion and tuition modeling. I also brought in a recognized expert to serve as a Special Assistant to the President for a year to assist in defining the “One NAU” model of expanding both NAU’s community campuses and online education programming in an efficient and effective manner.

Dr. Teresa Smith has served as the Special Assistant to the President since December 1, 2016 and will remain on the NAU leadership team until December 31, 2017. Teresa has served as a consultant and staff member of several other universities, including the University of South Carolina, the Florida State College System, Clemson University and St. Mary’s College of Maryland, to advise on internal processes and structures necessary for a strong distance learning strategy. Teresa will begin serving as the Interim NAU Dean for Online and Innovative Educational Initiatives on August 1, 2017. This is a new position created after considerable review and consultation of best practices in establishing a leadership structure to support an aggressive online education enterprise within a university. Funding for this position comes from savings generated by the reorganization of NAU’s Extended Campuses, including the elimination of a former Senior Vice President of Extended Campus position. We will be conducting a national search for this new NAU dean and anticipate filling this key role in the fall to allow for faculty and campus input in the hiring process.

As I have reported in regular reviews of assignments, as well as in the accompanying remote to Flagstaff and statewide access performance report, NAU separated our community campus efforts from online education delivery to provide strategic and independent focus in each area. Our community campuses have a unique Arizona resident focus that aligns to our core mission on the Flagstaff Campus. Our vision for NAU Online will include an Arizona component, but will also aggressively pursue out-of-state students and respond to key workforce needs locally and nationally. Support services for online students are included in the “One NAU” model which I have reported on regularly and areas have been appropriately reassigned to Vice Presidents on my team who are experts in their individual areas, including the Provost’s Office, ITS, Marketing, Enrollment Management and Student Affairs, and External Affairs and Partnerships. With these service integration steps and the hiring of an experienced online education professional who can develop and implement a visionary online strategic plan, I am confident in NAU’s ability to be a leader in the online market. As with everything we do, we will not try to be all things to all people. We will align expansion of online programs with student interests, workforce demands and NAU academic strengths.

Our external review firm, Hanover Research, provided a full report to NAU in March 2017. This report evaluated three key areas which will be implemented under our new leadership structure. These three areas identified program opportunities that build on NAU’s experience and strengths and account for areas of increasing demand, as well as evaluated the competitive

landscape, specifically within the Southwest Region. The Southwest Region for purposes of this report includes Arizona, California, Nevada, Colorado, New Mexico and Utah.

NAU's online tuition is below average compared to peers. NAU conducted a thorough review of online tuition rates and structures during the last tuition-setting cycle. We brought a full overhaul of our online tuition structure to ABOR in April 2017 and received approval to modernize the structure to a single per credit hour online tuition rate for all students. Research conducted by several independent sources informed this recommendation to best position NAU to leverage its price point to compete in high-volume educational fields that may otherwise be too saturated for entry. NAU's online student population last year was comprised of 88% Arizona resident students. Previously, maximum tuition rates were set at low credit hour thresholds with a flat tuition rate beginning at 7 credit hours and a WUE type rate had been established for a sub-category of non-resident students. We also were not competitive in reaching non-resident student populations and our resident student tuition levels were not set to cover the costs of online educational delivery, or insuring that students were adequately supported. Finally, NAU was not increasing our online educational program offerings, thus further reducing our competitive edge. Otherwise saturated program areas have significant student interest, including programs such as business administration, teacher education, psychology, nursing, and criminal justice. Under our new competitive tuition structure and with the appropriate marketing and outreach, we are now positioned for success.

Key programmatic findings from Hanover include:

- **Business administration and nursing represent core programs for online education platforms.** These programs rank among the most popular offered at competitor institutions and are among the most commonly offered distance programs across the region. Despite a high number of nursing degree completions in Arizona each year, relatively few institutions in the state (four) report offering nursing in a distance format. Both fields represent areas of potential expansion for NAU, with nursing being a particularly attractive option. NAU has begun additional marketing research in this area and is preparing for a Fall non-resident marketing campaign around the RN to BSN and Master's of Nursing programs.
- **Social work and health administration represent potential areas of expansion for NAU's online programs.** Hanover reported that NAU's online bachelors of social work (BSW) program was positioned to provide a platform for adding a master's-level program, as student interest in the masters of social work (MSW) has grown rapidly in the region in recent years. At the same time, only five institutions in the Southwest report offering a MSW in a distance education format. NAU received ABOR approval for adding the MSW program to our academic strategic plan at the June 2017 meeting and we look forward to bringing this program online in Fall 2018. Similarly, bachelor's and master's programs in health administration have grown rapidly nationally and regionally in recent years. This growing market could be reached by enhancing the health sciences emphasis in the Master of Administration into a freestanding degree such as the Master

of Health Administration. This recommendation will be forwarded to the new NAU Online Dean for further exploration.

- **STEM education fields, including engineering and computer science, present expansion opportunities for NAU online.** Degree completion trends in computer science and in the top engineering specializations indicate an increasing level of student interest and promising employment prospects. Relatively few institutions in the region offer related degrees in a distance education format, although those that do are highly ranked. NAU’s price point is considerably lower than institutions like the University of Southern California and currently offers few STEM degrees online. This is a significant opportunity to attract students unable to attend similar institutions.

EDUCATIONAL FIELD	STUDENT DEMAND			LABOR MARKET DEMAND	
	AZ	SW REGION	SW DISTANCE SATURATION	AZ	SW REGION
Nursing	High	High	Medium	High	High
Business Administration, Management, & Organizational Leadership	High	High	Medium	High	High
Accounting	High	High	High	High	High
Teacher Education	Medium	Medium	Medium	High	High
Computer Science & Software Development	High	High	Medium	High	High
Engineering	High	High	Low	High	High
Social Work	High	High	Medium	High	High
Criminal Justice	High	High	High	Medium	Medium

Note: “High” student demand and labor market demand indicates above-average growth and a high rate of employment or degree completions. Additional data available in Section II. “Medium” demand indicates some variance in the data. For instance, some teacher education specializations are in high demand, while others declined in recent years.

One of the distinctive characteristics sought and subsequently advertised by most institutions is quality. More than 1/3 of the universities who responded to the March 2017 Chronicle of Higher Education survey of administrators involved in online learning decisions indicated using a third-party organization to vet their online course quality. NAU is an affiliate member of Quality Matters (QM) which is an initiative of the University of Maryland developed through a U.S. Department of Education grant to provide quality assurance in online education in the early 2000s. This project includes course rubrics, as well as the option for peer review. NAU

has adopted the QM evaluation rubrics for the development and review of online and blended delivery courses, providing an external standard for evaluating quality. The QM rubric establishes expectations and standards to guide course development, evaluation and improvement. While only a handful of NAU programs have undergone the entire QM process due to cost, the consistent use of the QM rubric insures learning objectives, measurement and assessment are included in every online course in order to insure quality equal to an NAU degree offered face to face. Professional development to support online course design and delivery exists through NAU's E-Learning Center. This department, under the Provost, offers faculty support in building best practices for teaching and learning with technology.

The use of instructional designers is a proven component of online quality assurance. These individuals' job duties vary, but critical among all of them is responsibility for helping to create engaging online templates and formats for course delivery. NAU believes this is a critical talent necessary to improve the delivery of online education in a manner that is identifiable and reflects consistent quality among our programs. Sixty-five percent of institutions who responded to the Chronicle survey mentioned above indicated they have instructional designers employed by their university. NAU has eight instructional designers currently on staff, however, their time has been spread among developing all course curriculum regardless of delivery mode and much of that time has been spent on face to face courses on the Flagstaff Campus. NAU's number of online courses and programs require dedicated attention in this supportive and quality control area of instructional design. While NAU utilizes Blackboard and BbLearn as our Learning Management System (LMS) and online instructional delivery template/course shell, dedicated attention from instructional designers will benefit our student engagement strategies and help support faculty with best practices and emerging initiatives in the area of successful online education to maximize the student experience. Collaborate Ultra is an emerging initiative at NAU to connect rural areas in a manner similar to the old Interactive TV system. We are engaging this strategy to efficiently deliver education to remote sites simultaneously in order to maximize resources. This will be one of the technologies utilized in our "Grow Your Own" portion of the NAU Teacher's Academy.

A misnomer of online education is that fewer student support services are necessary to educate through this delivery model. In fact, student mentoring and support through the use of "coaching" is critical to engagement and retention in both online courses and online programs. Online education is a personalized experience when properly designed and NAU will draw on its strengths in this area that are demonstrated on the Flagstaff Campus. This support includes the type of interventions now available through NAU's implementation of Salesforce and Civitas to be proactive in our student outreach and support services. Efforts began in FY17 to transition NAU's community campus and online education support staff to these student support systems. Training for staff is ongoing and implementation will continue into the fall. It is critical that we utilize lessons learned with our residential student support systems to enhance our off-the-Flagstaff Campus enterprise. We are seeing some early indications that our work to improve student support is making a difference. One year retention rates for full-time online students has increased from 44.4% in Fall 2015 to 53.3% in Fall 2016.

Free courses seem to be a current trend aimed at recruiting students. The MOOC fad which highlighted access to high quality faculty experts on a range of topics that adult learners might find interesting or helpful has largely moderated and has evolved into offerings of a no cost option aimed at targeting potential students. This model allows students to try out the college and/or online learning environment with little to no risk, and those who gain confidence and see success will hopefully advance to enroll in tuition-based courses and programs. NAU does not intend to develop options in this market at this time. Our primary focus will be on credit-bearing courses which lead to degrees. We will however, expand our efforts to identify new partners who may have targeted educational needs which we can meet for their employees. Our various delivery models for the RN to BSN nursing program have developed in this manner and this is the most recent program added to NAU's Personalized Learning portfolio of offerings. Additionally, late this spring we partnered with Coder Camps to offer coding certification in the Phoenix metropolitan area and online. Pending the results of this effort, NAU will evaluate opportunities for additional online certification and endorsement programs.

Positive impacts of online education include changes in faculty acceptance of technology enhanced learning and a desire to develop online courses and programs to improve access and student outcomes with a larger student population. NAU has experienced an increased acceptance of technology enhanced learning and online education delivery among our faculty and this delivery model is now integrated into many of our programs on and off the Flagstaff Campus. This acceptance, however, did not transcend into collaborative and combined business practices and this is the critical step underway now. Completion of this integration will occur by July 1, 2018.

Competency-based education (CBE) represents a policy movement as much as a delivery model. This has been a hot topic at both the secondary and post-secondary education levels for quite some time and colleges have utilized tests such as the College Level Examination Program (CLEP) to measure competency for credit. Private companies have offered off-the-shelf products, however, NAU wisely tested this market in a manner that compliments its brand rather than detracts or competes with it. All course content and assessments have been developed and assessed by NAU faculty. NAU's Personalized Learning Program has been highlighted by Lumina, the Gates Foundation, Competency Based Education Network (CBEN) and other policy organizations for providing an alternative, flexible pathway to degree attainment. In August of this year, NAU will be highlighted by PBS, focusing on our CBE program and student success. In 2014, NAU launched this initiative with 3 bachelor degree programs: Computer Information Technology, Liberal Arts and Small Business Administration. This program delivery model has served 2,591 students since inception and as of July 1, 2017, 201 students have graduated from NAU's Personalized Learning delivery model with a bachelor's degree. Fall 2016 enrollments totaled 833 for FY17. The largest enrollments have been in Computer Information Technology and Small Business Administration.

Over the last year, the NAU team has evaluated and learned from the implementation of Personalized Learning. We have adapted our delivery learning management system (LMS), from Pearson Learning Studio to Moodlerooms, and this migration for current students is

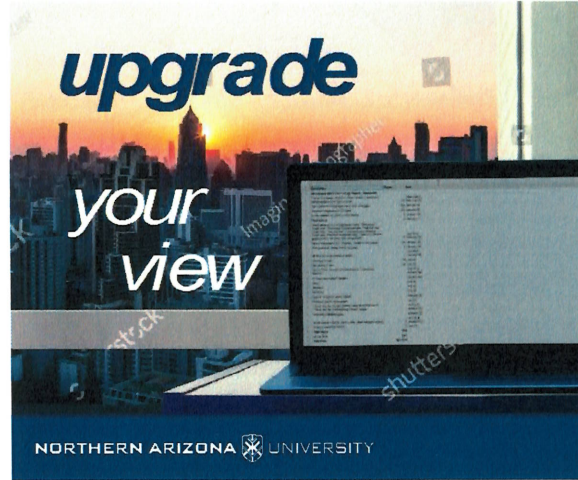
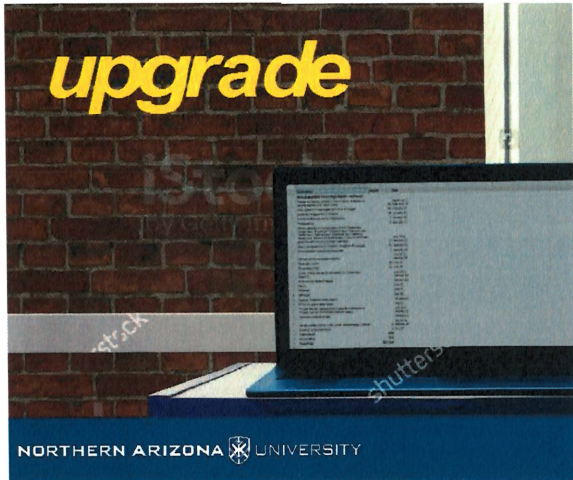
almost complete. This is not an initiative that easily fits into the standardized expectations of critical areas such as federal financial aid, academic calendars or retention and progression metrics. It does, however, produce high quality graduates and positively impacts students enrolled in the program. For this reason, we are taking the more difficult path of adopting necessary parameters within the program structure. Parameters include implementing weekly program start dates effective October 1, 2017, setting and closely monitoring expectations on progression for students receiving federal financial aid, and evaluating necessary student support and mentoring needs. This mentoring has been developed as personal and professional coaching in best practices for student support, which extends beyond academic advising and includes motivation for online learning and addressing life pressure points. Additionally, we know it is critical to focus on expanding our recruitment efforts and programming options with deliberate attention to a model of student and university success. Two bachelor's degree programs were launched this year, Nursing (RN-BSN) and Management with two emphasis options of healthcare or human resources. We plan to launch our first master's degree program in the PL format in Fall 2018 with the MS in Computer Information Technology. This degree will offer two options for an emphasis area of information security or project management. A master's degree in nursing is also under discussion with a planned implementation of Fall 2019.

Personalized Learning offers NAU much recognition and attention if done correctly, but it is not without risk. This careful evaluation will lead us to grow more slowly than originally envisioned and this has been addressed in our student enrollment projections for FY18. Upon careful review of this area in Fall 2016, I requested an updated analysis with my CFO and Vice President of Budget, Finance and Strategic Planning. We improved our predictive analysis for forecasting and budget planning and our FY17 Spring estimates look to be off by only one subscription and thus revenues are on track. This more realistic budget outlook minimizes the financial risk to the university and assures careful planning for expansion. Review of program subscription rates (tuition) for PL is currently underway. This requires a careful analysis of program delivery costs and market value and that can be applied to a more accurate enrollment and budget forecast. Upon proving success with a larger population of students, we look forward to reporting back on additional plans for this initiative next year.

Overall, NAU's online programming, including Personalized Learning, needs dedicated leadership and we look forward to bringing an individual onto our team and establishing a leadership advisory board that will include my personal attention. Digital marketing efforts are underway through combined internal and contracted services to reach a broader audience now that our tuition and internal structures are competitive and responsive (see attached). We are in the process of establishing a relationship with a third-party tuition benefits reimbursement company who has over 1,000 clients including numerous healthcare organizations throughout the United States, as well as large employers like American Express, Target, USAA, and others. Partnering with this organization provides direct outreach to a broader group of employees with a financial incentive to pursue further higher education opportunities. Sixty-two percent of their employee reimbursement support is in graduate education, which is an area where NAU can use particular attention.

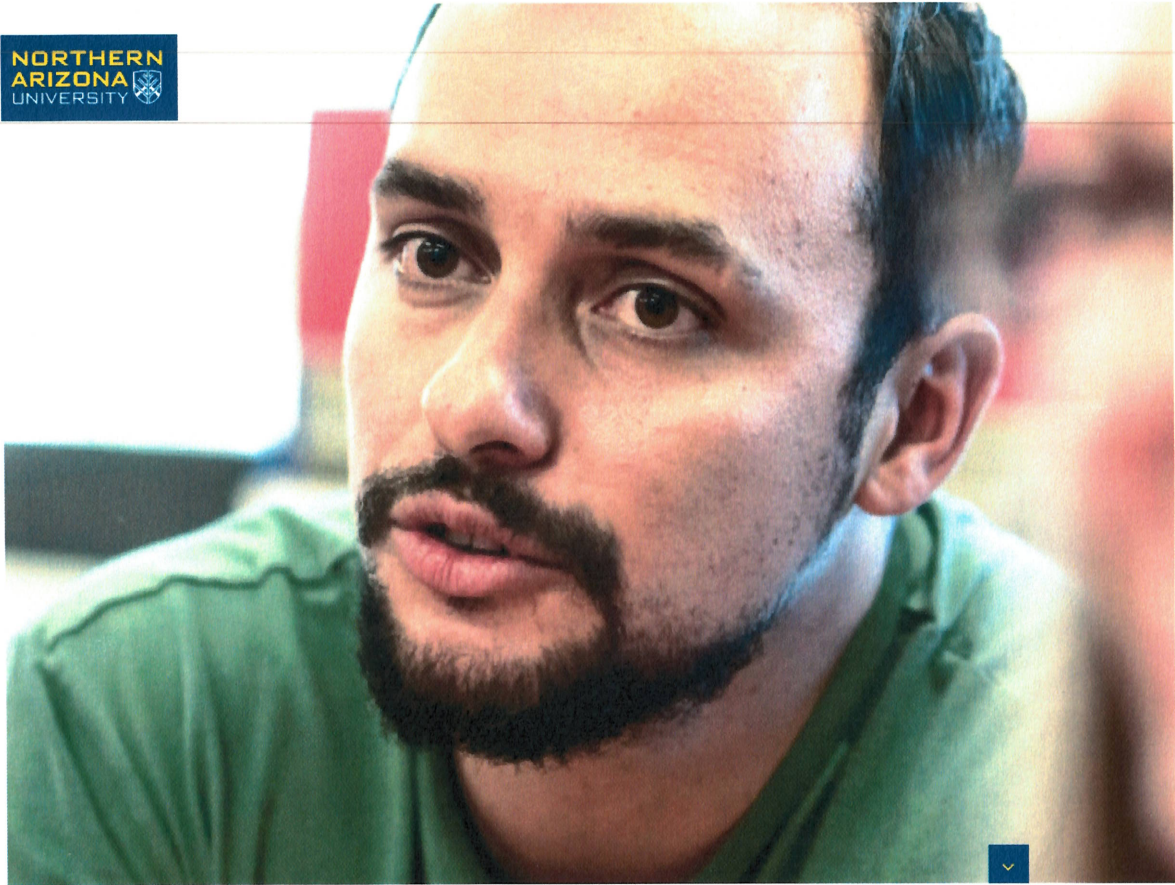
Lead generation, identifying specific people in the market who may be interested in NAU, and capturing their contact information for further communications is also underway for NAU Online, modeled after our experience with undergraduate student recruitment. This may be done through digital advertising or print communications that drive prospects to a landing page where they can provide their contact details and request further information. It may also be done by partnering with agencies or vendors who vet large populations to pre-qualify those who might be most interested in NAU and provide methods to engage with these audiences to determine who the specific leads are. NAU has both of these lead generation strategies underway. Our partnership efforts are currently targeted at education programs and we have seen these enrollments increase from 319 in Fall 15 to 782 projected for Fall 17. Our partner also brought to light several system issues, including burdensome application and pre-admission criteria which have now been addressed in several degree areas and are under review in others. Finally, our website development coincides with our branding refresh and I look forward to the completion of this project enabling students and our community to navigate NAU more easily.

Implementation of these efforts for NAU Online, including PL, represent the final stages of the “One NAU” Initiative. As detailed in this report and the community campus report, integrating the former NAU Extended Campuses operations back into NAU’s robust student support system, advising, academic collaboration and efficient business process was critical to meeting future goals for enrollment and retention of students served through these delivery models. While this effort has been done with existing resources, I recognize that ongoing questions still exist on price point and the need for a continuous review of the portfolio. The new Dean for NAU Online and Innovative Educational Initiatives will be charged with addressing these questions and identifying future revenue opportunities.



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We are leaders when it comes to connecting working professionals to new opportunities. We offer innovative delivery methods to accommodate your busy life without compromising on the quality of our academic programs.

COMMUNITY CAMPUSES.

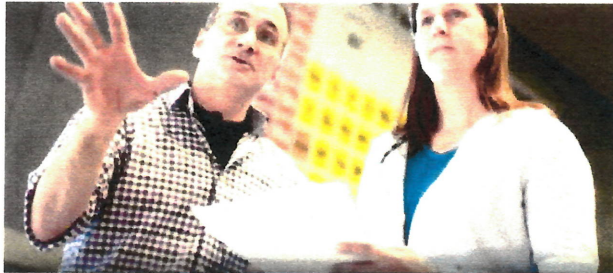
We have dozens of campuses throughout the state, and, at each campus you'll find a community of support. We're ready to meet you wherever you are.

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OPPORTUNITY IN EVERY DIRECTION.

Our faculty are active in their fields. Which means you will learn from experts who live what they teach every day. And our classrooms are filled with people just like you who share their experiences with one another—enriching the environment for everyone.



RESPECTED DEGREES.

The strength of our faculty is matched only by the breadth of our programs. We have the path to your four-year degree.

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UNDERSTANDING YOUR NEEDS. EXPANDING YOUR OPTIONS.

We began offering distance learning options to busy professionals well over 30 years ago. As the technologies have evolved, we've been able to customize and adapt our programs to fit the way online students learn best.

ONLINE NAU.

In every one of our online programs, you'll receive the same quality education and personal attention from expert faculty.

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2014-2017 MULTIPLE- YEAR PERFORMANCE REPORT

ENTERPRISE METRIC AND UNIVERSITY INITIATIVES AT-RISK COMPENSATION GOAL

There have been many opportunities to celebrate success during my first three years as President of Northern Arizona University (NAU). I have found that the strengths identified during my recruitment to NAU to be true in practice. At the same time, the challenges of the smallest university in the system, yet a growing university vital to the community of Flagstaff and many other communities throughout the state, are just that – challenges. I have enjoyed and look forward to continuing to address the challenges through creative initiatives and an eye for further improving the efficiency, and ultimately effectiveness, of our university.

As an organization, NAU has been defined by a culture of student support and engagement at a very individual and personalized level. This is our hallmark and will continue to be important when evaluating our programs and practices, launching new initiatives and leading NAU into the future. While our individual actions can address the needs of one student at a time, it was necessary to build data reporting and analysis into our culture to better serve our entire student population and that has been a critical component of my first three years at NAU. This effort is aligned with differentiated missions at Arizona's three public universities and the development of ABOR metrics for the system and each university within the system. I appreciate the collaborative nature in which NAU's metrics were developed, and while there are stretch areas for the institution, I believe they are the right targets not only for NAU, but for the State of Arizona. I am confident that NAU can continue to grow our enrollments while maintaining a personal touch, growing our research enterprise, and remaining focused and strategic in our target areas.

Below are the enterprise metrics corresponding to at-risk goals for my three-year review. As I have said in almost every speech to the NAU campus, the communities we serve and to the Regents, these metrics guide us in our decisions and drive us toward our goals. However, NAU is about the students, faculty, staff, alumni, donors and supporters who make up our campus community and the stories behind each of their journeys. As I have reviewed in regular updates and annual reports, my first year as President of NAU included getting to know the campus and community and assessing areas in need of attention. My second year included adjusting to a reduced state budget and leading significant reorganization to modernize the organization and implement best business practices. Integrating technological initiatives to further support a student-focused campus with increasing efficiency was a top priority, including the implementation of a student learning management system (Civitas) and communication system (Salesforce). This year also required attention to building and developing a high-quality leadership team who are working to execute these initiatives in a coordinated manner.

My third year at NAU has moved us to the implementation stage of several key initiatives as we continue to tackle areas for improvement in order to meet the ABOR 2025 goals. While full implementation of these initiatives is not yet complete, you will see the progress most significantly in efforts around the Flagstaff Campus as these were the first areas addressed and are thus the furthest underway. The review and assessment of our organizational unit formerly known as Extended Campuses, which primarily included responsibilities for transfer students, occurred later into my term, primarily in years two and three, and the implementation of necessary changes are at varying stages of completion.

Freshman Retention

2017 Goal: 75%

2017 Overachievement Level: 76.5%

	2013-14	2014-15	2015-16	2016-17	2017-18
Freshman Retention (Full Time Full Time)	71.7%	73.6%	74.4%	75.5%	76.3%*
<i>* As of 7/31/2017</i>					

Research Expenditures

2017 Goal: \$39.2M/\$40.6 M (NAU Metric/President's Goal)

	2013-14	2014-15	2015-16	2016-17
Research Expenditures-NSF HERD (in thousands)	\$31,590	\$35,206	\$39,580	\$46,150*
<i>* As of 7/31/2017</i>				

Bachelor's Degrees Awarded

2017 Goal: 4,625 (President's Goal)

	2013-14	2014-15	2015-16	2016-17
Bachelor's Degrees Awarded	5,034	5,047	5,119	5,225*
<i>* As of 7/31/2017</i>				

Community College Transfer Students

2017 Goal: 3,200 (President's Goal)

	AY13-14	AY14-15	AY15-16	AY16-17	Fall 17 Only
Community College Transfer Students (community college transfer hours from any state)	2,915	3,354	3,531	3,425	2,627*
Subset - AZCC Transfers per 7/12/07 prelim AZTransfer Report of New Transfers to NAU	2,469	2,769	2,814	2,676	2,128*
<i>* As of 7/31/2017</i>					

Educational Experience Rated “Excellent” in the Graduating Senior Survey

2017 Goal: 43.2% (President’s Goal)

2 - How would you evaluate your entire educational experience at NAU?

Row Labels	2013		2014		2015		2016	
	Count of Respondent #	%	Count of Respondent #	%	Count of Respondent #	%	Count of Respondent #	%
Excellent	816	43.0%	1,338	42.9%	1,240	43.1%	1,340	43.3%
Good	1,034	54.5%	1,538	49.4%	1,450	50.5%	1,521	49.1%
Fair	44	2.3%	222	7.1%	166	5.8%	219	7.1%
Poor	4	0.2%	18	0.6%	18	0.6%	18	0.6%
Grand Total	1,898	100.0%	3,116	100.0%	2,874	100.0%	3,098	100.0%

Additionally, NAU’s individual university initiatives measured over multiple years are provided in this 3-year report. These goals represent NAU’s strategic priorities developed by the Board at my initial hire as President. Progress in these critical areas represents defining decisions for NAU’s future. Achievement of these goals represent the culmination of three years of leadership changes, resource reallocations, and campus culture adjustments. I am confident the progress we have made to date has established a framework to address the challenges ahead. NAU is steeped in its history and traditions and must change to not be nimble enough to adjust to changing environments and student needs, but take a leadership role in shaping the future of higher education in Arizona.

The most important initial measure of an organization is financial viability. It is not just my accounting background that establishes this measure as a top priority, but the reality of a strong financial basis on which resources can be allocated to achieve goals. As has been outlined and discussed many times, after years of state budget reductions amounting to about \$60M, NAU was on its way toward economic recovery as I was hired, but during the first year of my presidency experienced a \$17M state budget reduction. This change led to a FY16 NAU budget which was not structurally balanced by approximately \$4M as one-time funds were used to balance the annual budget. FY16 required many difficult decisions and we used that year to develop longer range planning, implement operational efficiencies and reallocate resources to areas of the organization that could produce additional revenue. We made these adjustments organizationally to minimize the impact on our students. We continued the Pledge Guaranteed Tuition Program for our undergraduate students on the Flagstaff Campus and set the tuition rate for incoming freshman at the Flagstaff Campus at a reasonable amount each year. Tuition changes during my tenure at NAU have remained at 0% for continuing Flagstaff undergraduates and averaged 3.25%-4% for NAU resident undergraduates at community campuses and 3.7% for NAU resident graduate students (all campuses). In FY17, we eliminated over 200 class fees and streamlined our IT investments into a single IT fee for all students. For the FY18 tuition-setting cycle I proposed, and the Board approved, a moratorium on fee increases at NAU. We are continuing to review and evaluate our overall fee structure.

While the state invested modestly in Arizona’s universities, including NAU in FY17, we have continued to make difficult decisions to address the costs of our operations in order to serve a growing student enrollment. These decisions include closing thirteen performing community campus sites, centralizing efforts to maximize both expertise and resources, refinancing debt to reduce overall spending and providing immediate one-time resources. Also, important during these efforts was a strategic diversification of revenues away from almost exclusive reliance on state and tuition revenues. Grants and contracts expenditures increased from \$31.6M in FY14 to an estimated \$46M in FY17. The annual distribution of private gifts largely from the NAU Foundation to support university activities and priorities during this same time increased from \$13.8M to \$18M. Additionally, our auxiliary revenues are growing to operate areas of the university like a self-supporting enterprise and decreasing their reliance on university central resources. As a result, NAU’s days cash on hand, which had reached a low of 125 days in FY15, has increased to a projected 150 days cash on hand for FY17 which is within the board approved range for this liquidity measure. The net position of NAU improved in FY17 with a projected year-end balance of \$3.9 M and we expect this to continue in FY18.

NAU has continued to make progress on our physical plant and infrastructure by utilizing one-time state resources and dedicated tuition revenues and reserves for annual priorities. We can measure this progress in the improvement in our Facility Cost Index. This ratio of deferred maintenance to building replacement value has declined in each of the last two fiscal years and is now at the lowest level over the past ten years as of June 2016.

As of date in CIP	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16
Estimated Deferred Maintenance	149,460,615	165,293,401	158,094,072	155,291,913	113,894,624	109,217,368	108,681,902	109,098,057	118,894,052	119,812,376
Facility Condition Index	0.15	0.13	0.12	0.12	0.08	0.09	0.09	0.09	0.08	0.06
Estimated Deferred Maintenance-Aux						13,541,137	14,174,121	15,459,219	16,295,648	18,052,236
Facility Condition Index						0.03	0.03	0.03	0.03	0.02

The final project supported with state SPEED investments, our Science and Health Building, was completed during my initial 3-years, and we have successfully advanced two new residence halls in collaboration with American Campus Communities. We are making enhancements to our south campus dining facility and are proceeding with a new Honors Community and Recital Hall all while staying well below the state debt limit of 8%. We are a university on the move and our planning and resource reallocations have led not only to a structurally balanced and financially viable institution, but a vibrant campus with a growing student population and additional program development to meet workforce needs and support strategic research areas.

NAU’s Extended Campuses

NAU’s dedication to serving all of Arizona through an extended campuses model of educational delivery had a history of over 25 years upon my arrival at NAU. This model had been modified

over the years to increase the use of technology for educational delivery. Operating under the university's only senior vice president position when I arrived at NAU, the model also evolved at the organizational level to operate in increasing siloes from the rest of the university and replicated services delivered by existing units for the Flagstaff Campus. The Board requested development and implementation of a plan to actively manage the growth of NAU's extended campuses, including identifying adjustments to the current strategies to reflect the changing conditions of the state.

It was evident early in my tenure that the siloed operations were impeding student access and success. Transferring from distance to Flagstaff degree programs was very difficult, course numbering systems and delivery platforms were not aligned and, pathways for degree completion were not articulated. Immediately, I engaged an outside consultant to work with admissions to address articulation issues for NAU transfer students and address financial aid complaints. Early in my second year, I tasked a group of leaders on campus to advise and address needed changes. In FY17, we began implementation of significant structural and policy changes.

The New York Times recently ran an article entitled "Higher Education Seeks Answers to Leaner Years" (June 7, 2017). I identify with the strategies outlined in this article as I faced a difficult first year of state budget reductions. As I have approached each challenge in my personal and professional life, I have looked not only at what needed to be addressed immediately, but where we all wanted NAU to be in the future. The article accurately describes that change is not easy, as well as the influx of change being driven by entities outside of higher education (political, non-profits and donors). I bring this article to your attention to highlight the 31 colleges and universities identified by the Bill and Melinda Gates Foundation called the Frontier Set, of which NAU is a part. This group has been established to share ideas about lowering costs and improving student success. While not solely about NAU's extended campus mission, this effort includes how to improve retention and reduce institutional costs through the use of technology.

As a recognized change agent selected to participate in the Frontier Set, NAU is changing our model on the Flagstaff Campus, our 21 statewide sites, as well as online programs. My 2017 single year reports focus on two key areas: community campuses and online education, including Personalized Learning. Through those reports and my regular reports throughout the year, you are familiar with the "One NAU" model of organizational leadership and student service I have instituted to drive fiscal responsibility into this area of NAU and establish a structure that will support improved student access, retention and degree attainment. The 2025 metrics related to enrollment growth are dependent in large part on NAU's success in transfer student enrollments and online expansion. It was critical to reorganize the institutional structure, develop leadership, vision and purpose around these initiatives as occurred during this performance cycle. We are seeing results in education programs due to early intervention in admissions for transfer and graduate programs where enrollments had declined dramatically in recent years. These programs have increased from a total of 319 students in Fall 2015 to a

projected 782 for Fall 2017. I am confident that we will see strong improvements in other programs as a result of our early intervention efforts.

We have also begun the implementation phase on community campuses by instituting new recruitment strategies and tools, engaging community college partners in degree expansion discussions, streamlining curriculum and we are bringing regularity and certainty to our course progression and scheduling for face-to-face and hybrid classes on the community campuses. Next steps will include implementation of aggressive online degree review, expanding market analysis and marketing under the leadership of a new Dean for Online and Innovative Educational Initiatives. Within both of these areas, further work is underway related specifically to graduate programs from a deep dive into the program application requirements, the admissions process and our outreach efforts to the offerings that exist today and what we need to plan for the future. More details are included in the attached 2016-2017 reports on NAU's online and statewide access strategies.

Phoenix Biomedical Campus

The Phoenix Biomedical Campus has been a unique and collaborative tri-university initiative and collaborative. This project has fostered new relationships among the faculty and staff at Arizona's three universities, provided service opportunities that demonstrate an inter-professional healthcare delivery model desired by the healthcare industry and in the best interest of patients served, and expanded the discussion of healthcare workforce needs and bioscience investments beyond an academic setting. Identified as one of the top private sector areas of growth over the next decade, the healthcare industry, in conjunction with postsecondary education, is vital to the health of our state's economy as well as Arizona's residents. NAU originally envisioned the financial structure of its presence on this campus as a three-legged stool with state investment, student tuition and fee revenues and philanthropic gifts combining to support three NAU allied health programs at this campus. Original funding provided by the state for this purpose in the original 2008 budget was later eliminated, along with much greater university state budget reductions during the great recession. Through prioritization, re-allocation and an adapted budget model, this initiative continued, and under my leadership, it has expanded to increase the student enrollment and added an additional academic program. Below is a chart indicating initial enrollments as compared to planned enrollments by year since NAU began programs on this campus in Fall of 2012 with 49 graduate students:

	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20
PA	25/25	50/50	73/75	98/100	100/100	100/100	/100	/100
PT	24/24	54/54	90/90	106/106	124/120	132/120	/120	/120
OT	0/0	0/0	25/25	56/55	96/100	116/120	/135	/135
AT	0/0	0/0	0/0	0/0	11/0	26/0	/0	/0
Total	49/49	104/104	188/190	260/261	331/320	374/340	/355	/355

*Programs: PA (Masters of Physician Assistant Studies), PT (Doctorate of Physical Therapy), OT (Doctorate of Occupational Therapy), AT (Masters of Athletic Training).

**Enrollment numbers reflected as actuals/projected. Athletic Training was not originally envisioned on this campus so all numbers are reflected against a projection of zero. Once established, the vision for Athletic Training has been to start with a cohort of 10, grow to a cohort of 20 and then to a final cohort size of 30 students annually for 60 AT students total at the Phoenix Biomedical Campus at full build-out in FY20.

Because this is a shared campus with shared facilities and shared services, budget projections face increased challenges. Communication and planning is key to successfully developing this initiative and I appreciate the Regent's attention to this campus and its strategic planning efforts over the last year as well as the continued reminders that this is a partnership. Our past and current primary partner in this endeavor is the University of Arizona, and we work collaboratively to share costs to the greatest extent possible to be efficient with limited resources and to maximize talent. This is most evident in the anatomy program led by Dr. Rebecca Fisher from the UA. NAU's physician assistant studies and physical therapy students take the same anatomy class as the UA College of Medicine-Phoenix students. The faculty is jointly funded by the two institutions and nursing graduate students are recruited from ASU to assist in the labs. Students share a single anatomy lab and all of the resources needed for a high-quality anatomy program, and they alternate lab days and dissections. We have developed a joint agreement for cost sharing in facility-related areas such as utilities, security and maintenance as well as programmatic areas such as simulation and student tutoring and mentoring. How these arrangements develop in the future as all three universities look to expand healthcare programming and downtown Phoenix presence presents some cost uncertainty which will be factored into our planning framework.

At this time, however, we have successfully managed to serve a higher than anticipated number of Arizona resident students within the strategic plan and budget developed for this campus and updated two years ago for expansion. While this is consistent with NAU's mission to serve Arizona as our first priority, it is especially remarkable to maintain this commitment in highly competitive programs where non-resident applicants are plentiful. NAU will continue to keep an eye on maintaining this priority within a balance of mission, financial stability, service to the state and overall competitiveness. NAU initially invested \$6M to support these programs during planning and build-out of student enrollments plus the approximately \$8M of university funds invested in the capital infrastructure at the PBC. These revenues have not been returned to NAU, however, we have seen great success in exceeding our budget modeling for this campus. Individually, some programs have reached self-sustaining budgets two years ahead of schedule. As a campus, this model has also reached self-sustaining status. It will be important to determine a university support overhead charge for the future to support the Graduate College, Admissions, Advising and other central university support functions now that these programs are on firm financial footing. We have accomplished this financial model while operating below original student fee projections estimated for self-sustaining status.

This has been aided with gifts from the Virginia G. Piper Foundation, the Del E. Webb Foundation and Blue Cross Blue Shield as well as a HRSA grant supporting the PA Program.

Program	FY2017 Annual Tuition and Program Fees Net of Waivers and RSA	Annual Program Expenditures FY2017
Athletic Training (MS)	171,963	617,100
Occupational Therapy (OTD)	2,231,959	1,877,258
Physical Therapy (DPT)	2,237,108	1,850,636
Physician Assistant Studies (MPAS)	2,726,288	2,177,199
Total	7,367,318	6,522,192

These gifts totaled more than \$2.6M to the NAU Foundation over 3 years, and the HRSA grant award was \$1 million over five years to assist with operational costs during program development and expansion, particularly emphasizing our Arizona commitment. Clinical rotations and recruitment of qualified faculty as well as physical space are limiting factors in any expansion considerations. We continue to successfully tackle these areas on a regular basis. It is likely that NAU will request program fee increases for one or more of the PBC programs in the next year’s tuition-setting cycle to cover clinical costs, possible further program expansion and to maintain high quality equipment and programming.

Additionally, we are reviewing innovative combinations of bachelor and graduate programming to shorten total program length and thus time to workforce entry, reducing overall costs to the student. PT compressed their program by going year-round last year so that students can complete the program in 2 ½ years rather than 3. OT is reviewing 3+3 program tracks so that a student in their senior year of an identified bachelor’s program could begin the OT program, thus reducing one full-year of their academic program. These initiatives reflect NAU’s commitment to serve students first and adjust academic and financial models around that primary goal. NAU’s College of Health and Human Services has benefitted from great leadership the last two years. We are now transitioning with a new dean and several new chairs. However, I am confident in the new talent NAU has attracted and look forward to the external experiences and ideas they will bring to this endeavor. I have asked our Vice President of External Affairs and Partnerships who has been involved with the PBC since NAU joined the campus and NAU’s new Dean of the College of Health and Human Services to coordinate a group of external healthcare providers and experts to advise on the future needs of our healthcare workforce and how NAU can continue to lead in meeting these needs by providing high quality allied health graduates.

Resource Development

The final area of review is my personal leadership of resource development efforts resulting in a substantial increase in the non-tuition and non-research grants generated to support NAU’s

mission and goals. Fiscal years 2016 and 2017 represent NAU's highest fundraising years in the history of the university. I am proud of my leadership and contributions to this significant effort as we closed out our first comprehensive campaign. NAU's success in philanthropic efforts has been a team effort, including promoting long-time University Advancement leader, Betsy Mennell, to the position of President of the NAU Foundation and Vice President for Development and Alumni Engagement. Several accountability measures were adopted as I brought Betsy into this leadership position, including instituting the use of metrics and assessment in Betsy's evaluation and performance review and she is in turn developing similar measures for her team. I have supported increasing the development staff and expanding our Phoenix-based team with easier access to air travel to increase mobility to meet donors throughout the United States. We have further developed relationships with key alumni willing to give individually as well as make personal contacts to other alumni and host fundraising events, including our most recent event in Washington D.C. with Mitch and Carrie Ettinger, who contributed \$100,000 the night of the event to a named scholarship supporting student athletes.

Last year, I updated the Board on several key gifts I personally stewarded on behalf of NAU, totaling over \$6M from 4 individuals and foundations. These are highlights only, and represent signature gifts used to leverage other donor gifts as well as launch strategic areas of focus I initiated and developed in my role as NAU President. This included the largest NAU gift from our long-standing relationship with the John and Sophie Ottens Foundation in support of health promotion, student success and clinical services for Native American students. This gift supports recruitment and retention of Native American students studying to become health professionals and funds key nursing and dental hygiene program efforts. The Suder Foundation investment of approximately \$1M for first generation student success scholarships established NAU as an affiliate university in the Suder Foundation's signature First Scholars Program. A \$1M gift from the Keck Foundation perfectly aligns with NAU's strategic investments in interdisciplinary research areas, bringing together engineering and medical research in the study of muscle contraction. These efforts reported last year are a demonstration of the alignment between our fundraising priorities and our institutional priorities and reflect the critical contributions of philanthropic outreach in advancing the university.

As we closed out NAU's first comprehensive campaign in October of 2016, above the \$100M goal, attaining \$103,357,797 new philanthropic gifts to support NAU students and initiatives, there was much cause for celebration. This was a brief pause in activity, however, as we quickly moved into the silent phase of our next campaign in collaboration with our partners, the NAU Foundation and Marts and Lundy. The quiet phase of this campaign was launched July 1, 2017 with a tentative goal of launching the public phase in 2022 and raising \$200M. A feasibility study is currently underway with Marts and Lundy, an external advisory team, to review current donor capacity and assist in identifying new potential donors, particularly at higher giving levels. This quiet phase of the campaign also provides time to build out the campus-wide prospectus which coordinates ABOR goals, university goals, mission and strategic plan and college-level opportunities into a collaborative strategy and communication document for success. As we gear up for the next campaign, my efforts include not only defining the critical

areas for outreach and investment, but expanded stewardship with historical and new benefactors. I have instituted monthly development meetings with myself, key members of my Executive Team, our University Advancement leadership, and the college deans to hold everyone accountable for this effort. In addition to the gifts previously reported, below are most recent highlights of my personal stewardship over the last year:

- Mr. and Mrs. Michael and Karen Kitt were reflected in my stewardship efforts last year as we launched the All-Steinway School of Music initiative to improve the instruments in our music department. We have continued to work on this long-term relationship and recently, Michael and Karen Kitt signed on as the lead donors to the *Campaign to Elevate the NAU School of Music*, which will result in a \$15 million performing arts facility in the heart of the Flagstaff campus. I committed to the Recital Hall project if they made a lead gift of \$2M. This facility, approved at the June 2017 ABOR meeting and subsequently by JCCR, is one of the final elements in the original footprint of the Performing and Fine Arts complex, and it will include a state-of-the-art, 250-seat recital hall, expanded event and reception space and updated student rehearsal spaces. Its impact will be far-reaching, signaling the important emphasis NAU has placed on the powerful role of the arts on our campus, the student experience and our region. With the lead investment of the Kitts and other committed philanthropists, the facility will be a modern, learning-centered environment that will aid in recruiting top students to the School of Music and to NAU. The intimate performance venue richly enhances and elevates the cultural opportunities and experiences for our community – nearly 57,000 guests who attend these events each year.
- Mr. George Roberts, cofounder and co-CEO of investment firm Kohlberg Kravis Roberts, has made a \$1 million commitment to the College of Education at NAU, which will be used to provide \$5,000 scholarships to support students during their student-teaching semester. Mr. Roberts, an alumnus of Claremont McKenna College, established the scholarship in honor of William A. Franke, cofounder and managing partner of Indigo Partners, for whom the W.A. Franke College of Business at NAU is named. Mr. Franke has spent much of his life working to improve the lives of Arizonans by raising their educational attainment level. The scholarships will be available to students with demonstrated financial need and who are first-generation college students from traditionally underrepresented demographic groups. Recipients of the scholarships will be known as Franke Scholars. This support aligns with the Teachers' Academy, for which we have quickly ramped up to initiate and find financial resources to support. This gift was a result of the strong relationship that I maintain with Bill Franke. When given the chance to be honored by his friend, Bill chose NAU over his alma mater Stanford, and the University of Montana where the Franke family recently made a significant investment to direct this gift to us. Bill and I discussed the best strategic area for designation of the gift and decided upon the College of Education to support the significant need for teachers in Arizona. I subsequently had several conversations with George Roberts, and we quickly finalized the gift.

- For 35 years, Arizona Public Service (APS) and the APS Foundation has partnered with NAU by investing more than \$4.6 million in STEM education, research, and experiential learning initiatives across NAU and in Arizona's K-8 schools in partnership with the university. The APS Foundation has granted nearly \$700,000 to the NAU Center for Science Teaching and Learning to develop, launch and expand the *APS STEM Focus Schools for the Future Program*. The professional learning program is responding to low-ranking Arizona student proficiency in STEM subjects to develop a more STEM literate workforce. The program builds K-8 schools' capacity to develop and implement effective, school-wide STEM education standards. In 2017, the APS Foundation awarded NAU an additional \$250,000 to expand the program to five more schools in Arizona over the next two years. To date, the program has reached 13 schools and 6,740 students in K-8 schools in Coconino, Maricopa, Gila, Navajo, Pinal and Yavapai counties. The APS partnership with NAU permeates many levels, and I have made this relationship a priority. I have frequent contact with Chairman and CEO Don Brandt. David Falck, Executive VP and General Counsel, has served on the NAU Foundation Board, and although he did not renew his term due to impending retirement from APS, Bob Bement, Executive VP at APS, will now serve on the NAU Foundation Board. Through my facilitation, the APS relationship has expanded to include a strong focus on research and academic connections.
- While Blue Cross Blue Shield of Arizona has been a long-standing partner with NAU, supporting many health professions initiatives, I personally worked with CEO Rich Boals on an expanded investment drawing on his personal experiences and NAU's leadership in community college partnerships. In 2017, Blue Cross Blue Shield of Arizona made an investment of \$150,000 to establish the *BCBS of Arizona Transfer Scholarship* at NAU. The scholarship will make pursuing a bachelor's degree more affordable for Arizona students transferring from community colleges to NAU. The program will offer 75 scholarships over three years for Arizona residents who are on track to complete their Associate's degree before transferring to NAU. For decades, NAU has offered tremendous opportunities and pathways for students throughout Arizona who are beginning their college careers in community colleges with the ultimate goal of completing their bachelor's degree. For many students, this pathway proves to be an affordable solution to achieve their degree, but scholarships for students transferring from community colleges to NAU are limited because most institutional awards are focused on first-time, full-time freshmen. In fall 2016, 52% of new transfer students came from Arizona community colleges, with the largest populations from Maricopa, Yuma, Coconino and Pima counties, and most were upper-division students. Our partnership with Blue Cross Blue Shield is another long-term relationship that I prioritize through my frequent contact with Rich and Chief Operations Officer Sandy Gibson.
- I have also made significant connections in the Flagstaff community, including developing a personal relationship with Mary Jo Gregory, President and CEO of the NARBHA Institute, Inc. In 2017, The NARBHA Institute, Inc. established *The NARBHA Institute James Wurgler M.D. Chair of Criminal Justice and Behavioral Health* at NAU

with a \$1.5 million endowment. The endowment will provide supplementary salary funding for a Chair in the College of Social and Behavioral Sciences in order to attract and retain an eminent scholar in the arena of Criminal Justice and Behavioral Health. The James Wurgler M.D. Chair of Criminal Justice and Behavioral Health will collaborate with community partners and other NAU researchers to develop innovative approaches to improving access to behavioral health care and reducing recidivism and contact with the criminal justice system. The individual appointed will provide leadership and national stature to NAU's interdisciplinary strengths in research and practice to advance community health, resilience and research in the behavioral health components of criminal justice, specifically innovation and resiliency in advancing well-being in northern Arizona.

In addition to this endowment, The NARBHA Institute has committed \$300,000 over three years to support The Arizona Child and Adolescent Survivor Initiative. In 2015, The Family Violence Institute (FVI) at NAU received a Victims of Crime Act grant to implement a new victim service project, the Arizona Child and Adolescent Survivor Initiative (ACASI). ACASI is a first-of-its kind effort to identify and provide specialized, wraparound services to an underserved population of child survivors of intimate partner homicide (birth to 18) and their caregivers. Nationally, almost 3,000 children lose a parent to intimate partner homicide each year. Arizona has consistently ranked among the top ten states for the most number of these homicides. The Victims of Crime Act grant provides \$1.2 million annually for 3 years to serve 125 children and their caregivers and increase staffing to 9 full-time positions. It requires a 20% non-federal funding match, provided by the NARBHA commitment.

NARBHA's investments enhance efforts within NAU's College of Social and Behavioral Sciences to promote thriving, resilient communities in the region and open new possibilities for collaboration that will ultimately benefit all citizens of northern Arizona. I worked with Mary Jo Gregory, President and CEO, to determine how we could facilitate NARBHA's goals through our work in Social and Behavioral Sciences. The NARBHA Institute is a fairly new funder of NAU, so continuing to develop this relationship remains a priority for me going forward.

- I continue to develop the University's relationship with NAU alum Martin Casado. Martin has seen remarkable success in his work on technological innovations and is considered a strong prospect for a large gift to NAU. In May, I presented Martin with an Honorary Doctorate. His commencement speech was recognized by Business Insider as one of the seven wisest pieces of advice from a commencement address in 2017 and Entrepreneur Magazine included it in the top commencement speeches for this year.

In addition to the individual relationships, I have worked to enhance our relationships with several foundations key to NAU's success, including Virginia G. Piper Charitable Trust, Flinn Foundation, Victoria Foundation, Helios Education Foundation, Del E. Webb, Doris Duke

Charitable Foundation, Rodel Foundation of Arizona and the Nina Mason Pulliam Charitable Trust. Work with foundations requires a commitment to cultivating relationships and I'm confident my work will translate into funding for key NAU priorities.

NAU's second comprehensive campaign is not just a fundraising campaign in isolation of the rest of NAU's initiatives. This effort is built on the reorganizations and investments we have made in marketing and communications to refresh NAU's brand and identity, the new leadership in our Alumni and Engagement Office to revitalize our alumni relationships and cultivate and develop new external champions for NAU, and support for new deans, chairs and programs which are enhancing NAU's academic quality, community engagement and student support. In January of this year I brought in a new Alumni Engagement Director who has the enthusiasm and poise to expand our reach with both our recent graduates and young alumni as well as our long-time alumni base. NAU's alumni organizational structure was weak, with a committed board who lacked the staff support to develop critical components such as alumni chapters. Stephanie Smith is an NAU alum and long-time Flagstaff resident who we are happy to welcome to the NAU Lumberjack family. She has begun implementation of the vision I laid out for her, including bringing back the Pine Magazine and establishing the first five regional alumni chapters in Flagstaff, Phoenix, Prescott, Portland and Washington D.C. Eighteen alumni volunteers have agreed to lead these chapters and almost half of the active participants are recent NAU graduates within the last ten years. Additional chapters are planned for Yuma and Denver this year.

Our alumni event attendance grew slightly this year, up 3%, and we look forward to this number continuing to increase with our outreach and engagement strategies. Most indicative of movement in the right direction is that 46% of event attendees were engaging with NAU's alumni outreach for the first time. In a short-time this has increased alumni giving, with 200 first-time alumni donors (a 32% increase from the prior year), a 5% increase in the number of alumni giving back to the university. This effort is not just about fundraising, but also represents the advancement of an external engagement effort I have led at NAU. It is important that NAU develop a community of messengers, donors and advocates who are regularly talking about the positive experience they had at NAU and that these individuals have support to receive high quality information to share within their social structures, advancing NAU's communication reach.

Identifying external resources for NAU, goes beyond traditional philanthropic activities and I have enjoyed the opportunities to excel in this area with our private partners. Over the last three years I have expanded NAU's partnership with American Campus Communities to advance not only critical student residential projects, but also NAU's Honors Living and Learning Community currently under construction. This is a project that could not have developed within limited university resources alone, and it will dramatically impact NAU's recruitment and retention of high achieving students and distinguish us by providing a 620-bed residence hall with a variety of challenging academic programming and faculty support provided on-site.

NAU and Sodexo have enjoyed a long-standing partnership as Sodexo has provided food service for our students and operates our High Country Conference Center and 1899 enterprises. With NAU's enrollment growth, and several high occupancy residential facilities located on our south campus, we had great need to expand dining services at our second south campus location. NAU is completing a south dining project in collaboration with Sodexo. The renovated south dining space will serve over 450 students at a time, which is about 150 more than currently provided. Additionally, this project is addressing deferred maintenance, including fire/life/safety issues, as well as turning the unexcavated basement with a dirt floor into useable space. Sodexo provided up front funding of about \$8M for this project and the debt service on the \$14M bond issued by the university is funded by revenues from our Sodexo contract.

I continue to work on expanding our partnerships to further expand our research efforts at NAU. In the past two years, NAU has finalized MOUs with Federal agencies which allow the university to expand our Federal funding portfolio. Locally, we finalized an MOU with North Country Healthcare to expand our public health research regionally. We are currently working on an MOU with Coconino County to study public health disparities in the region. Flinn Foundation has recognized our research statewide by providing three additional research grants, one specifically focused on our work in Yuma. Last, but certainly not least, NAU has worked in the last year to expand our partnership with TGEN and create the Pathogen and Microbiome Institute at NAU to grow our collaboration and research efforts. I am proud of our efforts to bridge community and research and will continue to work with our staff and faculty to identify opportunities.

Final Comments

While I strive to meet each of the goals outlined by ABOR, the achievement of specific metric goals does not always align with the timing of implementing new strategies, resources and leadership changes. I believe this to be true in NAU's Arizona transfer student rates. While the numbers met my performance goal this year, it was driven by out of state and returning adult transfer students. I look forward to seeing the results of the efforts we began implementing in 2017 and remain confident our work outlined in the strategies for statewide access and online will continue to positively impact this goal.

While we continue to work on our survey scores to increase the excellent rating, I am proud that we were able to substantially increase the number of participants in the survey since 2013 and maintain the percentage of students rating NAU excellent. My personal commitment to serving an increasing population at this high level of excellence is unwavering and student success and satisfaction will remain the pillar of all we do.

We are seeing significant progress in our retention rates on our Flagstaff campus, online, Personalized Learning and at our community campuses. While we did not meet overachievement of this goal, I am confident that we are already seeing results of the implementation of Civitas, Salesforce and the structural changes we have made in admissions,

financial aid and advising. I am confident that these efforts will continue to have a positive impact on retention rates in the upcoming year.

Our work to expand our partnerships with community colleges, tribal communities, and the business community is impacting all we do. We are starting to see positive results as we implement significant changes to our online structure. We continue to see tremendous success of our programs at the Phoenix Biomedical Campus. As we move forward with programming decisions, we will continue to work collaboratively with the Board, University of Arizona and Arizona State University to address the workforce needs in the State of Arizona.

As I have mentioned to the Board, NAU continues to be a campus with incredible impact and potential, but continued momentum cannot occur without significant programmatic and cultural changes. I am confident in the leadership I have hired at the university and look forward to updating the Board on discussions in the coming months on change management within our organization.

I remain proud of all that I have accomplished in my first three years as NAU's president and know that we are moving in the right direction, serving Arizona students and families and contributing to the economic vitality of our community and our state. We have much to celebrate at NAU and I'm looking forward to continuing our strong trajectory.