



Building a better
working world

Prepared for:

University of Arizona

Assessment of Online
Operations

June 18, 2024



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Disclaimer

This report (the "Report") has been prepared by Ernst & Young LLP (EY), from information and material supplied by the University of Arizona (UArizona), for the sole purpose of assisting UArizona in assessing its online operations.

The nature and scope of our services was determined solely by the Agreement between EY and the Arizona Board of Regents (ABOR) on behalf of UArizona dated February 14, 2024 (the "Agreement"). Our procedures were limited to those described in that Agreement. Our work was performed only for the use and benefit of UArizona and should not be used or relied on by anyone else. Other persons who read this Report who are not a party to the Agreement do so at their own risk and are not entitled to rely on it for any purpose. We assume no duty, obligation, or responsibility whatsoever to any other parties that may obtain access to the Report.

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In the preparation of this Report, EY relied on information provided by UArizona, interviews with UArizona leaders and external market participants, and publicly available resources, and such information was presumed to be current, accurate, and complete. EY has not conducted an independent assessment or verification of the completeness, accuracy, or validity of the information obtained. Any assumptions, forecasts, or projections contained in this Report are solely those of UArizona and its management ("Management"), and any underlying data were produced solely by UArizona and its Management.

UArizona management has formed its own conclusions based on its knowledge and experience. There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. EY takes no responsibility for the achievement of projected results.

Scope & methodology

Scope

The Arizona Board of Regents (ABOR) on behalf of the University of Arizona (UArizona) engaged EY to assess its online education operations across Arizona Online and University of Arizona Global Campus (UAGC) to identify opportunities for operational improvement through integration as well as the potential financial impacts of online integration on UArizona.

EY's assessment of Arizona Online and UAGC included the following elements:

1. Current state assessment

- ▶ Assess the market performance, financial performance, and level of operational alignment between UArizona's online units today, focusing on Arizona Online and UAGC

2. Integration visioning & planning

- ▶ Identify combination possibilities across Arizona Online and UAGC and potential integration paths, considering current conditions, priorities, principles, and risks
- ▶ Recommend, for UArizona's consideration, a cohesive set of opportunities to improve the future state of online operations at UArizona
- ▶ Recommend, for UArizona's consideration, high-level implementation plans, timelines, and key performance indicators (KPIs) consistent with the online integration path

3. Financial impacts

- ▶ Assess the potential financial impacts of online integration on UArizona

Methodology

EY conducted the following activities when performing the assessment:

- ▶ Facilitated over 40 in-depth interviews with UArizona stakeholders
- ▶ Analyzed strategic, financial, operational, and technological data provided by UArizona on its online units
- ▶ Benchmarked Arizona Online and UAGC against peer institutions, focusing on relative enrollment performance, financial performance, programmatic offerings, and student outcomes
- ▶ Analyzed secondary research and conducted primary research interviews with market participants in the industry related to leading practices in online operations
- ▶ Participated in regular meetings with UArizona and UAGC leadership to discuss findings, generate hypotheses, and incorporate feedback into follow-on analyses

During the assessment period, UArizona, Arizona Online, and UAGC leadership:

- ▶ Participated in in-depth interviews
- ▶ Provided data relevant to the scope of the EY assessment
- ▶ Participated in regular meetings to discuss findings, generate hypotheses, and provide feedback for EY's incorporation into follow-on analyses

Executive summary

On December 1, 2020, UAGC Corporation, an independent Arizona non-profit corporation initially established by UArizona, acquired the assets and operations of Ashford University, LLC, the owner and operator of Ashford University. Through an affiliation agreement with UArizona, UAGC (which rebranded from Ashford University) complemented UArizona's existing online presence through Arizona Online, an in-house platform that brings the online programs of UArizona's colleges to market. On June 30, 2023, UArizona acquired the assets and operations of UAGC Corporation and continued the operations of UAGC as a separate business unit and separately accredited institution within UArizona. Today, the online students of Arizona Online and UAGC collectively make up a significant portion of UArizona's total headcount.

As UArizona's online footprint continues to grow and play a pivotal role in extending the reach of UArizona's land grant mission, UArizona engaged EY to assess its online education operations across UAGC and Arizona Online and identify opportunities for operational improvement through integration.

Key findings:

Looking back

- ▶ The initial acquisition of Ashford University by UAGC Corporation and commencement of UAGC's operations in December 2020 was rooted in a strategic intent to expand access to higher education, address the impending "enrollment cliff" facing colleges and universities, and strengthen UArizona's overall online position. Net positive financial payments related to the acquisition, as well as UAGC's financial performance near or above breakeven since the acquisition, suggest that UAGC has not had a negative impact on UArizona's finances to date
- ▶ Over the last several years, UAGC has experienced enrollment declines, posing long-term challenges for UArizona. Meanwhile, enrollment in online programs on the Arizona Online platform has seen rapid growth. However, Arizona Online's graduation rates are in-line with UAGC's and below the expectations of UArizona. UAGC's enrollment challenges and both UAGC's and Arizona Online's lagging graduation rates indicate a potential broad opportunity for UArizona to re-evaluate its online operations

Looking forward

- ▶ A renewed, integrated online enterprise at UArizona could potentially operate as follows:
 - A single UArizona online brand (likely "Arizona Online") could be the public face and gateway for UArizona's comprehensive suite of online offerings. Students would have a choice between academic experiences offered by UArizona's colleges (with 7.5-15 week courses on a semester schedule) or academic experiences offered by another academic unit within UArizona (formerly known as UAGC, with generally 5-week courses and flexible start dates)
 - The academic unit resulting from UAGC's transition into UArizona could have the authority to enroll students, create and deliver programs, hire faculty, and align faculty mix based on program needs. The academic unit would maintain a differentiated value proposition within UArizona based on its distinct program portfolio and academic focus areas, learning format, and number of starts
 - Online and go-to-market capabilities across UAGC and Arizona Online could be integrated to create an enhanced Arizona Online service center equipped to effectively and efficiently support all online programs at UArizona across the student lifecycle
 - UArizona's full online enterprise could place an immediate and heavy emphasis on improving the outcomes of online students (i.e., retention and graduation)

- ▶ Assuming future, “steady-state” online operations are of similar scale to current state (i.e., ~33k online students on a fall headcount basis), integration could result in annual cost savings of \$12-21m versus today, improving UArizona’s overall financial position and liberating funds for potential reinvestment into student success initiatives. “Steady-state” post-integration could potentially be achieved in ~2-3+ years

Overall, the findings of the online assessment suggest that an integrated online enterprise within UArizona could potentially be more beneficial than the sum of Arizona Online’s and UAGC’s parts, as it could better position UArizona to attract and support online students and improve UArizona’s overall financial sustainability.

Acquisition context

Strategic rationale¹

In March 2020, UArizona became aware of a potential opportunity to acquire Ashford University (Ashford), a for-profit online university. The university was owned and operated by Ashford University, LLC, a wholly-owned subsidiary of Zovio Inc (Zovio). Zovio was a publicly traded (NASDAQ) corporation offering educational technology services and specializing in online program management (OPM) services, including providing OPM services to Ashford.

UAirizona leadership's rationale for acquiring an established online institution was multi-faceted. Four of the primary drivers were:

- ▶ A scaled online presence nationally extends UArizona's land grant mission of offering educational opportunity and access to diverse groups of students
- ▶ A scaled online presence capturing new and non-traditional students is crucial to mitigating the "enrollment cliff" facing post-secondary institutions, driven by birth rate declines in the Great Recession
- ▶ Online has been growing as a mode of delivery for higher education over the last two decades, a trajectory that the COVID-19 pandemic accelerated. UArizona needs a strong online offering to maintain its position within an increasingly competitive marketplace
- ▶ A scaled online presence has the potential to generate a positive surplus for UArizona

With these objectives in mind, UArizona leadership opted to pursue the acquisition through UAGC Corporation, an independent Arizona non-profit corporation operating in affiliation with UArizona under the Affiliation Agreement dated November 12, 2020. The acquisition of Ashford by UAGC Corporation was completed on December 1, 2020.

Operating evolution¹

The operating structure of the online assets and operations initially acquired by UAGC Corporation has taken multiple forms within the UArizona ecosystem. This operating evolution, as summarized in a letter to Arizona Governor Katie Hobbs on February 20, 2024, is detailed below:

Initial form (FY21-22): The initial transaction included two key components:

1. UAGC Corporation was formed to acquire Ashford and operate a separately accredited online university in affiliation with UArizona. UAGC Corporation acquired the assets and operations of Ashford University, LLC, on December 1, 2020, under the Asset Purchase and Sale Agreement dated August 1, 2020 (2020 Asset Purchase and Sale Agreement)
2. UAGC Corporation entered into a 15-year Strategic Services Agreement with Zovio under which Zovio provided OPM services (e.g., marketing, recruiting, financial aid, counseling, institutional support, information technology, academic support services) to UAGC Corporation. UAGC Corporation measured and monitored Zovio's effectiveness and compliance in providing OPM services

¹ The 'Strategic rationale' and 'Operating evolution' sections were sourced from the February 20, 2024 letter to Governor Katie Hobbs and interviews with UArizona and UAGC leadership

Termination of Zovio relationship (FY23): On July 31, 2022, UAGC Corporation acquired Zovio's OPM assets and operations and agreed to the termination of the Strategic Services Agreement with Zovio for OPM services as well as the termination of Zovio's continuing indemnification and related obligations under the 2020 Asset Purchase and Sale Agreement. With the closing of this acquisition, UAGC Corporation ceased any further operational or financial relationship with Zovio. All Zovio employees providing services to UAGC Corporation were terminated from Zovio on July 31, 2022. UAGC Corporation was under no obligation to hire former Zovio employees, but on August 1, 2022, made offers of employment to 817 of Zovio's 909 OPM-related employees (791 of whom accepted). UAGC Corporation's hiring process did not include any present or former Zovio C-suite employees, present or former Zovio senior-level compliance officers, or Zovio employees found to have engaged in communications with students that were inconsistent with the regulatory standards applied to UAGC, the ethical standards set by UAGC Corporation's Board, and/or the expectations of UArizona (as embodied in the Affiliation Agreement and/or communications with UArizona leadership).

Current state (FY24): On June 30, 2023, UArizona acquired UAGC Corporation's operations and assets, including the underlying institution of UAGC. Per initial ABOR direction, UArizona has operated UAGC as a separate business unit within UArizona since the closing of the transaction, and UAGC operates as a separately accredited institution within UArizona. Prior to UArizona's acquisition of UAGC, the U.S. Department of Education (DoE) indicated that UArizona could operate UAGC under its existing Office of Postsecondary Education Identification number (OPEID) while UArizona continued to use its own OPEID, with the DoE thus considering UArizona and UAGC to be two institutions for the purposes of federal student aid under Title IV of the Higher Education Act of 1965. In addition to its separate OPEID and accreditation, UAGC retains a unique Integrated Postsecondary Education Data System (IPEDS) number and continues its separate IPEDS reporting.

In December 2023, UArizona appointed its first Senior Vice Provost for Online Initiatives, eliminating the role of Senior Vice President of UAGC as its former role holder stepped down. Both Arizona Online and UAGC report to the Senior Vice Provost for Online Initiatives. Consolidated leadership over UArizona's online units is intended to enable the potential for future integration.

Transaction financials

UAGC Corporation, in affiliation with UArizona, gained complete control and ownership of all operations related to Ashford through two separate transactions with Zovio. Ultimately, on June 30, 2023, UArizona acquired UAGC Corporation's operations and assets, including the underlying institution of UAGC.

First transaction: First, UAGC Corporation acquired the assets and operations of Ashford University, LLC, a wholly-owned subsidiary of Zovio, pursuant to the 2020 Asset Purchase and Sale Agreement. This initial purchase agreement was effective on December 1, 2020. As a part of this initial agreement, UAGC Corporation entered into the 15-year Strategic Services Agreement with Zovio for OPM services. Per the 2020 Asset Purchase and Sale Agreement, the financial terms related to this transaction included:

- ▶ A nominal payment of \$1 from UAGC Corporation to Zovio
- ▶ A closing payment of \$37.5m in cash to UAGC Corporation from Zovio and transfer of \$16.5m in working capital to UAGC Corporation from Ashford University, LLC

Overall, the acquisition of Ashford resulted in UAGC Corporation receiving \$81.2m in net assets². Additionally, UAGC Corporation entered into an Affiliation Agreement with UArizona: in consideration for the rights, interests, resources, and services made available by UArizona, UAGC Corporation paid an initial \$20m to UArizona.

Second transaction: The second transaction occurred on July 31, 2022, when UAGC Corporation acquired Zovio's OPM-related assets and operations pursuant to the Asset Purchase and Sale Agreement dated July 31,

² UAGC Corporation FY21 Audited Financial Statements

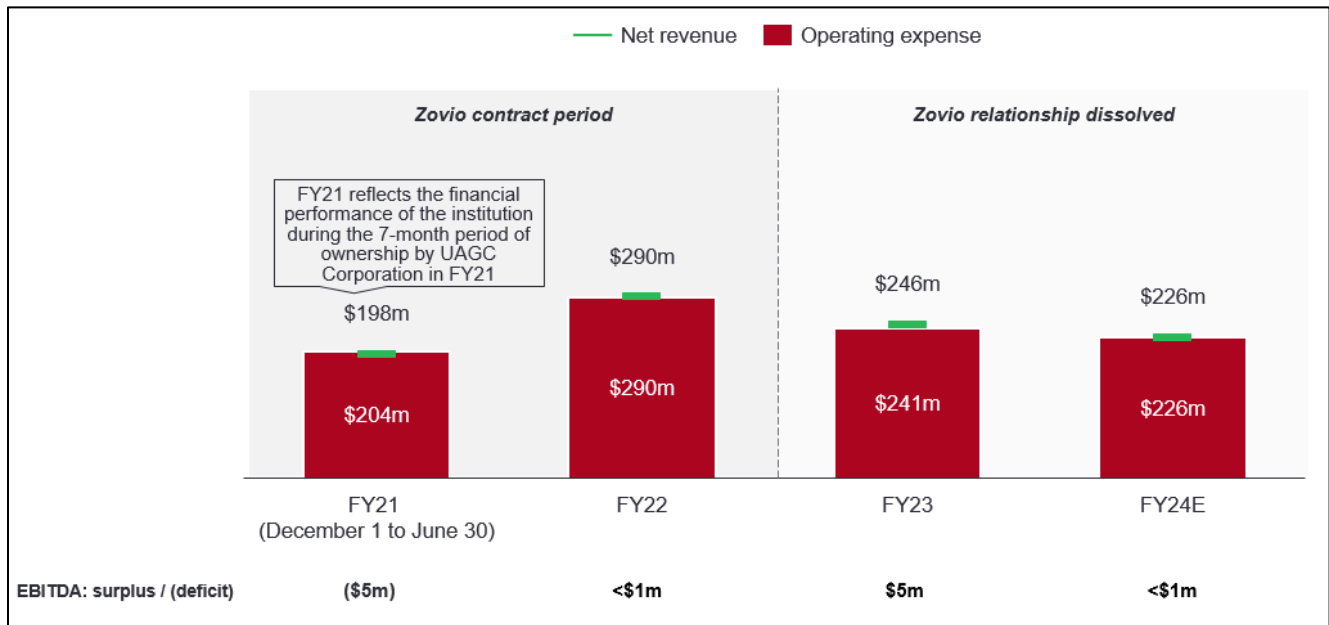
2022 (2022 Asset Purchase and Sale Agreement). Under the 2022 Asset Purchase and Sale Agreement, the Strategic Services Agreement was terminated, and Zovio’s continuing indemnification and related obligations in the 2020 Asset Purchase and Sale Agreement were terminated. Per the 2022 Asset Purchase and Sale Agreement, the financial terms related to this transaction included³:

- ▶ A nominal payment of \$1 from UAGC Corporation to Zovio
- ▶ A one-time cash payment of \$5m from Zovio to UAGC Corporation
- ▶ A transfer of a lease obligation in Chandler, Arizona with eight years remaining on it from Zovio to UAGC Corporation (including the rights to a \$2.7m security deposit associated with the lease)
- ▶ A transfer of rights to any potential refunds received from the State of California for Zovio to UAGC Corporation (as a part of Zovio’s then-ongoing appeal of the state’s March 2022 civil penalty decision)

Overall, the acquisition of Zovio’s OPM-related assets and operations resulted in UAGC Corporation receiving \$52.2m in net assets⁴.

Final transaction: On June 30, 2023, UArizona acquired UAGC Corporation’s operations and assets for \$1 and the assumption of substantially all of its liabilities (both current and future). UArizona received \$67.9m in net assets as a result of this acquisition⁵. Of note, several local and national news outlets have reported that the transaction added \$265m to UArizona’s operating budget and contributed to a significant deficit⁶. As shown in **Figure 1**, this cost-side figure approximates to UAGC’s annual operating expenses in recent fiscal years and *does not account for revenues* UAGC has consistently generated (i.e., from tuition) to offset its own expenses. UAGC has broken even or generated surplus since FY22.

Figure 1: UAGC financial performance, FY21 - FY24^{7,8,9}



³ In addition, Zovio was to pay UAGC Corporation \$5.5m in cash, reflecting the minimum payment owed by Zovio for the month of July 2022. This payment was reduced to account for funds owed to Zovio for OPM services

⁴ UAGC Corporation FY23 Audited Financial Statements

⁵ University of Arizona FY23 Audited Financial Statements

⁶ News outlets that reported this statement include Inside Higher Ed, The Arizona Republic, and Arizona Luminaria, among others

⁷ Revenue reflects tuition revenue net of discounts and refunds and excludes short-term investments and other one-time income; expenses exclude depreciation and amortization (incl. Affiliation Agreement)

⁸ UAGC’s historical audited financial statements (FY21-23) under FASB standards did not net bad debt from revenue. The net revenue estimate for FY24 includes approximately \$11.2m in bad debt as UAGC will be consolidated with UArizona reporting under GASB standards for FY24

⁹ Source: FY21-23 sourced from UAGC audited financial statements; FY24 sourced from management-provided FY24 forecast

Online education at UArizona

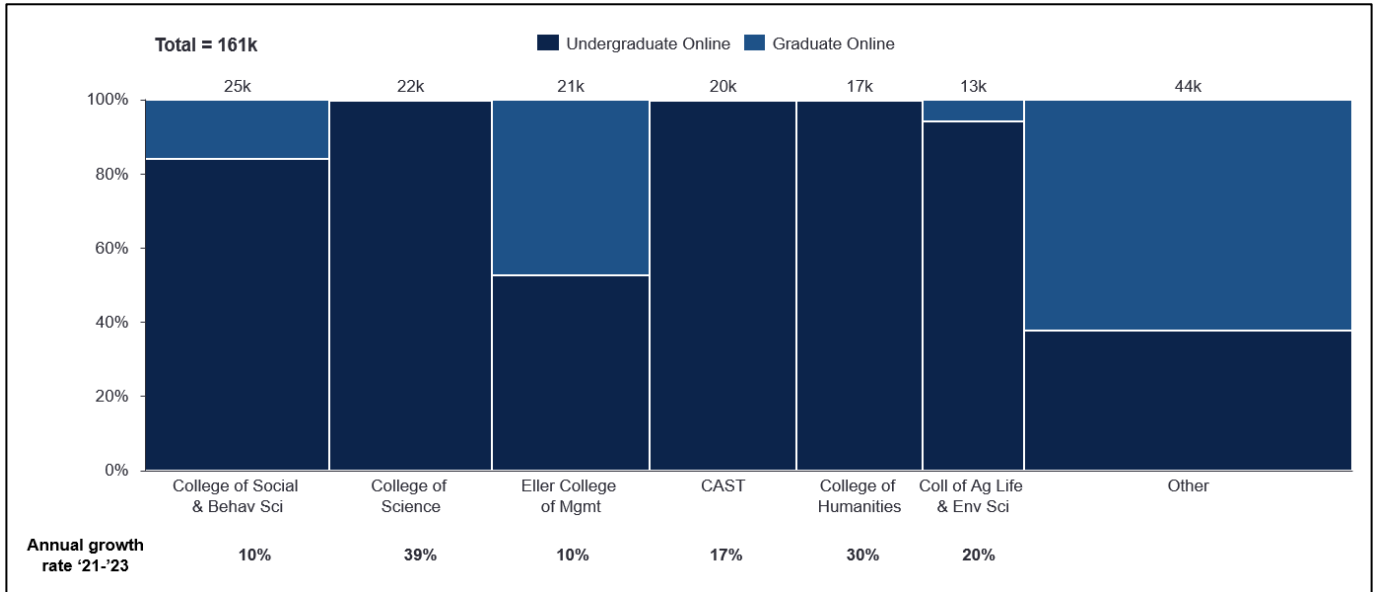
Since the acquisition of UAGC, UArizona maintains two “engines” for bringing online programs to market: Arizona Online and UAGC. The current profiles of these two units are detailed below.

Arizona Online

Arizona Online is a platform and online services provider UArizona developed in-house to support its colleges in building, enrolling, and delivering online programs for undergraduate and graduate students. Specifically:

- ▶ Arizona Online operates as a cost center. For colleges seeking to bring programs online, Arizona Online offers and/or facilitates:
 - **Marketing:** Arizona Online provides a centralized marketing budget for all Arizona Online programs. The personnel that expend marketing budget to generate leads are centralized within UArizona Marketing & Communications (MarComm)
 - **Corporate partnerships:** A dedicated group sources and maintains corporate partners and tuition sponsorship arrangements
 - **Enrollment management:** Arizona Online maintains a centralized enrollment management team. Enrollment counselors respond to student inquiries and work with students as they select programs, prepare applications, and matriculate into UArizona colleges’ online programs
 - **Program operations:** Arizona Online coordinates the cross-college program portfolio and plans for the development of new online programs
 - **Student success:** Arizona Online connects online students to student support resources within UArizona and its colleges and, in addition, offers online-specific student success coaching
- ▶ Other UArizona units provide support for additional activities related to colleges’ online programs. This includes, but is not limited to:
 - **Admissions:** Prospective online students are routed to centralized undergraduate or graduate admissions to formally apply and receive official acceptance into a given college and program
 - **Financial aid:** UArizona’s financial aid office manages all packaging and processing of aid
 - **Registration:** UArizona’s registrar’s office manages UArizona’s overall course catalog (online and in-person) and student registration
 - **Instructional design and digital production:** A digital learning team situated within the University Center for Assessment, Teaching, and Technology (UCATT) works directly with college faculty to develop and/or refresh online courses
 - **Program delivery:** Colleges are responsible for delivering online programs with their own faculty
 - **Academic advising:** Colleges provide academic advising to students enrolled in their programs
- ▶ Students who enroll in online programs offered on the Arizona Online platform are enrolled into the colleges that developed and deliver the online programs. Arizona Online itself is not an academic unit and does not enroll its own students
- ▶ Virtually all UArizona colleges serve students through the Arizona Online platform. On a student credit hour basis, the College of Social & Behavioral Sciences, College of Science, College of Business, and College of Applied Science & Technology (CAST) have the highest online activity (**Figure 2**)
- ▶ Today, there are over 180 degree and certificate programs offered through the Arizona Online platform

Figure 2: University of Arizona online student credit hours by college and level of study, FY23^{10,11}



University of Arizona Global Campus (UAGC)

UArizona has operated UAGC as a separate business unit within UArizona since the closing of its acquisition of UAGC on June 30, 2023. UAGC is also a separately accredited institution. As such:

- ▶ UAGC currently maintains and manages its own finances as a distinct budget unit, and thus generates and tracks both revenues and costs. While UAGC’s budget is included in UArizona’s overall annual budget, which is reviewed and approved by ABOR, it does not receive any budget allocation from the main campus or any direct funding from the State of Arizona
- ▶ As a separately accredited institution, UAGC manages the full student lifecycle distinctly from UArizona. UAGC markets to, enrolls, teaches, and supports students with its own functional groups and related personnel. In other words, all of the functions related to delivering online education exist centrally at UAGC, in contrast to Arizona Online which directly manages some functions and partners with other units within UArizona to manage others
- ▶ UAGC maintains its own academic programs independently from UArizona and its colleges. However, per the terms of its Temporary Provisional Program Participation Agreement (TPPPA) dated July 31, 2023, with the DoE, UAGC is not currently able to launch new programs without DoE approval
- ▶ Today, UAGC offers over 50 degree and certificate programs

Together, on a fall snapshot basis, Arizona Online and UAGC headcount make up over 40 percent of UArizona’s total headcount (**Figure 3**). Despite different operating structures, Arizona Online’s and UAGC’s online students by level and segment are similar today (**Figure 4**). However, the proportion of military students and students paying for their education through an employer partnership (covering full or part of tuition) is higher at UAGC than Arizona Online. Student populations are also demographically similar, with some key nuances: UAGC skews slightly older and more female and is more racially and geographically diverse than Arizona Online (**see Exhibit C in Appendix A for detail**).

¹⁰ Source: Internal online student credit hour data

¹¹ ‘Other’ includes the Colleges of Nursing, Public Health, Law, Education, Engineering, Fine Arts, Medicine – Tucson, Architecture, Optical Science, and the iSchool. The Graduate College and Undergraduate Education are also attributed ~40 and ~490 student credit hours, respectively, which are included in ‘Other’

Figure 3: University of Arizona total fall headcount snapshot, FY24^{12,13}

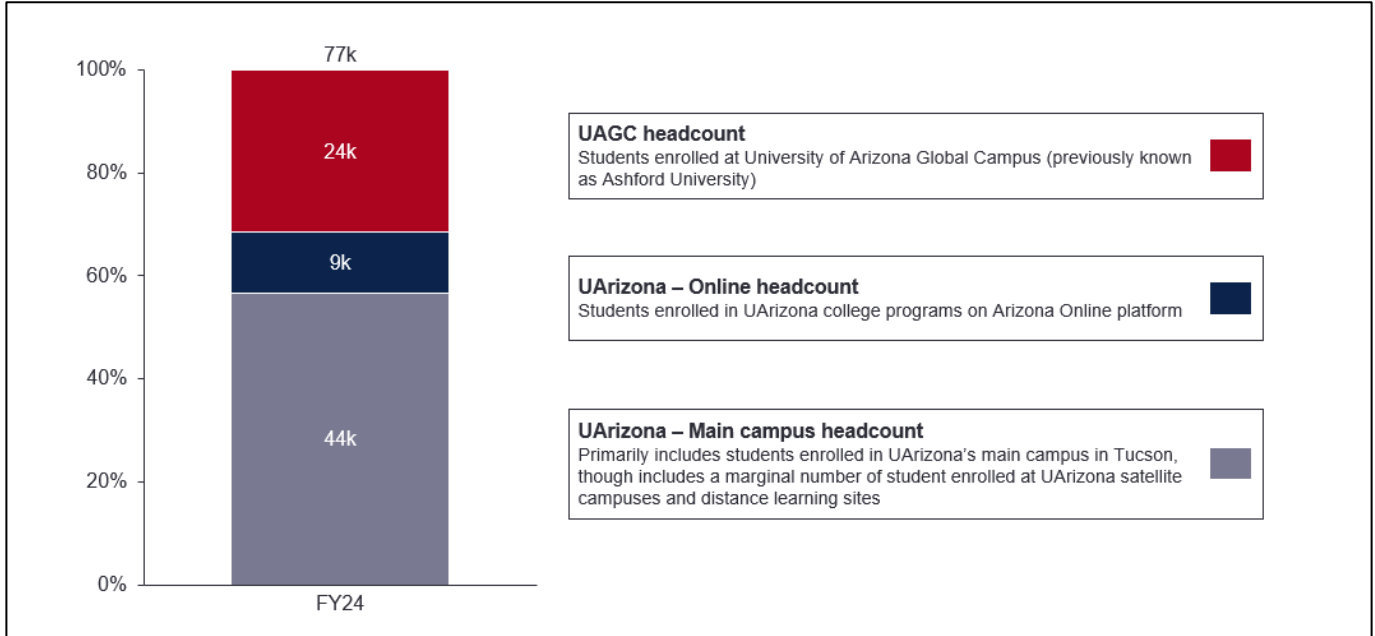
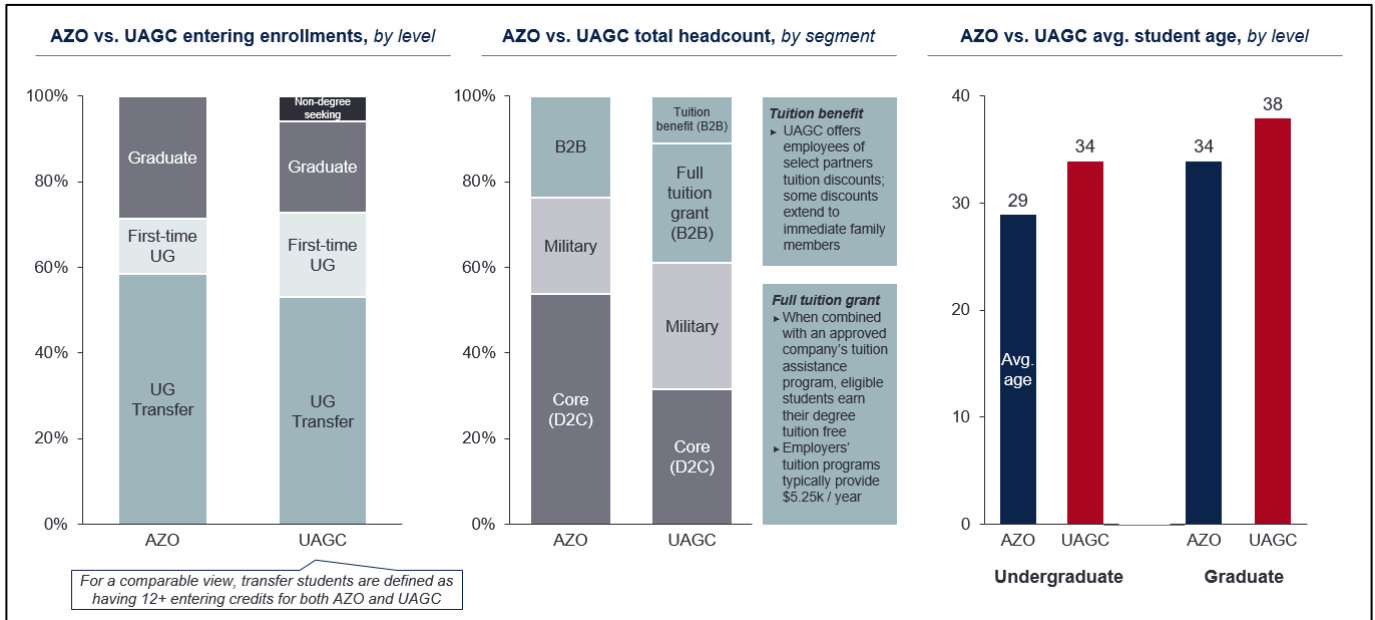


Figure 4: Profile of Arizona Online vs. UAGC students^{14,15}



¹² Source: ABOR Academic Year 2024 Enrollment Report (Fall 2023 snapshot)

¹³ Distance refers to in-state local sites part of UArizona’s “Near You Network” – some courses delivered online. All courses developed for AZO are also offered to main campus students as iCourses (in different sections), and hybrid headcount is affiliated with main campus (i.e., not included in Online headcount)

¹⁴ Source: Internal enrollment data

¹⁵ UAGC entering enrollment and total headcount use FY23 12-month headcount data. AZO total headcount distribution uses FY24 fall headcount census while AZO entering enrollments uses full-year FY24 headcount data. All UAGC entering enrollments are allocated to first-time vs. transfer based on number of entering credits. Undergraduates with unknown entering credits are categorized based on their given tag in internal data (i.e., first-time or transfer)

Current state assessment

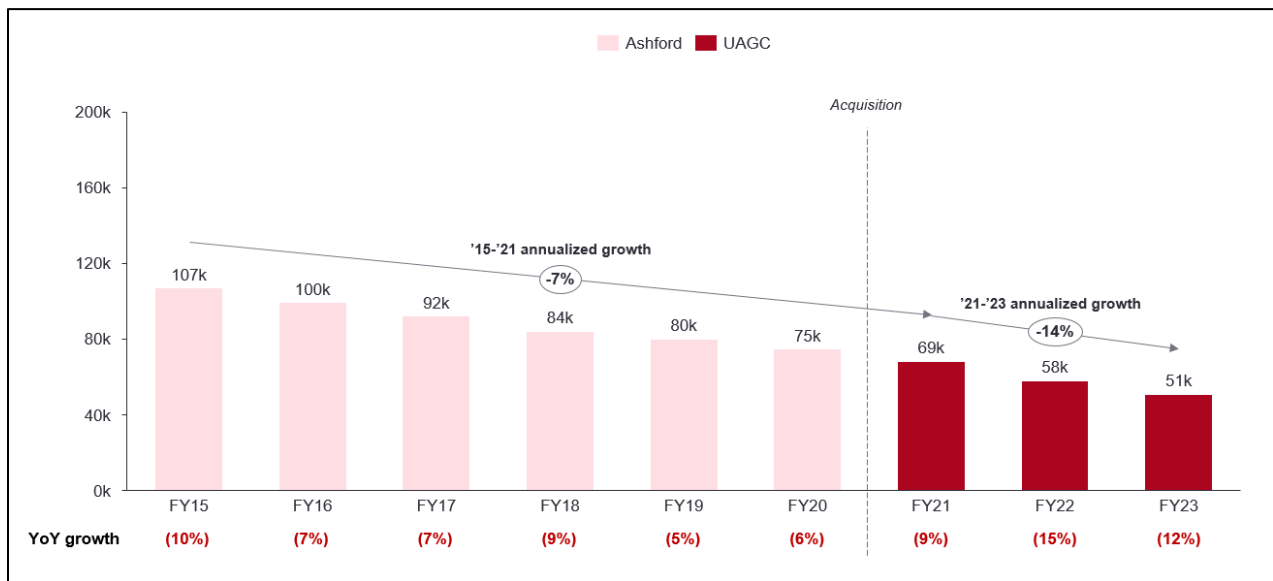
Market and financial performance

While the acquisition of UAGC accelerated UArizona’s overall online position, UAGC’s market performance has declined in recent years, particularly as it faces regulatory constraints on program portfolio growth. At the same time, UArizona has seen strong enrollment growth through the Arizona Online platform. A market and financial performance assessment of UArizona’s online units identified several themes across four key dimensions:

Enrollment performance:

- ▶ **UAGC:** UAGC’s 12-month headcount has fallen steadily over the past several years at an annualized rate of (7%) over FY15-21 (pre-acquisition) and (14%) over FY21-23 (post-acquisition) (**Figure 5**). At the same time, several of its peers¹⁶ have grown enrollment over the last three IPEDS years: while the median annual growth rate across peers is 3%, peers such as Arizona State University Online, Southern New Hampshire University, and American InterContinental University (growing at 13%, 13%, and 16% per year respectively) have seen faster trajectories in 12-month headcount
- ▶ **Arizona Online:** UArizona’s online fall headcount has nearly tripled over the last five years: as of Fall 2023, UArizona colleges serve over 9k students through Arizona Online (**Figure 6**). UArizona’s online headcount has grown at an annual rate of 26% over the last three IPEDS years, almost double the peer¹⁷ median of 15%

Figure 5: UAGC / Ashford 12-month unduplicated headcount, FY15 - FY23¹⁸



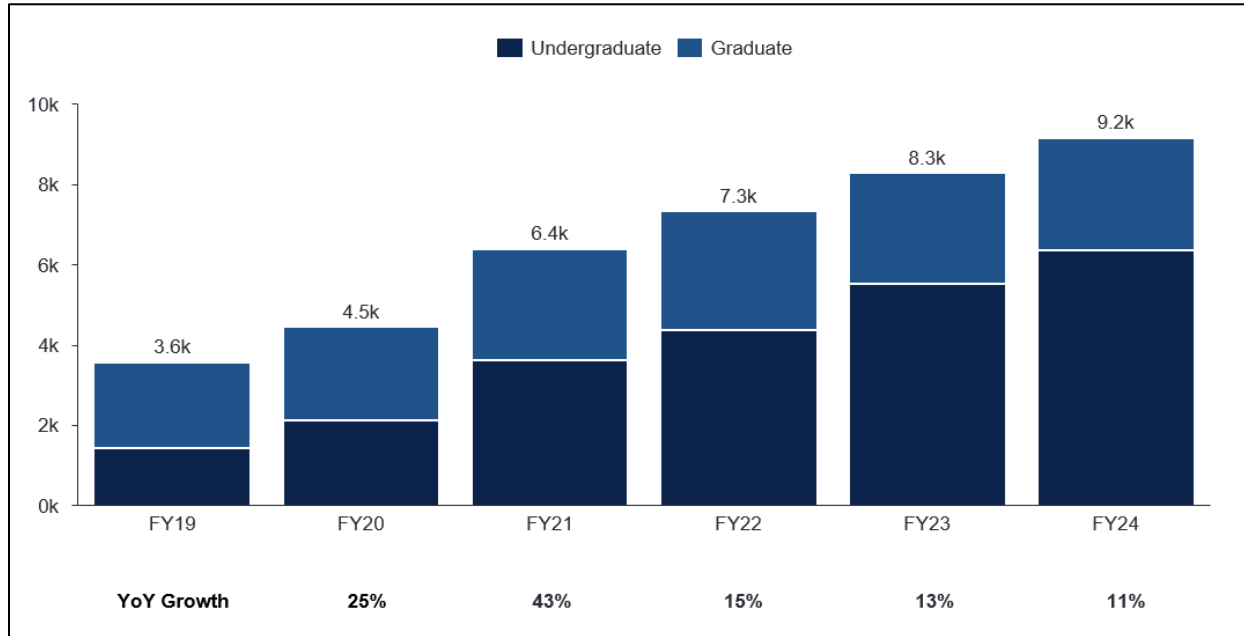
Note: 12-month unduplicated headcount is considered for UAGC as a non-term institution that continuously enrolls students across the year. 12-month unduplicated headcount exceeds headcount captured in a fall-only snapshot.

¹⁶ UAGC peers were identified in collaboration with UArizona and UAGC leadership and include: American InterContinental, American Public University System, Arizona State University Online, Bryant & Stratton College, Capella University, Colorado Technical University-Colorado Springs, National University, Purdue University Global, Southern New Hampshire University, Strayer University, University of Arkansas Grantham, University of Maryland Global Campus, University of Phoenix-Arizona, Walden University, Western Governors University

¹⁷ Arizona Online peers were identified in collaboration with UArizona leadership and include the online operations of: Arizona State University, Colorado State University – Fort Collins, Florida International University, Florida State University, George Mason University, Oregon State University, Penn State University, Texas Tech University, The University of Alabama, University of Central Florida, University of Cincinnati, University of Florida, University of Illinois-Chicago, University of Illinois-Urbana Champaign, University of Massachusetts-Amherst, University of South Florida, University of Southern California

¹⁸ Source: IPEDS; internal enrollment data

Figure 6: Arizona Online *fall* headcount, by level, FY19 - FY24¹⁹



Enrollment starts:

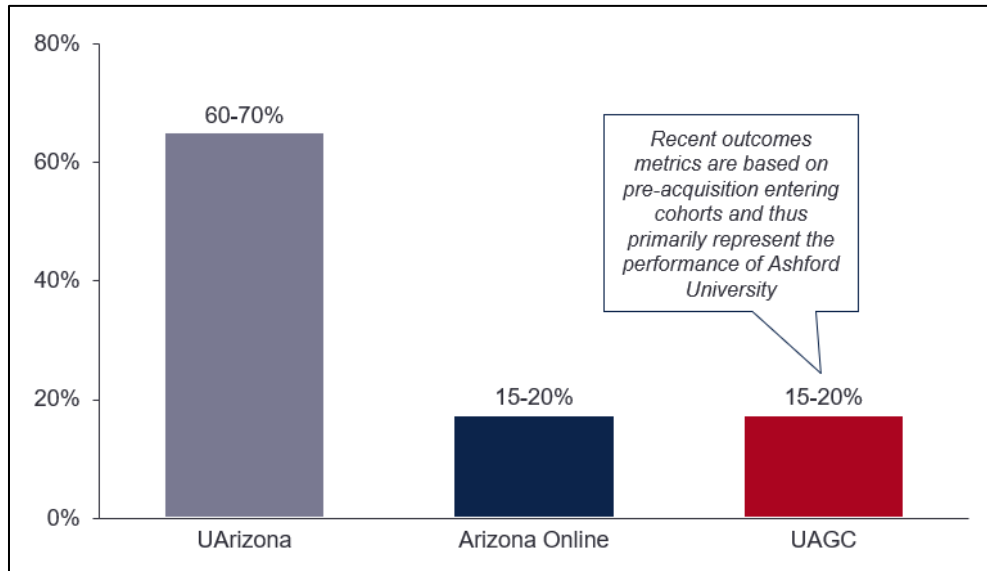
- ▶ **UAGC:** UAGC operates on a non-term-based calendar with 31 total start dates each year. Compared to its peers, UAGC has the highest number of starts and is considerably above the peer median of starts (12). UAGC provides multiple starts in response to student demand for start flexibility. UArizona and UAGC leaders believe UAGC’s volume of starts may contribute to attrition as starting students at this rate allows them to begin courses without completing matriculation paperwork and transcript evaluations
- ▶ **Arizona Online:** Arizona Online operates on a term-based calendar with three terms and six start dates each year. Students entering programs on the Arizona Online platform complete matriculation paperwork and transcript evaluations prior to start

Completion rates:

- ▶ **UAGC and Arizona Online:** Both UAGC and Arizona Online report 6-year completion rates in the 15-20% range, well below UArizona’s overall 6-year completion rate in the 60-70% range (**Figure 7**). UArizona leadership indicates that the completion rates of both its online and in-person offerings are below its targets, and broadly improving student outcomes across UArizona is a top priority

¹⁹ Source: Internal enrollment data

Figure 7: Percent of students receiving an award in 6 years, UArizona vs. Arizona Online and UAGC^{20,21}



Financial performance:

- ▶ **UAGC:** As shown in **Figure 1**, UAGC broke even in its first full year post-acquisition (FY22) and achieved a \$5m EBITDA surplus in FY23 (driven by \$246m in net revenue and \$241m in operating expenses, translating to a ~2% EBITDA margin). Several of UAGC’s not-for-profit peers, however, achieved higher EBITDA margins²², including Southern New Hampshire University, University of Arkansas-Grantham, Western Governors University, and Purdue University Global (margins of 12%, 12%, 3%, and 3% respectively as of FY22)
- ▶ **Arizona Online:** In the last full fiscal year (FY23), net tuition revenue from online programs on the Arizona Online platform totaled \$92m. While operating expenses directly attributable to the services provided by Arizona Online totaled just \$19m, many other costs related to online programs are incorporated into line items on other units’ budgets (both colleges and central administrative units) that also contain costs for in-person programs (e.g., instructional costs on college budgets, admissions costs on admissions office budgets). These costs outside of the Arizona Online budget are not consistently disaggregated by modality, though Arizona Revised Statutes section §15-1650.03A requires ABOR to complete a cost study every five years that estimates the direct and indirect costs of online education²³. As a result, on an annual basis, current UArizona budgeting and tracking processes do not enable UArizona to derive a comprehensive financial picture of Arizona Online and its programs

In the context of an increasingly competitive online marketplace and given UArizona’s student-centered mission, UArizona leadership emphasizes the need to evolve UAGC’s market differentiation strategy from “speed to start” to a focus on student outcomes, as well as consider strategies for boosting the student outcomes of Arizona Online.

²⁰ Source: IPEDS, internal outcomes data

²¹ Percent of students receiving an award in 6 years is based on (number of students receiving an award in 6 years) / (total entering cohort)

²² Figures for peers are FY22 and based on IPEDS data

²³ Source: ABOR cost study report (December 2022)

Current state diagnostic²⁴

In this context, a current state diagnostic was conducted with two primary goals: (1) outline the current state of UAGC and Arizona Online operations respectively and comparatively, and (2) identify initial findings’ implications for integration opportunities. Both go-to-market and back-office operations were considered.

The diagnostic identified several areas of go-to-market and back-office synergy between Arizona Online and UAGC, pointing to realizable benefits associated with further integrating UAGC into UArizona’s ecosystem.

Key findings of the **go-to-market diagnostic** are presented in the tables below and in exhibits in **Appendix A: Current state diagnostic exhibits**:

Brand & positioning <i>(see Exhibit A and B in Appendix A)</i>	
Key current state findings	Implications and perspectives
<ul style="list-style-type: none"> ▶ Arizona Online and UAGC have strong overlap in brand identity and access-focused missions ▶ UAGC prospects’ awareness of the UArizona affiliation is lower than that of Arizona Online prospects ▶ Prospects positively perceive both brands and associate them with highly similar academic and programmatic qualities ▶ UArizona leadership reports concerns about the market confusion created by multiple online brands 	<ul style="list-style-type: none"> ▶ The online offerings of both units could go to market under the umbrella of a single brand (e.g., Arizona Online) to improve reach and reduce market confusion; doing so would suggest a single online marketing unit rather than two

Student populations <i>(see Exhibit C and D in Appendix A)</i>	
Key current state findings	Implications and perspectives
<ul style="list-style-type: none"> ▶ Student demographics (e.g., age, gender, ethnicity, employment status, etc.) are similar across Arizona Online and UAGC, pointing to overlapping target markets ▶ Student psychographics are nuanced: <ul style="list-style-type: none"> – Compared to Arizona Online prospects, a greater proportion of UAGC prospects consider format flexibility and convenience as well as faculty’s “real life” experience in selecting a program – Compared to UAGC prospects, a greater proportion of Arizona Online prospects consider academic and faculty quality in selecting a program 	<ul style="list-style-type: none"> ▶ The online offerings of both units could be marketed together to avoid splitting the prospect pool (and potentially duplicative marketing expenditure) ▶ Nuanced elements of offerings’ positioning (i.e., based on the nature and style of learning) attract slightly different students: these elements can continue to be communicated to prospects throughout marketing and enrollment management to effectively capture a variety of student profiles across a range of online programs

²⁴ Findings reflect data across diagnostic categories provided by UArizona and/or UAGC, as well as leadership interviews. See referenced exhibits in Appendix A.

Programmatic offerings (see Exhibit E in Appendix A)	
Key current state findings	Implications and perspectives
<ul style="list-style-type: none"> ▶ Arizona Online programs are comprised of longer, 7.5-15 week courses that follow a term / semester schedule whereas UAGC programs are comprised of shorter, 5-week courses operated via a non-term model ▶ While Arizona Online’s structure enables multiple-at-a-time course-taking, UAGC operates a one-at-a-time course-taking model ▶ Both units’ courses are <i>primarily</i> asynchronous, with some exceptions on a course-by-course basis ▶ Only moderate overlap between program listings exists, with <10 of 50+ UAGC programs identified as having direct overlap with a current Arizona Online program 	<ul style="list-style-type: none"> ▶ Limited programmatic overlap and unique program formats underpin the ability of Arizona Online and UAGC to cater to different students (based on what and how students seek to learn) ▶ Given both units’ courses are primarily asynchronous, a more centralized instructional design and digital production group could service both portfolios

Marketing & lead generation (see Exhibit F and G in Appendix A)	
Key current state findings	Implications and perspectives
<ul style="list-style-type: none"> ▶ Arizona Online provides a centralized marketing budget for all Arizona Online programs, with MarComm personnel expending marketing budget to generate leads. As a separate business unit today, UAGC manages its own marketing expenditure and maintains its own performance marketing & brand teams ▶ Relative to UAGC, Arizona Online generates a much greater share of leads organically (i.e., through unpaid, natural channels) given its deeper affiliation to the UArizona brand <ul style="list-style-type: none"> – ~50% of Arizona Online leads are organic vs. paid – ~15% of UAGC leads are organic vs. paid ▶ Of UAGC’s paid leads, nearly 70% come from pay-per-lead aggregators with an average lead-to-start conversion rate of only 0.4%, resulting in higher average marketing spend per enrollee than Arizona Online ▶ UArizona leadership reports that the DoE has expressed concerns about online marketing spend 	<ul style="list-style-type: none"> ▶ There are potential opportunities to reduce marketing spend and improve marketing effectiveness through lead optimization and combining human resources (i.e., a single marketing unit overseeing a unified brand)

Enrollment management & admissions <i>(See Exhibit H and I in Appendix A)</i>	
Key current state findings	Implications and perspectives
<ul style="list-style-type: none"> ▶ Arizona Online prospects interface with multiple aspects of UArizona during the application and enrollment process (e.g., Arizona Online enrollment counselors, central admissions offices, college staff). The centralized nature of UAGC’s enrollment management and admissions functions gives it a slight edge over Arizona Online in terms of inquiry response time and speed to admissions decision ▶ Currently, UAGC students can start courses prior to completing matriculation paperwork (i.e., students have ~3 weeks to complete paperwork post-start) and have until their second attempted course (undergraduates) or third attempted course (graduates) to have transcript evaluations completed ▶ Students entering programs on the Arizona Online platform complete matriculation paperwork and transcript evaluations prior to start, reducing the administrative burden on students once they are learning and providing them with transparency on academic pathway and eventual cost of achieving credential ▶ Driven by its non-term structure in which every student has a unique academic year, UAGC’s financial aid processing is highly manual, complex, and continuous while UArizona’s can be automated 	<ul style="list-style-type: none"> ▶ If a single online brand is pursued: <ul style="list-style-type: none"> – UArizona could operate a single student response center (i.e., call center) that responds to online inquiries and qualifies prospects – UArizona could centralize enrollment management, though the varied start timelines and programs of UAGC versus UArizona colleges suggest that specialized sub-teams of enrollment counselors could be beneficial – The student response center could direct students to specific counselors based on program interests and learning format preferences ▶ In an integration scenario, it is likely that undergraduate and graduate admissions (i.e., the processing of applications and admissions decisions) could be centralized to UArizona’s undergraduate and graduate admissions offices, respectively, for all online programs; student registration and matriculation would likely remain separate ▶ Until such time as UAGC programs transition to a non-traditional term-based model, because of significantly different financial aid processes and requirements of non-term versus term programs, there will likely remain a need for some internal separation of financial aid operations

Academic delivery <i>(See Exhibit J and K in Appendix A)</i>	
Key current state findings	Implications and perspectives
<ul style="list-style-type: none"> ▶ Arizona Online leverages university faculty to deliver online courses; the majority of faculty delivering Arizona Online courses are career track (~43%) or tenure track (~24%) ▶ UAGC relies on ~2.1k associate faculty (or “adjuncts”) to deliver courses to students, and on ~120 full-time faculty to oversee course development and provide academic supervision; associate faculty are active practitioners in their fields of focus 	<ul style="list-style-type: none"> ▶ The faculty models for each academic portfolio are distinct: UAGC likely needs to retain the ability to qualify and hire its own faculty as an academic unit (in accordance with acceptable qualification and hiring practices in the context of UArizona)

Student support	
(See "Market and financial performance" section, pages 14 and 15)	
Key current state findings	Implications and perspectives
<ul style="list-style-type: none"> ▶ Though both Arizona Online and UAGC have developed student support infrastructure and academic success resources, both continue to see lower-than-target student outcomes, including 6-year graduation rates in the 15-20% range ▶ UAGC maintains a 250:1 student to advisor ratio; Arizona Online maintains a 1,100:1 student to success coach ratio, with the colleges providing supplementary academic advising support 	<ul style="list-style-type: none"> ▶ Creating a centralized online student success group across the online units could enable UArizona to immediately and intentionally increase outcomes of online students across UArizona

Key findings of the back-office diagnostic are presented in the tables below:

Human Resources	
Key current state findings	Implications and perspectives
<ul style="list-style-type: none"> ▶ On July 1, 2023, UAGC personnel became employees of UArizona ▶ As of March 2024, all UAGC HR personnel were centralized within UArizona’s HR organization with minimal changes to day-to-day responsibility ▶ While largely performing the same compliance and administrative functions, there are some differences in the role HR has played at UAGC versus UArizona historically: <ul style="list-style-type: none"> – UAGC HR centralized much of candidate evaluation, hiring, and onboarding, whereas UArizona HR involves the units that are hiring in several aspects of these processes²⁵ – UAGC centralized staff training more significantly within its HR organization than UArizona 	<ul style="list-style-type: none"> ▶ There are limited opportunities to reduce HR headcount as UArizona likely cannot manage the additional workload of UAGC’s employees without the capacity of UAGC’s realigned HR professionals

²⁵ UArizona HR receives job applications, which are passed to units within UArizona that are hiring to manage interviewing and make hiring recommendations; UArizona HR ultimately completes the paperwork related to officially hiring a new employee, while units handle much of new employee onboarding into specific roles. By contrast, UAGC HR historically centralized much of interviewing, candidate evaluation, and onboarding

Finance	
Key current state findings	Implications and perspectives
<ul style="list-style-type: none"> ▶ UAGC’s Finance organization has completed significant work to date to align with UArizona’s practices, including changes to become compliant as a publicly-owned, state-affiliated organization and migrating banking to UArizona’s banking partner <ul style="list-style-type: none"> – UAGC has separate and distinct accounts within UArizona’s Finance and Treasury organization ▶ UAGC currently maintains and manages its own finances, including financial planning, budgeting, and analysis. UAGC’s budget is included in UArizona’s overall annual budget, which is reviewed and approved by ABOR <ul style="list-style-type: none"> – As a distinct budget unit that is fully online, UAGC has clear visibility into the total revenues and total costs associated with its online programs – By contrast, UArizona currently lacks a comprehensive financial picture of online programs supported by Arizona Online on an annual basis: online tuition revenues as well as costs incurred directly by Arizona Online are clearly identifiable, but many other costs related to online programs are incorporated into line items on other units’ budgets that also contain costs for in-person programs (e.g., instructional costs on college budgets, admissions costs on admissions office budgets) ▶ UAGC’s Finance organization is structurally similar to UArizona’s, with both organizations operating core accounting, accounts payable and receivable, and procurement functions. Two major differences exist in Finance across UAGC and UArizona: <ul style="list-style-type: none"> – Accounts receivable functions have significant differences, driven by the non-term structure of UAGC and its high volume of starts (impacting revenue collection frequency) – UAGC has a unique corporate accounts receivable organization to support their in-house corporate partnership tuition grant programs 	<ul style="list-style-type: none"> ▶ UArizona could work to achieve full, annual visibility into the revenues and expenditures associated with delivering online programs through changes to its budget monitoring and tracking processes <ul style="list-style-type: none"> – Budget systems should be able to identify and disaggregate costs related to online delivery that are currently held (but not clearly disaggregated) on the budgets of units that support students across modalities (i.e., on college-level budgets and other centralized units’ budgets) – Achieving this may require fundamental changes to how data is originally captured and input into underlying systems. EY did not assess the requirements to accomplish this from a technology, data collection, process, and people perspective (outside of the scope of the engagement) ▶ Longer-term, there may be opportunities to consolidate UAGC accounting, procurement, and accounts payable functions within UArizona’s existing functional teams ▶ Limited potential integration opportunities exist for UAGC’s accounts receivable function (given unique operations relative to main campus) and UAGC’s FP&A team (given that as an academic and budget unit, UAGC (in a future state) would still require financial planning capabilities) ▶ Further integration opportunities are likely dependent on UAGC’s transition to a non-traditional term-based model

IT <i>(see Exhibit A in Appendix C)</i>	
Key current state findings	Implications and perspectives
<ul style="list-style-type: none"> ▶ As of March 2024, personnel within UAGC’s IT organization were centralized within UArizona’s IT organization (UITS) ▶ UAGC technical infrastructure has significant modernization needs (e.g., transition to cloud-based systems) ▶ UArizona and UAGC utilize different core software systems (e.g., ERP, SIS, LMS, CRM); however, both institutions leverage the same vendor (through different contracts) for several ancillary software products (e.g., employee email, email marketing, virtual meeting and telephony) ▶ Arizona Online and UAGC are highly sensitive to technological downtime as digital-only operating environments, creating additional risk around large-scale systems migrations 	<ul style="list-style-type: none"> ▶ There is an immediate-term potential opportunity to consolidate IT contracts for ancillary solutions (e.g., telephony, productivity, career services, etc.) that are already sourced from the same vendor across UArizona and UAGC ▶ There is a near-term potential opportunity to consolidate to a single CRM ▶ There are long-term potential opportunities to integrate other major IT systems (e.g., ERP, LMS, SIS) contingent on the timing of UArizona software transitions ▶ There are limited potential opportunities to reduce IT headcount in the near-term given the personnel needed to solve UAGC’s modernization needs as well as execute IT integration opportunities

Overall, the findings of the go-to-market and back-office diagnostics set the stage for future-state visioning and support tangible recommendations for online operations at UArizona. This is explored in detail in the next section.

Recommendations

Guiding principles

To shift from the current state to the next era of UArizona’s online ecosystem, university leadership aligned around a “bedrock” of core principles for the future of online learning at UArizona. These principles are grounded in UArizona’s broader mission to serve its students, community, and state: a strong online enterprise not only expands UArizona’s reach to those who have been traditionally underserved due to the constraints of time, location, or circumstance, but also contributes to UArizona’s financial sustainability and ability to safeguard its mission into the future.

The three principles shaping the recommendations for UArizona’s online future are:

- ▶ UArizona’s online platform should continue to be an “access bridge,” allowing UArizona to reach students who have been underserved in traditional academic formats
- ▶ UArizona’s online platform should focus on delivering valuable and high-quality learning experiences to students and cultivating strong persistence and graduation outcomes
- ▶ UArizona’s online platform should contribute to the financial sustainability and longevity of UArizona

Recommendations

These core principles, along with findings from the current state assessment, directly inform 15 recommendations for UArizona’s consideration regarding the future of online programming and operations at UArizona and the further integration of UAGC into UArizona as a part of that future.

Go-to-market strategy, internal structure, and operations

1. **A single UArizona online brand (likely “Arizona Online”) could be the public face and gateway for UArizona’s comprehensive suite of online offerings.** Underneath that master brand, UArizona would maintain two academic pathways (and associated program portfolios) from which students seeking to learn online could choose:

Dimension	Pathway 1 (Colleges within UArizona)	Pathway 2 (Academic unit f.k.a. UAGC)
Academics	<ul style="list-style-type: none"> ▶ Term-based ▶ Longer, “multiple-at-a-time” course-taking model 	<ul style="list-style-type: none"> ▶ Flexible start dates (non-term or non-traditional term-based) ▶ Shorter, “one-at-a-time” course-taking model
Faculty	<ul style="list-style-type: none"> ▶ College-led, “same faculty” 	<ul style="list-style-type: none"> ▶ Emphasis on associate faculty who are active practitioners in their fields of focus
Positioning	<ul style="list-style-type: none"> ▶ “Same degree, but online” 	<ul style="list-style-type: none"> ▶ More flexible (but equal) learning pathway ▶ Commitment to developing Arizona’s workforce

2. **The core academic structures of UAGC could be transitioned into an academic unit (“Academic Unit X”) within UArizona that would operate online programs previously offered by UAGC.** “Academic Unit X” would

have the authority to enroll students, create and deliver programs, hire faculty (in accordance with acceptable standards within the context of UArizona), and align faculty mix based on program needs.

- ▶ “Academic Unit X” and its program portfolio would include a focus on serving and enhancing Arizona’s workforce as a major objective
 - ▶ “Academic Unit X” would continue to provide UArizona access to unique markets and students not traditionally served by the university
 - ▶ UArizona’s colleges would continue to create and deliver online programs as they do today
3. **Career-track faculty could be recruited and appointed for “Academic Unit X.”** Both current UAGC full-time faculty and others from the UArizona community (as interested) would be considered for open positions and evaluated against career-track faculty criteria aligned to that of UArizona’s other academic units and peers.
4. **UAGC’s online and go-to-market capabilities could be integrated with those within Arizona Online to create an enhanced service center equipped to effectively and efficiently support UArizona’s comprehensive online enterprise (i.e., “Academic Unit X” as well as the online programs of UArizona’s colleges).**
- ▶ The service center would include functional groups focused on marketing and lead generation, enrollment management, instructional design, portfolio management, and student success, among others
 - ▶ The service center would coordinate corporate, military, and community college recruitment efforts for all online programs across UArizona
 - ▶ Within the service center, a centralized student response center would qualify all prospects and gain a baseline understanding of students’ individual circumstances, program interests, and learning preferences. This information would be used to transfer students to enrollment counselors within an enrollment management sub-team focused on Pathway 1 (online programs delivered by colleges within UArizona) or Pathway 2 (online programs within “Academic Unit X”). Counselors would support students as they further explore, apply to, and ultimately enroll in a UArizona online program
5. **“Academic Unit X” and the Arizona Online service center could report to the Senior Vice Provost for Online Initiatives in the Provost’s Office. The Provost would continue to oversee the Senior Vice Provost for Online Initiatives and the colleges.**
6. **Credits generated in “Academic Unit X” could be transferrable to main campus colleges (and vice versa), though a cap on transferable credits (total volume) could be considered.**
7. **UArizona’s full online enterprise could place an immediate and heavy emphasis on improving the outcomes of online students (i.e., retention and graduation).** This emphasis would involve:
- ▶ Strategic investments (e.g., through reallocation of existing resources and/or cost savings achieved in other functions) in the student success function and optimization of UArizona’s suite of supports for online students, based on evidence-based research
 - ▶ Potential changes to online student onboarding across pathways, including:
 - i. Completing transcript evaluations and financial aid packages for all students prior to the admissions decision and mandating that all students complete matriculation steps prior to start
 - ii. Training all enrollment counselors on effectively counseling students with indicators of lower readiness for degree-granting programs toward “bridge” options before enrolling in an online degree-granting program at UArizona. These bridge options could include: enrollment at

UArizona's community college partners; enrollment in non-degree-granting course offerings within "Academic Unit X" that could serve to prepare students for learning in an online environment; or enrollment in associates programs that could be developed within "Academic Unit X"

8. "Academic Unit X" could strategically maintain several differences from UArizona's colleges and their online programs, including:

- ▶ **Term structure:** Initially, "Academic Unit X" would maintain UAGC's non-term model and >20 starts per year (but less than 31), which would necessitate its maintenance of a separate financial aid team due to the unique demands of non-term student packaging. Over the longer-term, UArizona would migrate "Academic Unit X" to a non-traditional term-based schedule (e.g., semester non-traditional) with ~10-15 starts to realize additional operational efficiencies while maintaining the strategic differentiation of "Academic Unit X's" academic format
- ▶ **Price points:** Though price points for academic programs would be continuously evaluated based on market dynamics, "Academic Unit X" would have the flexibility to price separately from UArizona's colleges. Today, online programs offered by UArizona colleges tend to be 20-35% more expensive than UAGC programs on a per credit hour basis
- ▶ **Admissions standards:** Given that its mission is rooted in access, "Academic Unit X" would maintain UAGC's open enrollment standards preliminarily. However, consistent with Recommendation #7, the impact of admissions standards on student outcomes would be continuously monitored, and admissions standards could be subject to change if deemed detrimental to student outcomes
- ▶ **Degree awarded:** All online programs across UArizona, regardless of whether the program is delivered by one of the colleges or by "Academic Unit X," would result in degrees conferred by UArizona. Diplomas could be differentiated on the basis of awarding academic unit (i.e., college or "Academic Unit X") and program (e.g., Bachelor's of Science in Accounting)

Regulatory & internal approvals

9. UAGC could be formally incorporated into UArizona's OPEID following an OPEID merger process with the DoE and related processes with the WASC Senior College and University Commission (WSCUC) and ABOR. Assuming the DoE permits the OPEID merger, all UArizona academic programs regardless of academic unit would exist on a single OPEID by an *initial target date* of July 1, 2025. For reporting purposes and due to the fully online nature of its programs, "Academic Unit X" would maintain a separate IPEDS ID.

10. Pre-merger (i.e., prior to July 1, 2025), operational set up of the Arizona Online service center and "Academic Unit X" could occur. Operational set up would occur in a manner compliant with any guidance received from ABOR and regulatory guidelines from WSCUC and/or DoE. Operational set up could potentially include:

- ▶ Consolidating personnel related to functional groups in the Arizona Online service center, sharing leading practices and establishing operating models, and finalizing reporting structures
- ▶ Actioning near-term IT consolidation opportunities relevant to the Arizona Online service center's operations, including CRM consolidation
- ▶ Evaluating and aligning career-track faculty, setting up advising structures, and re-aligning UAGC student registration and financial aid personnel for "Academic Unit X"
- ▶ Compensation and title realignment for positions formerly held at UAGC that are integrated into UArizona units and functional groups

11. Pre-merger (i.e., prior to July 1, 2025), a program realignment and closure (PRAC) process could be executed to identify a subset of UAGC programs for potential disestablishment, revision, and/or

realignment as programs transition to “Academic Unit X” within UArizona. Recruitment activities for these programs could be paused or terminated as soon as they are identified in the PRAC process.

- ▶ A commission of internal and external stakeholders would be appointed to evaluate UAGC’s program portfolio and recommend select programs for possible disestablishment, revision, and/or realignment within “Academic Unit X.” Criteria considered would include programs’ academic quality, marketability, student outcomes (i.e., retention and completion), employment outcomes, and overlap with UArizona college programming
- ▶ A preliminary recommendation on programs in these categories would be generated by the President, Provost, and Senior Vice Provost for Online Initiatives and provided to the PRAC commission in advance of their review
- ▶ The commission would deliver its recommendations in the form of a report to ABOR. ABOR would vote “up or down” on the recommendations after a public comment period during which stakeholders would engage with the recommendations
- ▶ Programs approved for maintenance would continue enrolling students through “Academic Unit X,” while other programs would pause on enrolling new students

12. Post-integration, discipline-specific advisory committees comprised of “Academic Unit X” and college faculty could be appointed by the Provost, based on nominations by relevant UArizona deans. These committees would be charged with assisting “Academic Unit X” with the routine assessment of the quality and outcomes of the programs it maintains. The committees would suggest potential curricular modifications or enhancements as deemed appropriate on an ongoing basis.

- ▶ Any new programs launched by “Academic Unit X” would go through UArizona’s standard program approval processes

Other items

13. From a technology perspective, “Academic Unit X” could:

- ▶ Continue to utilize UAGC’s financial solution (Great Plains) until UArizona migrates to a new, long-term financial solution
- ▶ Maintain UAGC’s existing LMS solution (Canvas), at least until UArizona’s D2L contract expires
- ▶ Maintain UAGC’s SIS (Anthology), potentially indefinitely
- ▶ Migrate to Arizona.edu domain

14. Existing UAGC contracts could be rationalized, with only certain contracts prioritized for renewal (i.e., if deemed beneficial for future online operations by UArizona and UAGC leadership). Overall, UArizona could assess opportunities to consolidate contracts where there is overlap between UAGC and UArizona.

15. Efforts to lower the cost burden of UAGC’s Chandler space could continue, with multiple potential options including subleasing the site to a single larger tenant, subdividing the space to sublease to several smaller tenants, and reviewing legal possibilities for early termination.

Exhibits related to the 15 recommendations set forth above can be found in **Appendix B: Recommendations exhibits.**

Key performance indicators (KPIs)

As UArizona considers implementing the above recommendations, it would be well-served by monitoring the performance and progress of integration on an ongoing basis through a targeted set of Key Performance Indicators (KPIs). Based on learnings from these KPIs, UArizona could make necessary adjustments to its online programs and operations to best deliver on its overarching mission and vision.

All UArizona online offerings remain subject to the Enterprise-Wide Online Metrics adopted by ABOR in March 2022, which are used to oversee the online programs of all three of Arizona’s state universities (Arizona State University, Northern Arizona University, and UArizona). These metrics²⁶ are:

- ▶ **Online course completion rate:** The ratio of total online course credits completed (for an A-C grade or a pass in a pass/fail course) to total online course credits attempted across an academic year
- ▶ **Pace of progression to online degree:** Average credits completed per student in an academic year
- ▶ **Online student continuation and persistence metric:** Number of completions and continuing students and stop-out behavior over a five-year period
- ▶ **Courses taught by faculty with a doctorate or other relevant terminal degree:** The percentage of online courses taught by faculty with doctorate or other terminal degree in the field of instruction
- ▶ **Courses taught by faculty who are benefits eligible:** The percentage of online courses taught by instructional faculty who are benefits eligible
- ▶ **US News & World Report Online Program Rankings:** Online program rankings, namely Best Online Bachelor’s Programs

In addition, UArizona could consider (or continue to consider) the following KPIs for its online programs:

Category	KPIs
Outcomes	<ul style="list-style-type: none"> ▶ 1- and 2- year persistence rates ▶ Percent of students receiving an award in 6 years <p>Note: Outcomes KPIs to be tracked by student type (e.g., undergraduate versus graduate, first-time versus transfer, full-time versus part-time, race / ethnicity, age, socioeconomic status) and channel (e.g., military, employer-sponsored, self-pay)</p>
Operations	<ul style="list-style-type: none"> ▶ Average inquiry response time ▶ Average admissions decision turnaround time ▶ Average transcript evaluation turnaround time ▶ Average enrollment counselor lead caseload (per year) ▶ Average cost per start (overall and by marketing / lead channel)
Financial	<ul style="list-style-type: none"> ▶ Overall surplus of online operations across UArizona considering: <ul style="list-style-type: none"> – All online tuition revenues – Online-specific operating costs incurred by: Arizona Online service center, “Academic Unit X,” UArizona colleges, and other budget units supporting online operations (e.g., admissions, financial aid)

The go-forward vision for online operations at UArizona not only intends to drive toward improved student outcomes and experiences, but also cost savings derived from the operational efficiencies of integration. Additional detail is provided in the next section.

²⁶ Sourced from the February 20, 2024 letter to Governor Katie Hobbs. UArizona leadership notes that initial reporting on the metrics is forthcoming

Financial viability

Cost savings opportunities

UAGC is projecting a breakeven year for FY24, with an estimated ~\$226m in net revenue and ~\$226m in operating expenses. In a “steady state” post-integration - in other words, when the 15 key recommendations for UArizona’s online future have been actualized - UArizona could potentially realize several annual cost savings opportunities. These annual cost savings opportunities could:

- ▶ Improve the overall financial position of UArizona
- ▶ Liberate funds for potential reinvestment into online operations across UArizona, particularly to improve academic quality and student outcomes consistent with Recommendation #7

The below table summarizes identified potential cost savings opportunities associated with the overall integration plan, estimated annual savings amounts versus current state, and the approximate timeline for UArizona to realize these savings. **Overall, a potential reduction of \$12-21m to future online operating expenditure versus today (holding all else equal) implies that UArizona’s future online operations are well-positioned to be financially sustainable and generate surplus for the university.**

Category	Description of potential cost saving opportunities	Estimated annual cost savings	Timeline to full realization
IT <i>(See Exhibit A in Appendix C)</i>	<ul style="list-style-type: none"> ▶ Annual cost savings could be realized from near-term IT solution consolidation opportunities²⁷ ▶ Moving UAGC’s data servers to UArizona vacant data center space could result in additional annual cost savings 	\$1-2m	1-2 years
Finance	<ul style="list-style-type: none"> ▶ UAGC Finance’s current accounting, accounts payable, procurement, and leadership teams could be rightsized as back-office finance is further centralized at UArizona 	\$1-2m	1-3 years
Legal	<ul style="list-style-type: none"> ▶ Once specific compliance work that may be needed during integration is completed, UAGC’s Operation Compliance function could be rightsized and moved over to augment central teams at UArizona 	\$200-600k	2-3 years
Chandler & other contracts	<ul style="list-style-type: none"> ▶ Subleasing UAGC’s Chandler site at ~50% of value and terminating certain contracts could result in annual cost savings 	\$3-4m	1-2 years
Marketing	<ul style="list-style-type: none"> ▶ UAGC’s Performance Marketing & Brand Management teams could be rightsized and moved over to augment centralized marketing within the Arizona Online service center ▶ Optimizing marketing activities and lead sources could result in reductions to overall marketing expenditure and additional savings 	\$5-6m	<1 year

²⁷ Excludes opportunities that do not yet have the data availability to be sized.

Category (table cont.)	Description of potential cost saving opportunities	Estimated annual cost savings	Timeline to full realization
Compensation realignment	<ul style="list-style-type: none"> ▶ As all remaining UAGC personnel are further integrated into functional units within UArizona, there are opportunities to realign compensation to the appropriate levels within UArizona’s pay scale ▶ Initial analysis suggests \$2-6m in savings could be realized from compensation and title realignment. UArizona and UAGC leaders are collaborating closely to identify the full scale and timing of realignment 	\$2-6m	2-3 years
Total potential annual savings		\$12-21m	

Methodological notes

Cost savings estimates are dependent on a set of key assumptions, which include:

1. **Estimates “hold all else equal” in identifying potential cost reductions.** It is assumed that in the “steady state” post-integration, total online enrollment at UArizona is similar to that of today, though UArizona serves that volume of students with an enhanced operating model. Changes to assumptions around the scale of online operations post-integration and the number of systems and teams maintained as a part of operations would in many cases change the total number of personnel needed and thus the extent of personnel-related savings
2. **Cost savings are true cost takeouts.** Personnel and costs that only “move” between budget units (e.g., between UAGC and UArizona administration) are not considered cost savings as there is no change to overall expenditures from UArizona’s perspective
3. **Cost savings estimates do not consider potential savings related to integrating financial aid operations.** The exact timeline for shifting “Academic Unit X” to a non-traditional term-based model per Recommendation #8 is currently an open item dependent on other operational and regulatory timelines related to the integration, and further research is needed on the staffing implications of such a transition

Implementation next steps

In a manner compliant with and in partnership with ABOR, WSCUC, and DoE, UArizona could begin implementing the 15 aforementioned recommendations and moving toward its online future in FY25. In this context, the target date for UAGC's academic and operational integration into UArizona would be July 1, 2025 (i.e., the start of FY26), though this date would be highly dependent on regulatory timelines.

At a high-level, a recommendations-aligned implementation process would involve both near- and long-term considerations. A non-exhaustive outline of the major considerations in each category is below.

Near-term considerations (pre-merger)

Regulatory & internal approvals:

- ▶ **ABOR approval:** UArizona would need to receive ABOR approval for its plan to further integrate UAGC, which would end UAGC's status as a separate business unit and separately accredited institution
- ▶ **WSCUC approval:** UArizona would need to complete a substantive change process with its accreditor associated with the integration of UAGC, its academic programs, and its operations fully into UArizona. Following the OPEID merger date, there would no longer be separate accreditation, and UAGC's activities would be within the scope of UArizona's institutional accreditation
- ▶ **DoE approval:** UArizona would need to complete the necessary processes to secure DoE approval for the merger, which would ultimately result in the underlying academic programs and operations of UAGC becoming an "additional location" of UArizona on UArizona's OPEID. This approach, if acceptable to the DoE, would be consistent with the DoE's "Two-Step Process" for the conversion of a current freestanding OPEID into an additional location of another OPEID. The DoE would need to agree to allow the integration to proceed under the "Two-Step Process." As outlined by the DoE in September 2022²⁸, the "Two-Step Process" involves:
 - **Step 1:** A change in ownership (CIO) occurs for the institution that will become the additional location of the other institution. In the context of UArizona and UAGC, a CIO occurred on June 30, 2023, when UArizona acquired UAGC and became, for the purposes of the DoE, the parent entity of UAGC. Therefore, UArizona's acquisition on June 30, 2023, effectively was "Step 1" of the "Two-Step Process"
 - **Step 2:** After the DoE approves the CIO under "Step 1," the institution whose OPEID will survive the OPEID merger submits an application to add the acquired institution as an additional location. In the context of UArizona and UAGC, UArizona would apply for the merger of UAGC into its institution (i.e., as an additional location under UArizona's OPEID). UArizona's OPEID number would be retained while UAGC's OPEID would be relinquished as it becomes an additional location

UArizona and UAGC leadership are working closely with legal counsel and the DoE to determine an acceptable path forward.

- ▶ **Program review and approvals:** UArizona and UAGC would coordinate a program realignment and closure (PRAC) process to identify a subset of UAGC programs for potential disestablishment, revision, and/or realignment as programs transition to "Academic Unit X" within UArizona. Recruitment activities for these programs could be paused or terminated as soon as they are identified in the PRAC process.

To execute a PRAC process, UArizona and UAGC would need to:

- Define the PRAC process, including program evaluation criteria and an overall timeline (i.e., major dates and deadlines)

²⁸ Per Department of Education release titled "Updated Guidance and Procedures for Changes in Ownership" and released September 15, 2022.

- Develop in-going recommendations for UAGC programs for possible disestablishment, revision, and/or realignment versus maintenance
- Appoint the PRAC commission, likely with input from DoE, ABOR, WSCUC, faculty and administration, and other stakeholders
- Execute the PRAC process, which would culminate in an “up or down” vote by ABOR on commission recommendations

Operational & organizational:

- ▶ **Set up expanded Arizona Online service center:** UArizona and UAGC would need to develop and action detailed implementation plans for the consolidation of marketing and recruitment, enrollment management, instructional design, student success, and other administrative functions within the Arizona Online service center to expand its capabilities
 - As a part of realigning and enhancing student success, UArizona has an opportunity to identify new student support strategies for demonstrably improving the outcomes of its online students, as well as an implementation roadmap for these initiatives and investments
- ▶ **Transition key UAGC structures to “Academic Unit X”:** UArizona and UAGC would need to develop and action detailed implementation plans for the realignment of UAGC’s programs, instructional personnel, student registration personnel, and financial aid personnel to “Academic Unit X.” On the instructional side, this would include evaluating and appointing career-track faculty and implementing academic advising structures for “Academic Unit X”
- ▶ **Action near-term IT solution consolidation opportunities:** Collaboratively, UArizona and UAGC IT leadership could further assess the near-term IT solution consolidation opportunities identified in this assessment (see Appendix C Exhibit A) and execute feasible and economical integration opportunities
 - Among other potential IT consolidation opportunities, CRM consolidation could likely be considered in conjunction with the build out of the Arizona Online service center

Longer-term considerations (post-merger)

- ▶ **Evaluate the term structure of “Academic Unit X”:** Post-integration, UArizona may consider shifting “Academic Unit X” from a non-term structure to a non-traditional term-based model to realize additional operational efficiencies. A non-traditional term-based structure such as semester non-traditional could enable “Academic Unit X” to maintain its competitive differentiation (e.g., higher number of starts)
- ▶ **Tuition and fees:** Post-integration, UArizona may reconsider tuition and fees for all online programs (i.e., those based in the colleges and those in “Academic Unit X”) to simplify rates, recognize new cost structures, and maintain competitiveness
- ▶ **Admissions standards:** Post-integration, UArizona may reconsider “baseline” or “floor” admissions standards for all online programs (i.e., those based in the colleges and those in “Academic Unit X”), particularly as it continuously evaluates KPIs around student outcomes
- ▶ **Major IT integrations:** Post-integration, UArizona has an opportunity to revisit major IT systems and move to implement the same solutions across all of UArizona (including “Academic Unit X”). Specifically:
 - **ERP:** Once “Academic Unit X” is operational on UArizona’s OPEID and UArizona selects a new ERP system, it would likely be beneficial for “Academic Unit X” to migrate to UArizona’s ERP system
 - **LMS:** LMS consolidation between “Academic Unit X” and the rest of UArizona could be considered on a longer-term basis, likely in parallel with UArizona’s next LMS RFP
 - **SIS:** SIS consolidation between “Academic Unit X” and the rest of UArizona could be considered on a longer-term basis, likely in parallel with a transition to a non-standard term-based model for “Academic Unit X”

Conclusion

Overall, the findings of this report suggest a favorable path forward for online education at UArizona, as well as the potential for online education to support both UArizona's mission and financial position. To date, UArizona has made significant strides through both Arizona Online and UAGC in transcending the boundaries of geography and circumstance to embrace learners from all walks of life. With this foundation firmly in place, UArizona stands at the threshold of an exciting opportunity to redefine its approach to online in a manner that cultivates even greater reach, student success, and financial stability.

The recommendations of this report envision a future for online at UArizona in which there is:

- ▶ A single market-facing online brand, providing more clarity to prospective students and reducing market confusion
- ▶ Two potential pathways for students based on what and how they seek to learn online: one powered by an academic unit formerly known as UAGC, and one supported by UArizona's colleges and their online offerings
- ▶ An enhanced online service center that brings the best of UAGC and Arizona Online together to support all online programs at UArizona across the student lifecycle
- ▶ A central and heavy emphasis on improving the outcomes of all online students at UArizona

As UArizona considers executing the recommendations in this report, it begins a journey of transformation to elevate its online enterprise and solidify itself as a beacon of innovation, accessibility, and quality in the online higher education landscape. And in transforming itself, UArizona can amplify its ability to transform the lives of its students.

Appendix

Appendix A: Current state diagnostic exhibits

Exhibit A: Awareness and reputation of UArizona's online brands^{29,30}

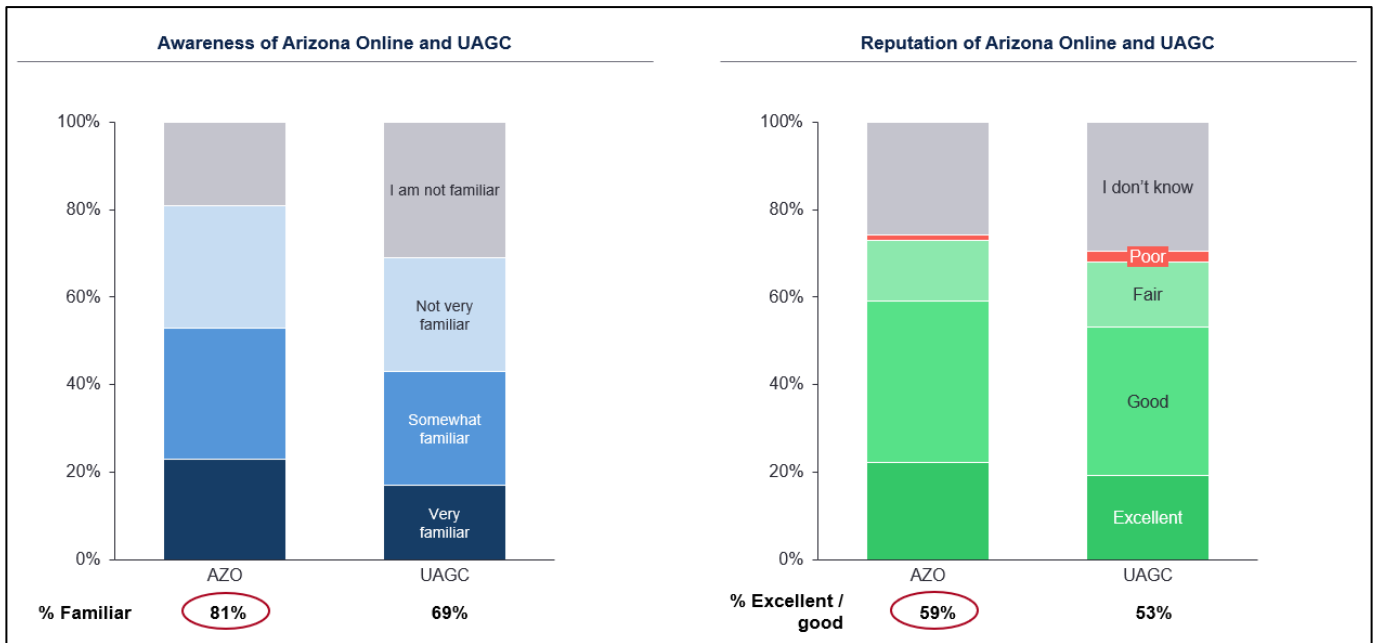
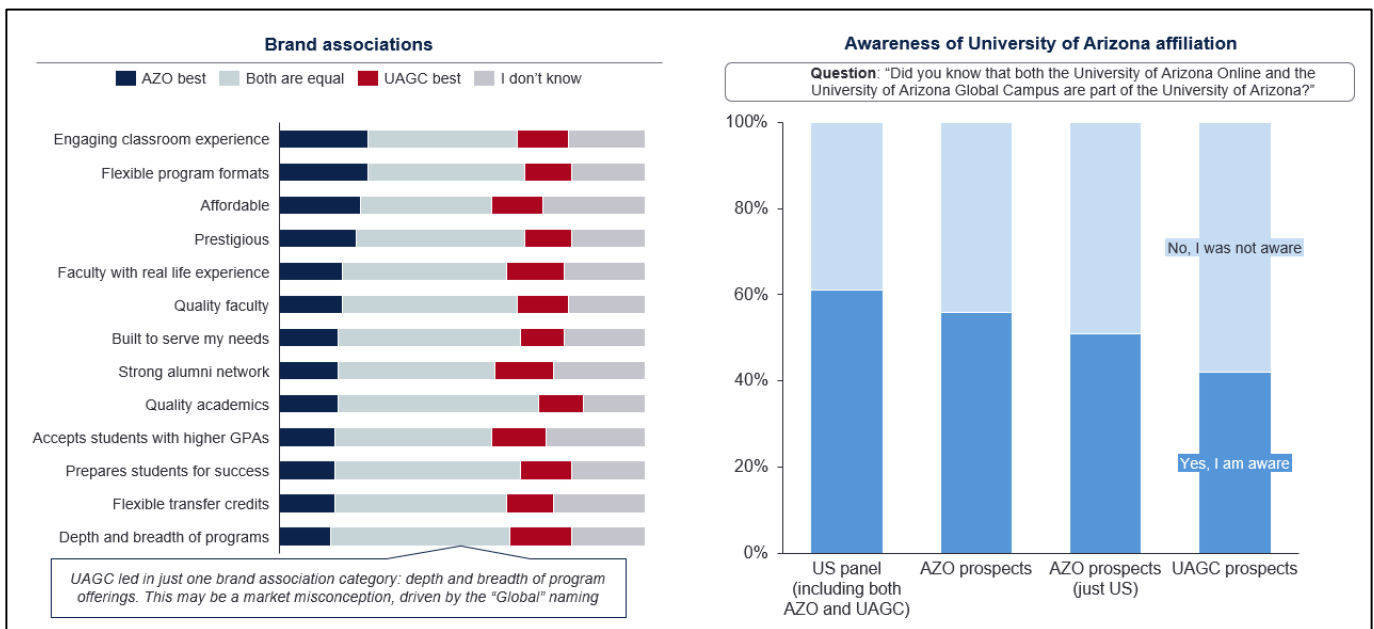


Exhibit B: Brand associations of Arizona Online and UAGC^{29,30}



²⁹ Source: Brand Research Report by BeeHive Research (commissioned by UAGC)

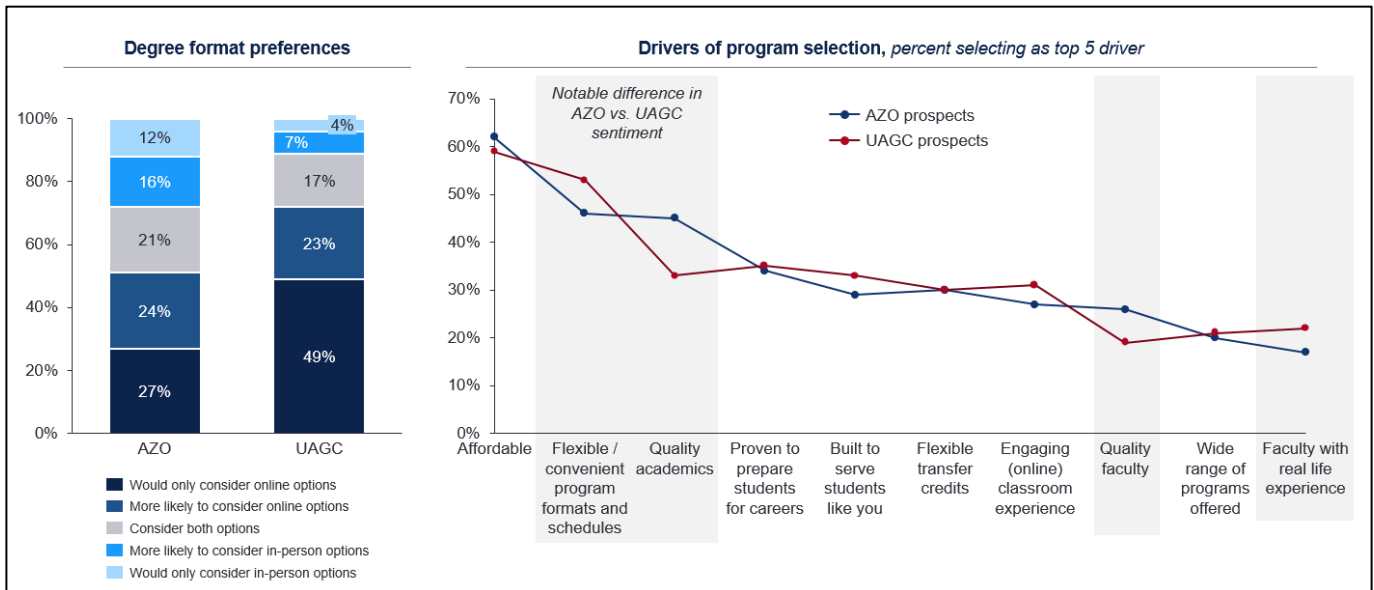
³⁰ BeeHive Research surveyed 800 US-based respondents considering an online degree, including 324 AZO prospective students and 143 UAGC prospective students

Exhibit C: Arizona Online and UAGC student demographics³¹

		Arizona Online	UAGC
12-month enrollment (2022) <i>IPEDES-reported for comparability</i>		12.2k	58.3k
12-month SCHs (FY23)		161k	567k
Student demographics <small>Overall student body</small>	Age	31	35
	Percent UG (new enrollees)	71%	73%
	Percent female	56%	65%
	Percent in West	68%	44%
	Percent BIPOC	47%	58%
	Percent first-gen	36%	37%
	Percent Pell recipient	18%	30%
	Percent work full-time	70%	75%
	Entering TR GPA	2.99	2.51

On a comparable 12-month enrollment basis, UAGC remains ~4.5x the size of AZO despite enrollment declines

Exhibit D: Arizona Online and UAGC student psychographics^{32,33}



³¹ Source: Internal student demographics data; IPEDS

³² Source: Brand Research Report by BeeHive Research (commissioned by UAGC)

³³ BeeHive Research surveyed 800 US-based respondents considering an online degree, including 324 AZO prospective students and 143 UAGC prospective students

Exhibit E: Arizona Online and UAGC program overlap assessment^{34,35}

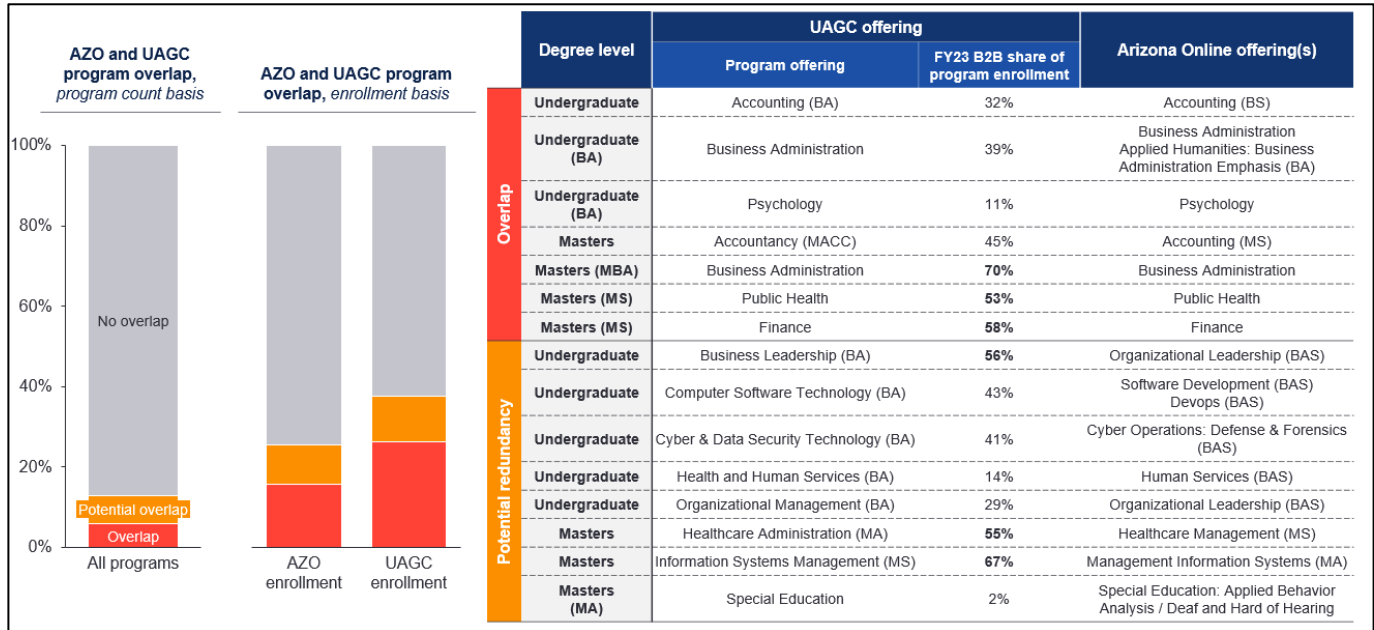
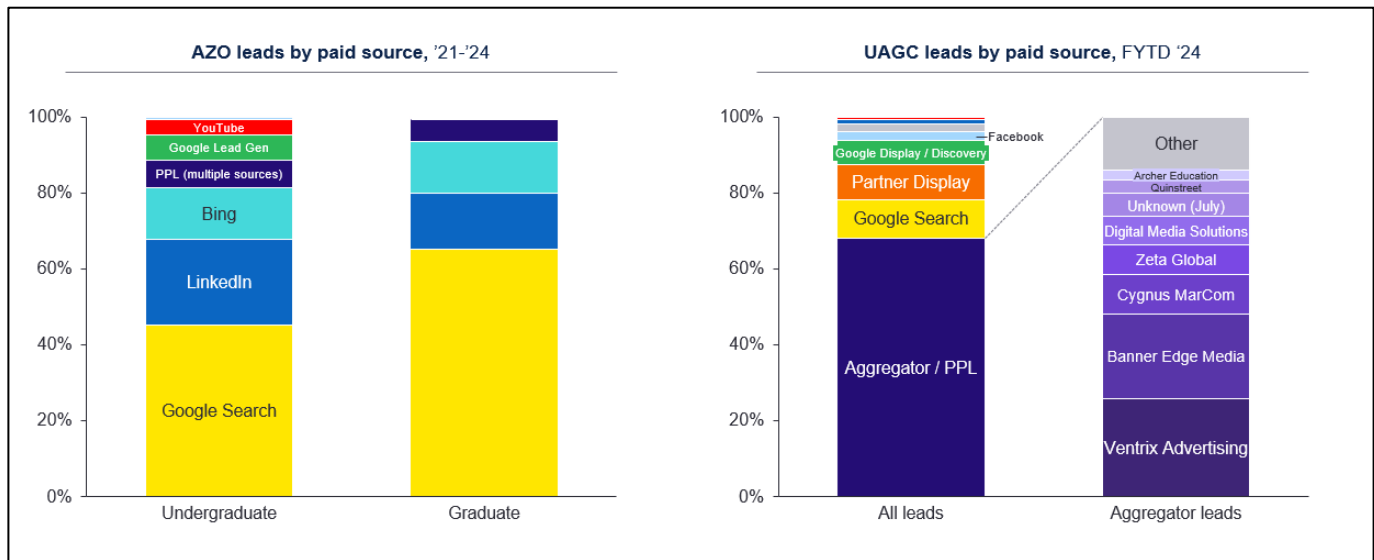


Exhibit F: Arizona Online and UAGC leads by paid source^{36,37}



³⁴ Source: Internal enrollment data and University of Arizona websites

³⁵ AZO enrollment uses Fall 2023 enrollment census for AIB, and the provided data did not include enrollment for the MS in Finance. UAGC enrollment uses 2023 full-year unduplicated enrollment census

³⁶ Source: Internal marketing data

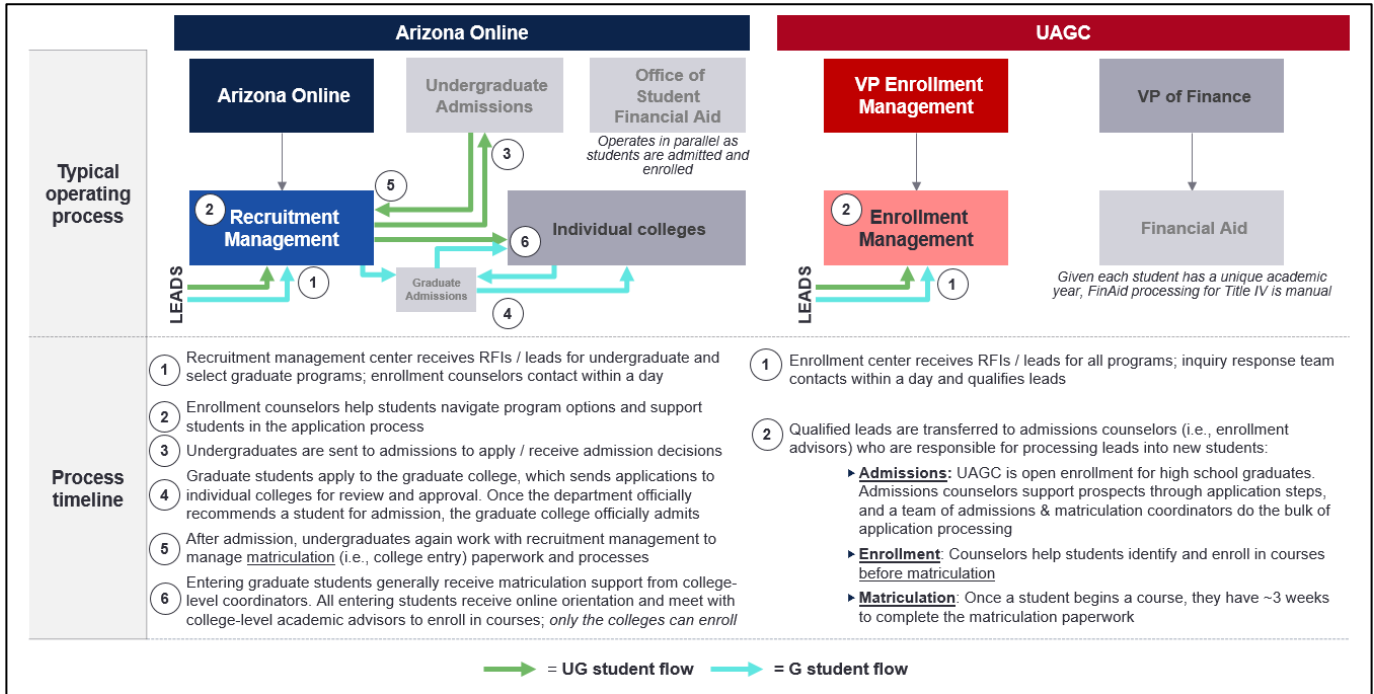
³⁷ For UAGC, Google Search includes an estimated ~4% of leads through Bing, representing < 0.5% of all leads

Exhibit G: Arizona Online and UAGC marketing efficiency by lead source^{38,39}

Arizona Online				UAGC					
	Lead source (top 5 by volume)	Lead to start conversion (enroll / leads)	Cost per lead	Cost per enrollment		Lead source (top 5 by volume)	Lead to start conversion (enroll / leads)	Cost per lead	Cost per enrollment
Undergraduate	Total (top 5 average)		\$114	\$7,072	All leads	Total (top 5 average)		\$76	\$11,521
	Google	2.7%	\$162	\$5,978		Aggregators / PPL	0.4%	\$49	\$13,630
	LinkedIn	0.2%	\$71	\$31,759		Google Search	3.3%	\$247	\$7,551
	Bing	1.4%	\$81	\$5,693		Partner Display	0.5%	\$60	\$12,961
	Google Lead Gen	0.2%	\$18	\$10,017		Google Discovery / Display	<0.1%	\$79	\$204,483
Youtube	<0.1%	\$80	\$175,200	Facebook		0.5%	\$171	\$34,430	
Graduate	Total (top 3 average)		\$136	\$10,427		Aggregators / PPL detail			
	Google	1.6%	\$162	\$10,253		Ventrix Advertising	0.2%	\$32	\$16,193
	LinkedIn	0.2%	\$71	\$33,772		Banner Edge Media	0.4%	\$47	\$12,321
	Bing	1.2%	\$81	\$6,947		Cygnus MarCom	0.5%	\$60	\$11,403
				Zeta Global	0.2%	\$47	\$21,917		
				Digital Media Solutions	0.2%	\$22	\$21,550		
				Quinstreet	0.2%	\$45	\$20,978		
				Archer Education	0.1%	\$35	\$30,095		
				Other / Unknown (July)	0.5%	\$68	\$13,788		

UAGC may be over-exposed to paid leads from aggregators / PPL sources given low conversion rates

Exhibit H: Arizona Online and UAGC enrollment management processes^{40,41}



³⁸ Source: Internal marketing and enrollment data

³⁹ For AZO, cost data was not available for PPL sources and is excluded given the small relative share. Across metrics, enrollees are based on matriculating students, exclusive of melt during the 3-week trial period

⁴⁰ Source: Internal HR data; leadership interviews

⁴¹ For AZO, select colleges opt out of using the recruitment management team for graduate students and receive RFIs/leads directly. Select colleges (e.g., Eller, CAST) retain supplementary student services personnel to augment EM support

Exhibit I: Arizona Online and UAGC student acquisition metrics^{42,43}

Arizona Online	UAGC	Description
Enrollment management metrics		
~1,035 leads / year	~2,125 leads / year	Enrollment / admissions counselor lead caseload
~2-5 minutes* *within working hours; ~1-15 hours during closed hours	~2 minutes* *within working hours; ~5 hours during closed hours	Inquiry response time
Admissions and financial aid metrics		
University-aligned	Open enrollment / admissions	Admissions standards
~2,500-2,700 apps / year Undergraduate	~179 apps / year Admissions counselors	~520-1,560 apps / year Admis. & matric. coordinators
~2-3 days Undergraduate	~3-98 days Graduate	<24 hours
~7-10 days Students request / submit transcripts; transcript evaluation is completed as part of admissions process	~2 days UAGC requests transcripts on behalf of students; students have until first payment period to have transcripts evaluated	Transcript evaluation turnaround time
~2,100 cases processed / year	~1,800 cases processed / year	Financial aid evaluator caseload
1-4 weeks (season dependent) 1.5 business days for inquiry response	1-2 weeks 1.4 weeks for atypical cases or peak season	Financial aid processing / packaging turnaround time

Exhibit J: Arizona Online and UAGC course delivery and technology^{44,45}

		Arizona Online	UAGC
Student experience	Class style	Master instructor model <i>(e.g., emphasis in delivery is on instructor)</i>	Facilitated learning model <i>(e.g., emphasis in delivery is on pre-created material)</i>
	Typical class size	~25-40 <i>(Arizona Online has ~15 sections with >100 enrollments)</i>	~15-30 <i>(UAGC has no sections with >100 enrollments)</i>
	Course delivery	Asynchronous <i>(with synchronous delivery in some courses)</i>	Asynchronous <i>(with a few synchronous components in every course)</i>
Student-facing technology stack	LMS	Brightspace (D2L)	Canvas
	Video	Zoom	Zoom
	Collaboration	O365 / Google Workspace	Google Workspace
	Assessment system	Gradescope, Turnitin	WayPoint
	Student engagement	Watermark	Signalz <i>(Communication platform)</i>
	Other	Panopto, PlayPosit, VoiceThread, TopHat, H5P, Digitcation <i>(video and content creation)</i>	Constellation, Cengage, McGraw Hill Connect, Pearson <i>(e-text reader which hosts course materials, online course platforms)</i>



⁴² Source: Internal enrollment management data; leadership interviews

⁴³ On UArizona financial aid processing: July – September and January – March are peak seasons with the opening of fall and spring semester. On average during non-peak season, financial aid reports 1-2 weeks for document processing/manual aid awarding/review. During peak season, financial aid reports 3-4 weeks for document processing/manual aid awarding/review. On Arizona Online graduate admissions decision turnaround time: Graduate decision turnaround times vary by college. On average, it takes ~56 days from application receipt for departments to recommend a student for program admission and an additional ~2 days for the graduate college to officially admit

⁴⁴ Source: Internal IT data; leadership interviews

⁴⁵ As an example, CAST programs are highly synchronous within Arizona Online

Exhibit K: Arizona Online and UAGC instructor profile^{46,47}

	Arizona Online	UAGC
Instructor profile	<ul style="list-style-type: none"> ▶ Faculty are hired, reviewed, promoted, and supported by one of the colleges; they often teach in-person and online <div style="margin-left: 20px;"> <ul style="list-style-type: none"> ■ Career Track ■ Non-tenure track ■ Staff ■ Tenure Track ■ Grad students ■ Continuing track </div> <p>Instructors </p>	<ul style="list-style-type: none"> ▶ "Associates" (i.e., adjuncts: practitioners with Master's+) deliver most UAGC courses ▶ A small set of full-time faculty members develop courses and provide academic supervision <p>Instructors  2,220</p>
Compensation	<ul style="list-style-type: none"> ▶ UA faculty typically take on Arizona Online courses on top of main campus workloads; course loads and compensation are determined by individual colleges ▶ For this reason, compensation metrics attributable to Arizona Online only are not tracked 	<p>Faculty</p> <ul style="list-style-type: none"> ▶ Min. faculty salary: ~\$75k ▶ Avg. faculty salary: ~\$96k ▶ Max. faculty salary: ~\$191k <p>Adjunct faculty</p> <ul style="list-style-type: none"> ▶ Base of \$19.25/hr for UG vs. \$24-25/hr for Graduate courses ▶ An additional \$1.50/hr provided for holding a doctorate from a regionally-accredited institution; additional \$1/hr bumps provided for meeting set cumulative teaching hour levels
Commentary	<p><i>"Most responsibilities for the Arizona Online programs are at the college faculty level...how the instructors are compensated and how it fits into their workload is also determined at the individual academic unit"</i></p> <p>- Arizona Online Leader</p>	<p><i>"We have ~120 full time faculty. They oversee all curriculum development. Associates serve as adjuncts and drive course delivery: ~90% of courses are taught by adjuncts. Faculty teach the rest and have varying course loads, but are expected to spend most of their time teaching"</i></p> <p>- UAGC Leader</p>

⁴⁶ Source: University of Arizona websites; internal compensation data; leadership interviews

⁴⁷ On average, UAGC expects associate faculty will teach between 8-11 courses per academic year at maximum and maintain less than 20 instructional hours per week over 20 weeks total per faculty member, which is the weekly hourly threshold used to manage associate faculty capacity. Courses typically involve one prep week and six instructional / grading weeks, with hours per week varying based on enrollment

Appendix B: Recommendations exhibits

Exhibit A: Market / student view of future-state UArizona online ecosystem⁴⁸

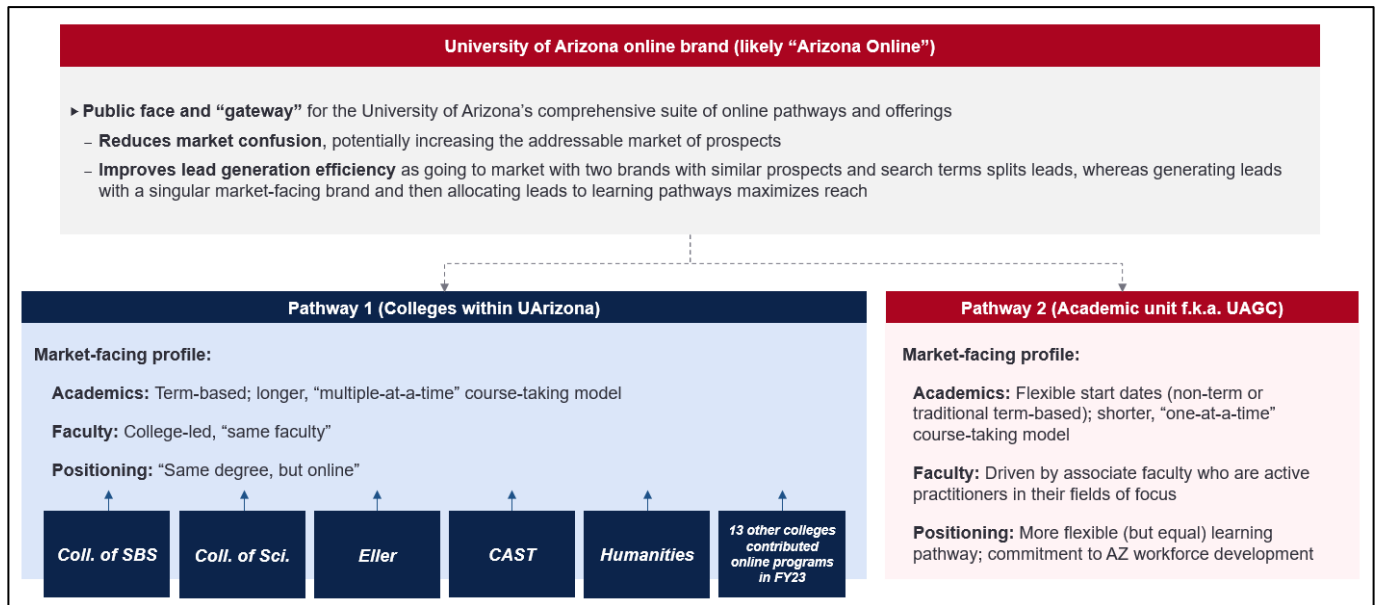
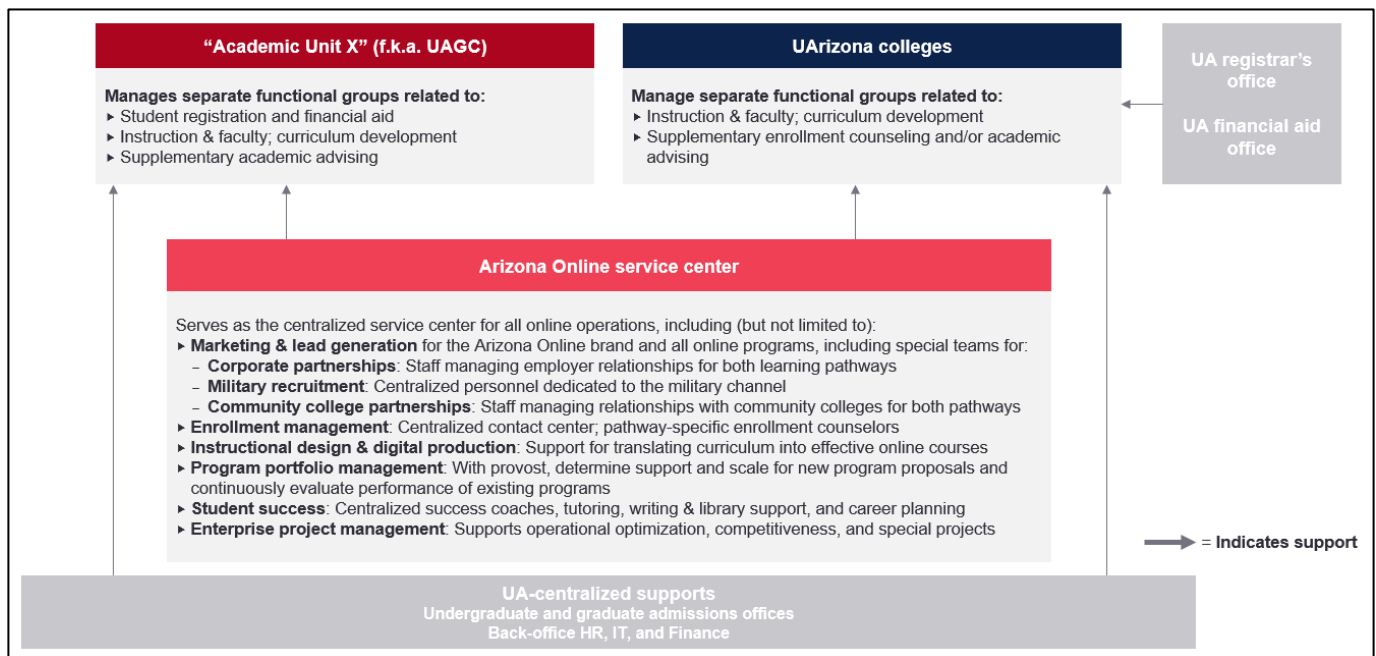


Exhibit B: Internal view of future-state UArizona online ecosystem⁴⁸



⁴⁸ Source: Leadership interviews; analysis of internal processes and organizational structures

Exhibit C: Organizational structure for future-state UArizona online ecosystem⁴⁹

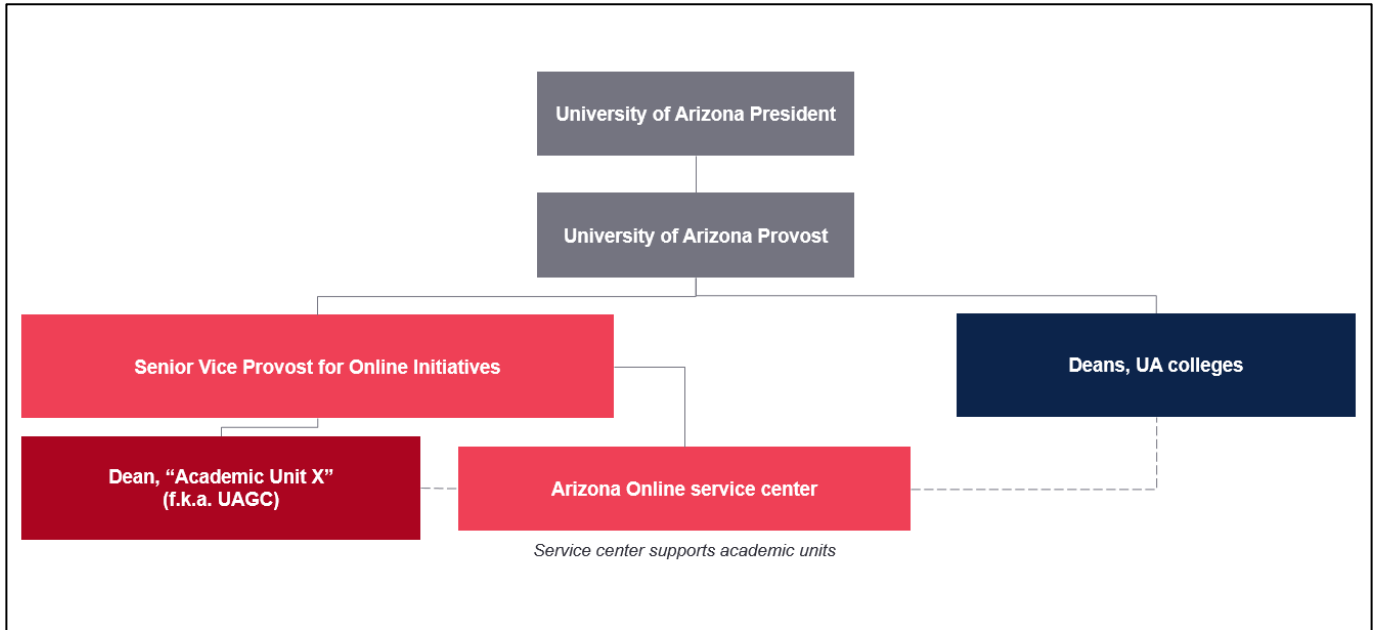
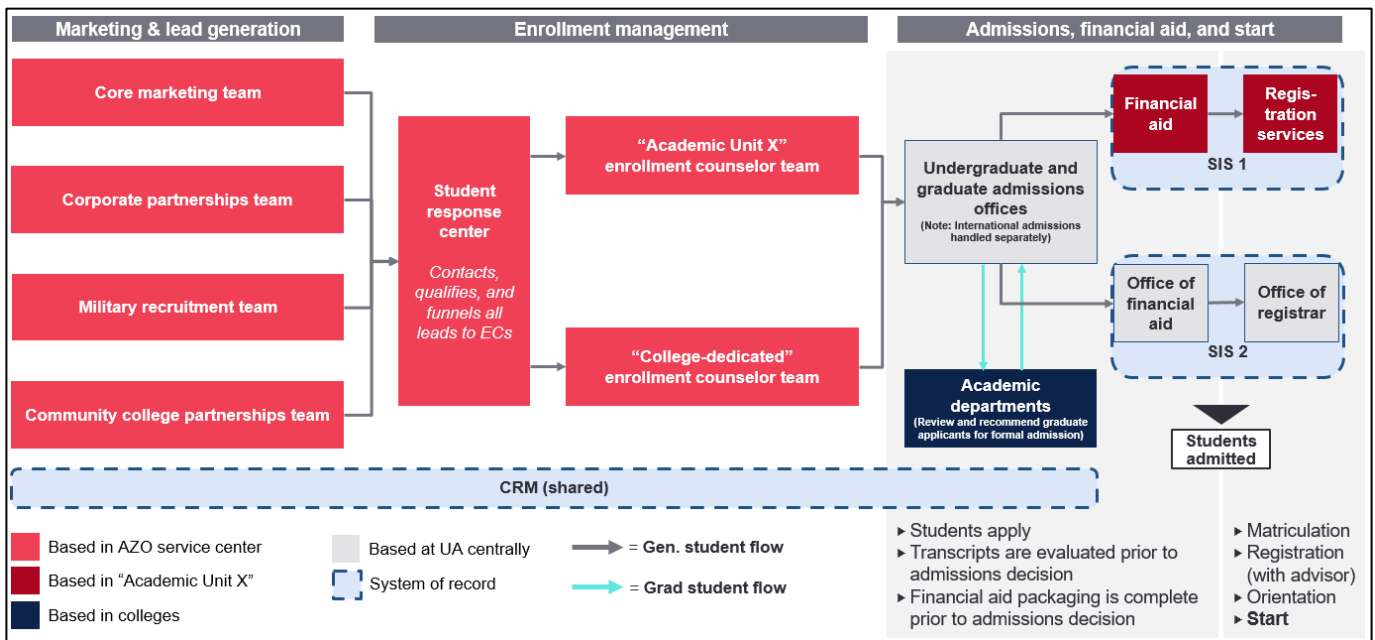
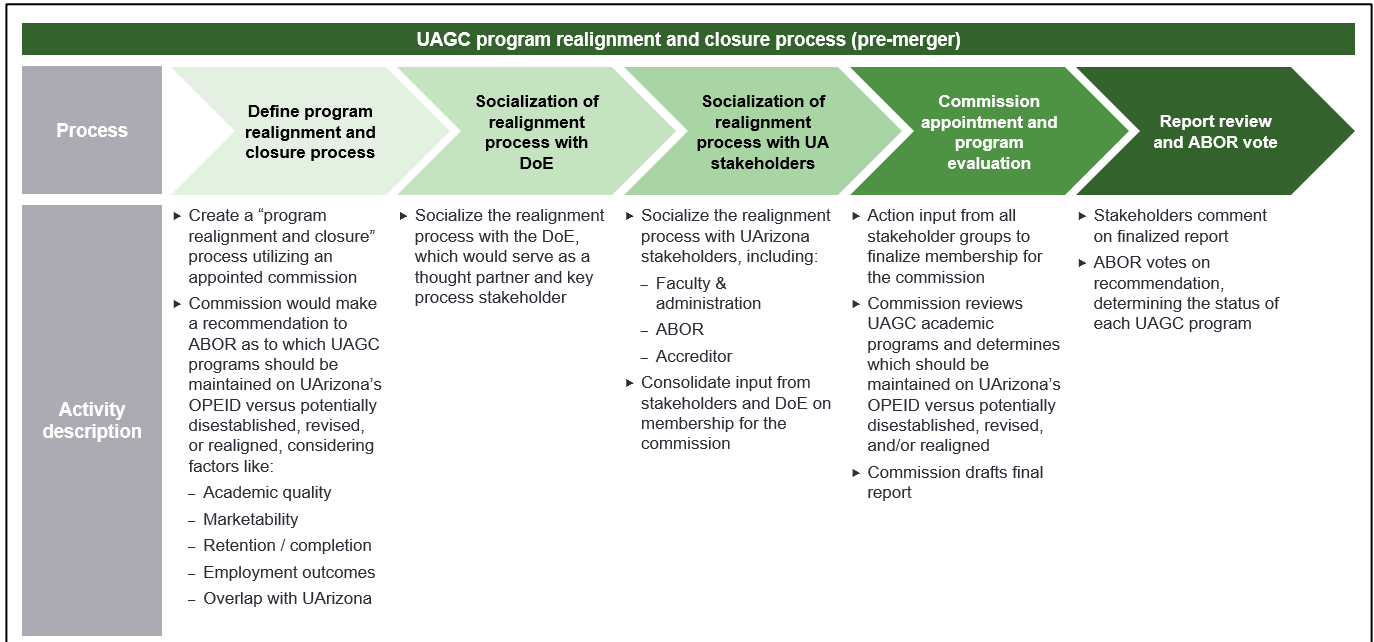


Exhibit D: Online student enrollment funnel in future-state UArizona online ecosystem⁴⁹



⁴⁹ Source: Leadership interviews; analysis of internal processes and organizational structures

Exhibit E: Potential program realignment and closure (PRAC) process⁵⁰



⁵⁰ Source: Leadership interviews; analysis of DOE and ABOR policies

Appendix C: Cost savings exhibits

Exhibit A: Overview of IT solutions⁵¹

Solution category	Solution type	UArizona	UAGC	Status	UAGC contract expiry	Comments
Immediate consolidation opportunities						
Administrative	HCM (incl. payroll)	Oracle PeopleSoft	Oracle PeopleSoft + Workday	Same vendor & instance	n/a - already on UA	UAGC still maintains a separate instance and contract for Workday
Administrative	eSignatures	Adobe Sign	Adobe Sign	Same vendor	9/26/24	Separate contracts / instances
Administrative	Travel	Concur	Concur	Same vendor	6/30/24	Separate contracts / instances
Administrative	Security analysis	Splunk	Splunk	Same vendor	3/31/25	Separate contracts / instances
Student acquis. and exp.	Email marketing	Salesforce	Salesforce	Same vendor	2/14/27	Separate contracts / instances
Student acquis. and exp.	Marketing project management	Salesforce Workfront	Salesforce Workfront	Same vendor		Separate contracts / instances
Student acquis. and exp.	Student scholarships	Scholarship Universe	Scholarship Universe	Same vendor	7/31/24	Separate contracts / instances
Student acquis. and exp.	Career services	Handshake	Handshake	Same vendor	12/31/24	Separate contracts / instances
Student acquis. and exp.	Student conduct	Symplify Advocate	Symplify Advocate	Same vendor	3/31/25	Separate contracts / instances
Student acquis. and exp.	Plagiarism	Turnitin	Turnitin	Same vendor	10/31/24	Separate contracts / instances
Student acquis. and exp.	Survey	Qualtrics	Qualtrics	Same vendor	8/31/24	Separate contracts / instances
Other	Employee email	Microsoft Outlook	Microsoft Outlook	Same vendor	11/30/24	Separate contracts / instances
Other	Productivity	Office 365	Office 365	Same vendor		Separate contracts / instances
Other	Telephony / Virtual meetings	Zoom	Zoom	Same vendor	7/17/24	Separate contracts / instances
Other	PDF reader	Acrobat Pro	Acrobat Pro	Same vendor	12/31/24	Separate contracts / instances
Near-term consolidation opportunities						
Administrative	CRM	Slate (primary), Salesforce	Salesforce	Mixed	2/14/27	Systems differ for student acquisition functions
Student acquis. and exp.	Contact center	Amazon Connect	Five9	Separate	3/26/26	Would support centralized student response center
Student acquis. and exp.	Video streaming	Panopto	Kaltura	Separate	6/30/24	Could use same solution
Student acquis. and exp.	Assessment	Gradescope	Waypoint	Separate	n/a - homegrown	Could use same solution
Other	Website hosting	Pantheon	Acquia	Separate	8/29/24	Would support co-marketing strategy
Long-term consolidation opportunities						
Administrative	Financial	Kuali	Great Plains	Separate	1/25/25	Migrate to UArizona long-term solution
Student acquis. and exp.	SIS	Oracle	Anthology	Separate	12/31/2024	Facilitated if UAGC programs transition to non-traditional term
Student acquis. and exp.	LMS	D2L	Canvas	Separate	12/31/2024	Migrate to UArizona long-term solution
Student acquis. and exp.	Social media management	Sprout	Sprinklr	Separate	12/31/26	Would support co-marketing strategy
Student acquis. and exp.	Transfer credit evaluation	Oracle	CollegeSource	Separate	4/30/24	Different evaluation processes for transfers
Student acquis. and exp.	Student success & engagement	Watermark	Signalz	Separate	n/a - homegrown	Would support student outcomes management
Other	Student email	Gmail	Microsoft Outlook	Separate		Could be consolidated, preference driven
Other	Student ID and access management	Homegrown	OKTA	Separate	1/30/2025	Access management may be consolidated
Solutions likely to remain separate						
Student acquis. and exp.	Financial aid management	Hyland OnBase	Regents (soon Anthology)	Separate		Facilitated if UAGC programs change to term-based model
Student acquis. and exp.	eTextbook platform	Vital Source	Constellation	Separate		UAGC's textbook platform is homegrown

Outside of PeopleSoft, software solutions using the same vendor are not integrated today (i.e., on separate instances) and are contracted separately with the vendor

⁵¹ Source: IT leadership interviews and contracts

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