

Prepared Opening Statement:

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To the chair, my name is Forrest Nabors and I am associate professor and chair of the Department of Political Science. I also serve as chair of the Committee on Governance and Funding Reform of the UAA Faculty Senate, a committee dedicated to studying reform of our university system.

I am here today to request the intervention of the legislature in restructuring the University of Alaska system. The structure of our system has been obsolete for a long time, is not performing well, and cannot fix itself.

But the system is funded by the public treasury and belongs to the people of Alaska. You are their duly elected senators, and the Alaska legislature has the constitutional authority to change our system. Our system needs to be decentralized, or in other words, our three universities ought to have more autonomy for the improvement of higher education in Alaska and for the improvement of the financial performance of our higher education establishments.

The Alaska constitution in Article VII, Sections 2 and 3 assigns governance responsibilities to the Board of Regents and executive responsibilities to the President. The constitution was ratified when the University of Alaska was a university by the accepted definition and had fewer than 1,000 students on one main campus in Fairbanks. Governance by one board and administration by one president are perfectly reasonable for an institution of that size. But the university grew into a university system with three separately accredited universities, more than a dozen locations, and over 25,000 students, covering a landmass approximating the size of Mexico. Our universities now serve distinct communities and constituencies.

The structure of governance and administration has not kept up with the facts on the ground. Other systems in other states with similar histories of growth have decentralized governance and administration, giving more autonomy or outright independence to their constituent institutions, even those states with similar provisions like ours in their constitutions. Those states recognized, as we encourage you to recognize, that no matter how well-meaning or talented our Regents and President may be, the university system has grown beyond their ability to govern and administer the whole of it directly.

Now our Regents and President are considering the consolidation of the whole system into the so-called "New UA," to re-create the University of Alaska as a single, accredited university and to end the existence of UAF, UAA, and UAS as separately accredited universities. The control of the Regents and the President over the constituent parts of the university system would be increased.

This is moving in the opposite direction that reform should go. The administrative bureaucracy should adapt to the growth and maturity of our constituent institutions; growth should not be undone to adapt to an obsolete administrative bureaucracy.

It is said that we, the faculty, are afraid of change. But it is the bureaucracy that is afraid of change, not us. They are trying to take us back to the 1970s before the universities were separately accredited. We want change; we want our system of governance and administration to adapt to reality - that we are three comprehensive, accredited universities that have matured and grown, and that deserve more autonomy.

It is also said that the university system will be more financially efficient as a result of consolidating the whole system. But the financial performance of the university system under this structure of governance and administration has produced poor results.

Despite years of oil wealth and a rising stock market, our endowment is around \$200M, less than one fourth of the system's annual budget, and one fifth of our \$1B deferred maintenance bill for buildings in need of repair. In other words, posterity was left with a small endowment and a massive bill.

Also, the university system depends to a higher degree on state appropriations than almost every public system of higher education in America. We have compared the costs of our statewide office to others and have not found a single central office in America that employs and spends more on a per student basis than ours.

Given this performance, I ask you: Is it believable that the "New UA" under the unchanged structure of governance and administration will deliver the promised financial efficiencies?

The disagreement between advocates of consolidation and decentralization turns on one fundamental question: Who can make more informed decisions about programs, services, costs and new revenue opportunities? Bureaucrats removed from the delivery of higher education? Or the leaders of our three universities who know their communities and constituencies best?

The premise of our American system of government in this country is that whenever possible, decisions should be driven down as far as possible to the local level, where decisions are better informed. We reject central planning in principle for this reason. If you move responsibility and authority from the center to the universities, you will see improved management and you will see costs and revenues come into balance. Education and research will improve.

The high dependency of the university system on state appropriations currently is the price that the public treasury is paying for the inefficiencies of central planning. The proposed "New UA" follows the fallacious logic of central planning.

One argument advanced by the statewide office is that the "New UA" will eliminate duplicate programs, as if the state only needs one program of each type. On the contrary, if external funding for research and tuition dollars can profitably support many programs of one type, and none of another type, the three universities should each offer the one and none of the other. The three universities should offer what their respective communities demand.

By allowing the universities to decide how to serve the needs of their respective communities, our system will serve the state of Alaska best. That is strategic. Central planners are not omniscient. Their perception of what the state needs from all the parts of the university system is more fallible than the collective perceptions of those who directly administer each university.

Another argument for the "New UA" is that it will end unhealthy competition among the universities. This is a classic case of bureaucrats promising to fix what they have broken. The centrally planned system is the cause of unhealthy competition that has existed for years. They and not the senior administrators of our universities have the power to decide which programs shall live or die on our campuses. When the president publicly and repeatedly announces that he intends to eliminate duplicate programs on our universities, faculty and staff associated with those programs in each university of course wonder which of them will be left and which will be cut.

If the universities have more freedom to administer their own affairs, they will shape themselves in response to the unique demands of their communities. Their differences will complement each other. Competition will become healthy. On their own, they will each double down on their unique strengths to secure new revenues, and abandon programs that do not play to their strengths.

By decentralizing the system, the expensive statewide office may be cut. But the cost of that office to the whole system is more than what we can measure by their annual, direct expenditures, which have amounted to more than \$50M per year.

My colleagues and I who have been studying reform of the UA system have spoken at length to current and former administrators of UAA. We have learned from them that the statewide office adds little value and in fact, their unnecessary and frequent interventions in the administration of UAA costs an inordinate amount of their valuable management time and interferes with good decision-making. The heavy hand of statewide constrains and therefore wastes the talents of the administrators of our universities. In addition, the statewide office charges the universities tens of millions of dollars for services that they impose on the universities. In sum, if the statewide office and its budget were eliminated completely, the universities and the system overall would gain.

There is a reason why you and the public have not heard this perspective directly from the chancellors or administrators of our three universities. Statewide officials order them to keep their candid views to themselves. We have seen orders of this kind in writing,

and we have also seen reminders, accompanying those orders, that they may be fired at-will if they do not keep silent.

That is why faculty, students, staff and alumni have been anxious to be heard, and why we appreciate this hearing now. We know that the senior administrators of UAA, whom we support, cannot speak freely, so we must speak for them.

Hence, our state government and our Board of Regents have not been fully informed. To partly rectify this, I encourage legislative committees that address higher education to compel formal testimony of the senior administrators from our three universities, which will protect them from employment risk. Then I suggest that you ask them pointed questions about the performance of the current structure of UA governance and administration. Don't take our word for it; ask them in a formal hearing like this.

It has been said that the views of the UAA faculty represent only one viewpoint among many. That is not true. At UAA an overwhelming majority of surveyed faculty and staff oppose the "New UA" and favor greater autonomy. Increasingly and publicly, students, alumni and our community are adopting our position. Many of us favor independence from UA. We fully support our university's administration. Recently, the UAA Faculty Senate passed a resolution affirming our confidence in Chancellor Cathy Sandeen. We are united.

Decentralization is not a new concept. The idea was invoked by Clark Kerr, the famous president of the University of California system, who led the reform that I am proposing today. Their state constitution, like ours, assigned the same authority to a Board of Regents and President in 1879, when the University of California, like the University of Alaska in 1956, was one campus with a few students. By the 1950s and 1960s the system had grown and the constituent universities clamored for greater autonomy. Their Board of Regents, at Clark Kerr's urging, gave it to them.

Their Board enacted policies that divided and decentralized authority between themselves and the universities. Today the chancellors of their universities have final authority on most crucial matters. Their Board retains control over general policy and government compliance. Their universities have their own endowments, managed by their own foundations with their own boards of trustees. Those boards also were permitted governance responsibilities over their respective universities. As a result, UCLA, UC Berkely, UC Davis, UC San Diego and others thrived.

Unfortunately, the Board of Regents of the University of Alaska is not inclined to do what the California Regents did. Therefore, we look to your constitutional authority to decentralize our system.

Many of us believe that the best path forward would be to break UAF, UAA and UAS out of the UA system for the good of all three. Sentiment for the independence of UAA as Alaska State University is strong and growing.

The main obstacle to accomplishing this is the question whether the constitution permits a public institution of higher education to exist independent of UA. Exhibit A, which is appended to my written statement, shows that the delegates to the constitutional convention divided on this question, and the courts never ruled on it.

While I am in favor of testing the question whether the system can be broken up, I recognize a more prudent, intermediary step.

There is solid constitutional ground, affirmed by the Supreme Court of Alaska, for you to redefine the responsibilities of the Board of Regents by statute.

Article VII, sections 2 & 3 qualify the fiduciary and governance responsibilities of the Board of Regents by the phrases "according to law" and "in accordance with law." You are the authors of the law. You, by statute, can regulate those responsibilities. You can give us our own board of trustees, final authority over programs and services, our own endowment managed by our own foundation, and limit the responsibilities of the Board of Regents to compliance and general policy. You can make the chancellors of our universities accountable to their boards of trustees only.

Mr. Chairman, let this be done and you will not only save but will also revivify higher education in Alaska for generations to come. This path leads to improved governance, administration, improved financial performance and to better education and research. This will best serve the state of Alaska.

Nabors, Exhibit A

The Constitution of the State of Alaska, Article VII – Health, Education and Welfare

§ 1. Public Education

The legislature shall by general law establish and maintain a system of public schools open to all children of the State, and may provide **for other public educational institutions**.¹ Schools and institutions so established shall be free from sectarian control. No money shall be paid from public funds for the direct benefit of any religious or other private educational institution.

§ 2. State University

The University of Alaska is hereby established as the state university and constituted a body corporate. It shall have title to all real and personal property now or hereafter set aside for or conveyed to it. **Its property shall be administered and disposed of according to law**.²

§ 3. Board of Regents

The University of Alaska shall be governed by a board of regents. The regents shall be appointed by the governor, subject to confirmation by a majority of the members of the legislature in joint session. The board shall, **in accordance with law**,³ formulate policy and appoint the president of the university. He shall be the executive officer of the board.

Notes:

1. Delegates to the state constitutional convention in 1955-6 disagree as to whether the legislature can create a new state university, separate from the University of Alaska. Delegate Dorothy Awes whose committee wrote section 1 explains, "For instance, a state university..." (1531-2), when giving an example of what is meant by "other public educational institutions." But Delegate Victor Rivers, whose committee wrote sections 2 and 3 explains, "...constitutionally the University of Alaska shall be the only state university in Alaska" (p. 2792). The courts have not ruled on the question whether the legislature can create a state university separate from the University of Alaska, although once, they came close in *McAlpine v. University of Alaska* (1988).

2. Hence, the legislature may regulate the administration and disposition of property titled to the University of Alaska. In *McAlpine v. University of Alaska* the Supreme Court of Alaska supported this interpretation in a ruling against a transfer of property from UA, not because it is unconstitutional, but because transfers of property have to take the legislative form of an appropriation. Especially, see p. 90-1.

3. Hence, the authority of the Board of Regents can be adjusted by the legislature.