

SENATE FINANCE COMMITTEE

March 24, 2015

1:36 p.m.

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CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 1:36 p.m.

MEMBERS PRESENT

Senator Anna MacKinnon, Co-Chair
Senator Pete Kelly, Co-Chair
Senator Click Bishop
Senator Mike Dunleavy
Senator Lyman Hoffman
Senator Donny Olson

MEMBERS ABSENT

Senator Peter Micciche, Vice-Chair

ALSO PRESENT

Sheri D. Buretta, Eagle River; John Davies, Fairbanks; Lisa M. Parker, Soldotna.

PRESENT VIA TELECONFERENCE

Andrew Treuber, Kodiak.

SUMMARY

^CONFIRMATION HEARING: UNIVERSITY OF ALASKA BOARD REGENTS

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SHERI D. BURETTA, EAGLE RIVER, shared that she had been the chairman of the board for Chugach Alaska for seventeen years. She attended Anchorage Community College in 1984, before it was the University of Alaska (UA). She had steered many of the efforts toward education, and felt that the efforts had positively affected the shareholders and dependents. She understood that the financial situation was difficult, but she shared that her experience at Chugach

Alaska helped to shape her financial management practice. She shared that the peak revenue was approximately \$1.1 billion in 2009. Since then, the changes in the federal government and the economic situation caused significant downsizing. She shared that she had stabilized the revenue at \$600 million. She shared that there were some difficult and challenging people, because of the significant downsizing. She stated that Chugach Alaska experienced a devastating bankruptcy in 1991, immediately following the Exxon Valdez oil spill. She felt that the corporation was diligent in its conservative approach, and she had significant experience in managing and maintaining its finances.

Senator Olson wondered what changes Ms. Buretta anticipated during her proposed appointment. Ms. Buretta replied that it was critical to create efficiencies in the UA organization, by examining each separate functions. She stated that she hoped to partner with the native corporations and other businesses to invest in the university.

Senator Dunleavy wondered if a three-year degree would help reduce cost. Ms. Buretta replied that there should be an examination of all possibilities.

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Senator Dunleavy shared that he had served as the president of the Matsu Borough School District. During that time, he instituted performance based contracts for the superintendent. Every summer the board would outline the goals of the upcoming year. The board had developed a contract with a salary base, and performance step increases. He wondered if a similar structure would be considered for the university. Ms. Buretta replied that her board had two tools: the budget and management bonus incentive. She felt that performance based incentives produced positive outcomes.

Senator Dunleavy queried three separate focuses during her five-year tenure. Ms. Buretta replied that she wanted to balance the budget; maintain stability, continuity, and delivery of high level education to the students; and examining the history of the university.

Co-Chair MacKinnon advised the committee that that under AS 14.40.150, it outlined the qualifications of the Board of Regents and UA. She stated that board members served for eight years.

Co-Chair MacKinnon remarked that there was a letter from the UAA Faculty and Staff Association. She noted that they would like experience with higher education, as evidenced by a particular level of college graduation. Also, working within a similar university system. She queried the applicant's experience, and how her life related to the university. Ms. Buretta responded that Chugach Alaska Corporation had to pay taxes to the state, and also took advantage of the state credit. The corporation used the strategy of partnerships by utilizing that tax credit. She stated that she had also served as the chair of the Alaska Native Claims Settlement Act (ANCSA) Regional Association, and worked to develop a resolution between the association and the Board of Regents to focus on the Lands Claim Settlement Act incorporation into the university.

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Co-Chair MacKinnon wondered how she would advocate for fund requests during Alaska's current fiscal shortfall, and how that may impact increasing tuition on the students. Ms. Buretta responded that it was critical to outline an approach that examined the entire university system.

Co-Chair MacKinnon looked at the letter dated March 16, 2015 (copy on file). She remarked that the UA staff was concerned with the focus on consensus among stakeholders, rather than administrative mandates. She asked for the strategies to collaborate. Ms. Buretta building consensus was extremely important on boards. She stressed that a decision must be made, and have strong leadership.

Senator Hoffman wondered if Ms. Buretta obtained her BA and MBA from UA. Ms. Buretta replied that she did not have a BA or an MBA.

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JOHN DAVIES, FAIRBANKS, announced his affiliations. He was currently a member of the Fairbanks Borough Assembly, and he was also an employee of the Cold Climate Research Center. He had served in the state legislature from 1992 to 2002. He originally moved to Alaska in 1967 to attend graduate school at the Geophysical Institute at UAF. He had also been a member of the research staff at UAF, and helped to develop the Alaska Volcano Observatory. He was also employed for a short period of time with Department of Natural Resources (DNR) Division of Geological and Geophysical Surveys. He had broad experience in public service in the state. During his time in the legislature he served on the finance committee for six years, and the University of Alaska subcommittee for ten years.

Senator Dunleavy wondered how the budget would be handled in the least negative way. Mr. Davies responded that there would be an examination of efficiency.

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Senator Dunleavy asked if UA should be considered one university or three university. Mr. Davies replied that it was one university system with three separately accredited campuses. He felt that there should be a significant level of collaboration between the campuses to move toward a single entity.

Senator Dunleavy wondered if Mr. Davies was a member of the faculty senate. Mr. Davies replied in the negative.

Senator Dunleavy queried the role of the faculty senate within the policy perspective of UA. Mr. Davies replied that the faculty was obviously a key element of the university. He felt that a university must have a very long outlook, because the programs must remain intact because of expectation.

Senator Dunleavy noted that UA was a totally different university at its founding. He stated that the University of Phoenix was only an education delivery entity. He wondered if UA could enhance its education delivery methods. Mr. Davies responded that there was a lack of bandwidth. He remarked that there were a large number of courses that were delivered to the urban areas, and hoped

that the rural areas would eventually take advantage of the services. He felt that the University of Phoenix identified one particular niche to fill, but UA had a much more complicated mission. He stated that UA was a university and a community college. He remarked that the university was required to deliver courses at a certificate level and degree level. He stressed that UA had an obligation to offer services to Alaskans. He felt that UA did an appropriate job of balancing the economies of scales.

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Senator Dunleavy queried the goals during the board tenure. Mr. Davies replied that there should be a positive outcome after the downsizing of the university. He wanted to achieve progress on the teacher training initiatives. He stressed that there should be quality teachers across the entire state.

Co-Chair MacKinnon remarked that there was often pushback inside Alaska's media each time that a proposed president salary increase was made public. She shared that President Gamble had declined some bonuses, because of some perceived public pressure. She wondered how to determine and justify compensation for the president and chancellors. Mr. Davies responded that the state was currently in a budget crisis, so it was important for everyone to understand that cuts needed to be issued. He shared that the university was in a competitive education environment, so the salaries must draw the best people.

Co-Chair MacKinnon asked how to reach consensus among stakeholders. Mr. Davies echoed Ms. Buretta's comments. He stated that it was important to approach a broad range of stakeholders. He enjoyed working in a collaborative manner as much as possible, but remarked that decisions must be determined.

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ANDREW TREUBER, KODIAK (via teleconference), introduced himself.

Co-Chair MacKinnon queried his qualifications.

Mr. Treuber stated that he was an Alaska Native who had lived in Alaska his entire life and had three children. He had worked with the Alaska Native Tribal Health System, and had the opportunity to travel around the state. He saw that education was one path to enhanced conditions. He stressed that education gave Alaskans broad options.

Co-Chair MacKinnon asked how Mr. Treuber would be an agent for change within the UA system. Mr. Treuber replied that he had experience working with a broad and diverse group of leaders from across the state.

Co-Chair MacKinnon queried the requests that he may advocate for the state. Mr. Treuber replied that he was not in a position to describe any initial requests, but he was optimistic for the potential within the university system.

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LISA M. PARKER, SOLDOTNA, discussed her credentials. She spent her career engaged in public involvement and resource development. She was first elected to public office at the age of 19 to the Anchorage Charter Commission, which wrote the charter unifying the greater Anchorage Area Borough and the City of Anchorage into the Municipality of Anchorage. She had served on the Soldotna City Council, and was engaged with many nonprofits as a board member and raising funds for specific projects, including the Kenai Peninsula Food Bank and the Covenant House in Anchorage.

Senator Bishop queried the perspective on the technical programs on the Kenai campus. Ms. Parker felt that the community colleges were a key component to the university and the communities.

Co-Chair MacKinnon wondered if Ms. Parker had participated in academic research, and how would she work to represent the needs of the current UA faculty. Ms. Parker replied that she had worked engaging in research and collaborating with both UA and Alaska Pacific University. She stated that she had not specifically conducted research in higher education.

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Co-Chair MacKinnon remarked that there were approximately five bullet points on the letter from faculty. One issue was experience working with large groups in the decision making process. The university prided itself in working and collaborating with all members of faculty and students in the decision making processes. She queried Ms. Parker's decision making style, and her stance on tuition increases and salary freezes. Ms. Parker replied that she believed in building consensus within a collaborative process. She stressed that she did not want to isolate individuals. She understood that there were difficult decisions regarding salary while ensuring that the programs remained intact.

Co-Chair MacKinnon queried prioritization of current investments in fiscal uncertainty. Ms. Parker responded that UA would look much different in the near future. She stated that campuses were already working to decrease some programs.

Co-Chair MacKinnon FORWARDED the appointments of Sheri D. Buretta, John Davis, Lisa M. Parker, and Andrew Treuber to a Joint Session for consideration in accordance with AS 39.05.080. This did not reflect an intent by any member to vote for or against the confirmation of the individuals during any further sessions.

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ADJOURNMENT

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The meeting was adjourned at 2:34 p.m.