

**ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE
UNIVERSITY OF ALASKA FINE ARTS BUILDING**

September 20, 2019

9:05 a.m.

MEMBERS PRESENT

Senator Mike Shower, Chair
Senator John Coghill, Vice Chair
Senator Lora Reinbold
Senator Peter Micciche via teleconference
Senator Scott Kawasaki via teleconference

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Geran Tarr

COMMITTEE CALENDAR

PRESENTATIONS: STAKEHOLDER PERSPECTIVES ON THE PROPOSAL TO
CONSOLIDATE THE UNIVERSITY OF ALASKA SYSTEM

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

DR. FORREST NABORS, Associate Professor and Chair
Department of Political Science and Chair
Committee on Governance and Funding Reform
UAA Faculty Senate
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: Discussed restructuring the University of
Alaska System.

ETHAN BERKOWITZ, Mayor

Municipality of Anchorage
Anchorage, Alaska

POSITION STATEMENT: Offered the perspective of the Municipality of Anchorage and how the relationship with the University of Alaska impacts the community.

FELIX RIVERA, Chair
Anchorage Assembly
Municipality of Anchorage
Anchorage, Alaska

POSITION STATEMENT: Offered the perspective of the Anchorage Assembly on the proposal to consolidate the three UA universities into a single accreditation.

MEG ZALETEL, Member
Anchorage Assembly
Municipality of Anchorage
Anchorage, Alaska

POSITION STATEMENT: Offered the perspective of the Anchorage Assembly on the proposal to consolidate the three UA universities into a single accreditation.

DR. MARA KIMMEL, First Lady
Municipality of Anchorage
Anchorage, Alaska

POSITION STATEMENT: Discussed the relevance the University of Alaska Anchorage to the Municipality of Anchorage.

SCOTT DOWNING, Associate Professor of English
UAA (Kenai Peninsula College); President,
UAA Faculty Senate
Soldotna, Alaska

POSITION STATEMENT: Offered the perspective of faculty leadership on the proposal to consolidate the three UA universities into a single accreditation."

ALEX JORGENSEN, Speaker of the Assembly
Union of Students (USUAA)
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: Offered a student perspective of the proposal to consolidate the three UA universities into a single accreditation."

DR. FRANK JEFFRIES, Professor Emeritus of Management
College of Business and Public Policy
University of Alaska Anchorage

Anchorage, Alaska

POSITION STATEMENT: Offered a management risk perspective of the proposal to consolidate the three UA universities into a single accreditation."

LUANN PICCARD, Associate Professor and Chair
Project Management Department
College of Engineering
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: Offered a management risk perspective of the proposal to consolidate the University of Alaska System.

DAVID FITZGERALD, Professor
Information Systems and Decision Sciences
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: Offered a management risk perspective on the consolidation of the University of Alaska System.

DR. MARIA WILLIAMS, Professor
Alaska Native Studies and Music;
President of the UAA Senate; and Chair of Faculty Alliance
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: Offered her perspective on accreditation and student success as it relates to the proposal to consolidate the three UA universities into a single accreditation."

DR. JENNIFER MCFERRAN BROCK, Professor of Mechanical Engineering
UAA College of Engineering
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: Offered her perspective on accreditation and student success as it relates to the proposal to consolidate the three UA universities into a single accreditation."

DR CHAD FARRELL, Professor of Sociology
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: Discussed equity related to the proposal to consolidate the three UA universities into a single accreditation."

RICHARD CLAYTON TROTTER, Professor of Law, Accounting and Finance
University of Alaska Anchorage

Anchorage, Alaska

POSITION STATEMENT: Offered his perspective on equity as it relates to the proposal to centralize the University of Alaska System.

DR. IAN HARTMAN, Associate Professor
UAA Department of History
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: Offered his perspective of spending priorities related to the proposal to consolidate the University of Alaska System.

DR. JOEL POTTER, Assistant Professor of Philosophy
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: Offered his perspective of spending priorities related to the proposal to consolidate the three UA universities into a single accreditation.

DR. MAX KULBERG, Assistant Professor
Pharmaceutical Sciences and the WWAMI School of Medical Education
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: Delivered testimony on alternative models.

DR. PAUL DUNSCOMB, Professor and Chair
Department of History
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: Delivered testimony on alternative models.

LEA BOUTON, M.A.T., President
UAA Alumni Association Board of Directors
University of Alaska Anchorage
Anchorage, Alaska

POSITION STATEMENT: As a UAA alumnus, offered her perspective of the proposal to consolidate the three UA universities into a single accreditation."

MICHAEL LOWE, UAA Alumnus
Anchorage, Alaska

POSITION STATEMENT: Offered his perspective of the proposal to consolidate the three UA universities into a single accreditation."

STACEY LUCASON, UAA Alumnus
Anchorage, Alaska

POSITION STATEMENT: Offered her perspective of the proposal to consolidate the three UA universities into a single accreditation

JONATHAN TAYLOR, UAA Alumnus
Anchorage, Alaska

POSITION STATEMENT: Offered his perspective of the proposal to consolidate the three UA universities into one accreditation.

ACTION NARRATIVE

[9:05:43 AM](#)

CHAIR MIKE SHOWER called the Senate State Affairs Standing Committee meeting to order at 9:05 a.m. Present at the call to order were Senators Reinbold, Coghill, and Chair Shower.

PRESENTATIONS: STAKEHOLDER PERSPECTIVES ON THE PROPOSAL TO CONSOLIDATE THE UNIVERSITY OF ALASKA SYSTEM

[9:07:09 AM](#)

CHAIR SHOWER announced the business before the committee was to hear presentations from nine perspectives on the proposal to consolidate the University of Alaska System. He advised that this is intended to be the first of several meetings to start a robust discussion of alternative paths going forward.

Restructuring the University of Alaska System

CHAIR SHOWER invited Dr. Forrest Nabors to deliver the first presentation.

[9:09:35 AM](#)

DR. FORREST NABORS, Associate Professor and Chair, Department of Political Science, and Chair, Committee on Governance and Funding Reform, UAA Faculty Senate, University of Alaska Anchorage, discussed restructuring the University of Alaska System. He delivered the following prepared statement:

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.

[9:13:15 AM](#)

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.

[9:16:12 AM](#)

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.

[9:19:11 AM](#)

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.

[9:20:46 AM](#)

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.

[9:21:18 AM](#)

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 Berkeley, 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.

[9:22:47 AM](#)

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

Sec. 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.

Sec. 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⁾

Sec. 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.

[9:24:18 AM](#)

SENATOR COGHILL asked if he and the other presenters had specific recommendations or were more generally asking for authority to make each of the three universities autonomous.

[9:24:50 AM](#)

DR. NABORS said the Faculty Senate has been under pressure to respond to the proposal to create the "new UA" and the threat of consolidation, so their efforts have been focused on counterposing that proposal. He stated that there are many models, but his preference is Alaska State University. He opined that the steps to a clear constitutional authority would be to divide the Board of Regents' responsibilities, essentially delegate them by statute. He said there has been no vote on the preferred model because the focus has been to stop the "new UA" which he believes would be a disaster for UAF, UAA, and UAS.

9:25:00 AM

SENATOR KAWASAKI joined the meeting via teleconference.

9:26:08 AM

SENATOR COGHILL said by default the question is more for the Board of Regents, but his voice will be very important in this discussion. He noted that Dr. Nabors outlined very clearly that he is not interested in consolidation. He said he would meet with the Board of Regents to discuss the plan to consolidate. He stated that the legislature must figure out what that would look like statutorily and as more testimony is heard today, he will watch for that process.

9:27:06 AM

DR. NABORS suggested that it might be helpful to separate the question into two parts. He asked what is expedient, what is good policy, what is constitutional, and what is best for higher education. He encouraged everyone to separate those questions and to ask, "what ought we do" and "what can we do" with constitutional authority. He encouraged the legislature to take note of Article VII, Sections 2 and 3, where it says, "according to law" and "in accordance with law" because the legislature has a constitutional authority and duty to qualify the responsibilities of the Board of Regents. He opined that the duty does fall on the legislature.

9:28:21 AM

SENATOR COGHILL said the question on how to deal with constitutional authority as it pertains to the university system has been a long-standing question. He said Alaska has a small population and that even though the university system is spread out, it is still a relatively small enterprise. He said he still needs to be convinced that autonomy would work but he is open to more discussion. He acknowledged that his main prejudice is that Alaska is still a small state.

DR. NABORS challenged the statement that a state or individual university must be large to have its own board. He pointed out that every public university system in the United States began small with a handful of students, a board, and president. He highlighted that many small public colleges have their own board. He emphasized that responsibilities need to be divided saying that he would appeal to the theory behind the American principle of federalism. "We believe that people can govern themselves." He offered his belief that UAA is certainly large enough to have its own board of trustees. He said that if they were to draw upon people from the communities of UAA and UAF, there would be a group of people who could provide outstanding governance, could make deals that would bolster the universities' finances, and work with the chancellors to make sound cost cutting measures. That isn't possible without individual boards

[9:31:42 AM](#)

SENATOR COGHILL said he appreciates the dialogue but worries that it would create bigger problems if the university system operated with individual boards and each came to the legislature separately for a variety of support.

[9:32:33 AM](#)

DR. NABORS admitted that he did not know what burdens this would place on the legislature but said he believes it is a problem worthy of consideration. He said it might be hard for the legislature to imagine what a drag the current system is on the universities, but the faculty clearly sees how it impacts the performance of the overall system. He stated that if the universities are unshackled and have their own governance and administration, there may be a tradeoff and the individual universities may inherit some new responsibilities, but the gains will be considerable and worth the trouble.

DR. NABORS emphasized that his comments were not intended to be disrespectful. He was here today because he loves UAA and believes it could grow into a great public university if given the chance. He suggested that the legislature might better understand the respective universities if it had a more direct connection with each one.

[9:34:42 AM](#)

SENATOR REINBOLD said she appreciates the perspective because she has been intrigued by the idea of consolidation. She asked what three things drive up costs in the university system, and what three changes could help reduce costs.

DR. NABORS replied that he was not an accountant, but he was proposing a different model which would change economic behavior. He stated that to forecast the finances for decentralization, one would have to consider the change in economic behavior. He added that people act differently when they have responsibility and can make their own decisions concerning their finances. He highlighted that the way to put together a forecasted model for what a decentralized university would cost, you must take into account that the entire model is different.

DR. NABORS offered his belief that UA statewide is the biggest drag on the system. It is not just that it spends its share of the UGF appropriation, but that it also takes \$38 million from the universities' budgets collectively. He pointed out that the higher education budget subcommittees have never been asked how much money is taken out of the universities' budgets or how many of its expenses are moved into the universities' budgets in order to claim a cut. He said statewide ought to be asked a lot of questions about how it handles finances. For example, it is frustrating to know that UA statewide doesn't teach any students, but it receives four times what the UAA College of Arts and Science receives to educate the largest share of students in the state of Alaska.

[9:39:31 AM](#)

DR. NABORS said decentralization of the university would change the economic behavior and bring it in line with the marketplace. He opined that if the universities are more exposed to market pressures, the less efficient programs would be cut. This will also allow the universities to pursue new revenue opportunities. He suggested, for example, working with Providence Health Center not only to build the number of health professionals in Alaska but also to generate more revenue to create a better health program. However, administrators do not have the latitude to make those kinds of decisions under the current structure. He apologized for not having a ready list of what drives costs and what would reduce costs for the university system.

[9:42:05 AM](#)

CHAIR SHOWER asked how the local university administrators could be given more latitude while staying within the existing statutory and constitutional framework.

DR. NABORS responded that the Alaska Supreme Court decided two important cases that control the question. The first one was the

University of Alaska v. National Aircraft Leasing in 1975. Justice Dimond wrote the majority opinion and said, "the board of regents is expressly subject" (Alaska Constitution, Article VII, Section 2&3) to the legislative authority. Judge Dimond gave examples of how the Board of Regents is controlled by the legislature.

The second case was McAlpine v. University of Alaska in 1988. That case favored the constitutionality of having separate institutions of higher education coexisting with UA. Justice Moore reviewed the proposed ballot initiative to separate community colleges from the University of Alaska system, transfer the properties to the new proposed community college, and specify the amount of property transferred. Justice Moore removed the third sentence of the ballot initiative because the part that would determine the amount of property transferred did not follow the proper legislative form according to the constitution. The constitution clearly states that appropriations must be made by the legislature, not by ballot initiative.

DR. NABORS highlighted that this means the legislature has very broad constitutional authority to both regulate the fiduciary and governance responsibilities of the board and to create a separate institution of higher education that is outside the UA system. He pointed out that Delegate Victor Rivers authored Sections 2 and 3 of Article VII which states that there may be new extensions of the University of Alaska, but only if they fall under the UA system. However, according to Dorothy Awes (the author of Section 1 that refers to other public educational institutions) the legislature has the authority to separate the three universities and create them as entirely separate entities.

[9:48:42 AM](#)

DR. NABORS acknowledged that Rivers and Awes disagree with each other but pointed out that the 1988 case came down in favor of the constitutionality of a separate system of higher education coexisting with the University of Alaska. He said he does not understand why many legislators believe that the authority of the Board of Regents is absolute when the text of the constitution and the decision of the Alaska Supreme Court states otherwise. He opined that the university system must be brought back to account to the public, the stakeholders and the owners of the UA system. Currently it is insulated from accountability to the people of Alaska through the legislature.

[9:49:57 AM](#)

CHAIR SHOWER noted that Senator Reinbold had a few more questions.

SENATOR REINBOLD said she wanted to return to the topic of WWAMI and why a proposal to Providence has not been made.

DR. NABORS stated that he did not refer to WWAMI but his colleague Max Kullberg, a professor in the program, could speak later to that.

He said his background in business tells him that there is opportunity if the university collaborates with Providence, but he understands those deals cannot be made under the current structure. He opined that if the local administration had the latitude to make those deals, it could stabilize UAA finances.

SENATOR REINBOLD suggested that his idea could be expanded to include the Alaska Regional and the Alaska Native Medical Center.

She reflected that in some of the hearings she has been part of she heard people say their buildings are underutilized. One exception to that is Chugiak High School in Eagle River... (Audio unclear). She said it seems like the second thing to reduce costs would be to decrease administration by eliminating the statewide system. The third thing that drives costs up are the union contracts. She asked him to comment on those points.

DR. NABORS said he favors fiscal responsibility and dislikes waste. He opined that something should be done about underutilized space, but that was not his day-to-day concern. He said he cannot speak to union contracts as he is not involved.

[9:54:08 AM](#)

SENATOR REINBOLD asked if he supported the model of auditing and prioritizing programs and if any of that was currently happening.

DR. NABORS said he supports fiscal responsibility and believes all good administrators should pay attention to costs as well as what should be eliminated. He stated that the real question to ask is who should do the auditing. He said he strongly favors the local universities overseeing the auditing process and making decisions about programs, not from the top. He said he doesn't understand why the president of the university said there is no need for three departments of political science and

three universities. He described that as a myopic approach of reviewing programs to decide what to keep and what to cut. He said his request is to decentralize the universities, so they are subject to market forces and more likely to induce cuts. Reviewing costs and programs should be an ongoing process as well as investing in programs that will generate more tuition dollars and research funds.

[9:57:21 AM](#)

CHAIR SHOWER thanked Dr. Nabors and welcomed Mayor Berkowitz.

He recognized that Representative Geran Tarr was in attendance.

[9:59:56 AM](#)

ETHAN BERKOWITZ, Mayor, Municipality of Anchorage, Anchorage, Alaska, asked the committee to consider three points since the legislature has fiscal oversight over the university. First, look at the economic impacts the university has on the community at large. He noted how the number of students and faculty influences things like the housing market and local businesses. Second, look at the role the university has in recruiting and the inducements it offers to retain people in the community. He opined that if a budget was structured solely on current conditions without regard to what would happen in the future, it would inhibit the ability to have a better future. Third, consider the role the university has with the city's identity. He cited the Sea Wolves and how the relationship with the green and gold is an important part. The community is proud of what the university does. He asked the committee to contemplate those three criteria as it moves forward.

MAYOR BERKOWITZ said there are things a municipality can do in conjunction with the university to manage the fiscal situation in ways that are prudent for both entities. He noted that this extends beyond the municipality to the state as well. He said the municipality and legislature work together to provide services and infrastructure to the same constituencies. He asked the legislature give thought to how the municipality can be of assistance in terms of services that are required for the university to deliver its profit.

[10:04:25 AM](#)

FELIX RIVERA, Chair, Anchorage Assembly, Municipality of Anchorage, Anchorage, Alaska, said the assembly is keenly aware of how important the university is to the community. UAA staff, students, and alumni serve voluntarily on the dozens of

municipal boards and commissions. He added that UAA also played a key role in making the Welcoming Anchorage movement possible by gathering and analyzing data which showed Anchorage has some of the most diverse schools in the country. UAA students and faculty assisted in the creation of the Anchorage Climate Action Plan which was a guide to mitigate the effects of climate change. He said UAA students have served as interns for assembly members, providing research that has led to positive policy change. UAA also has an important role on the economy, not only by educating future business leaders but students add a significant stimulus to Anchorage's economy. He stated that the university is an invaluable institution that enriches the municipality.

He said this knowledge and foresight inspired him and his colleague, Meg Zaletel, to lead the charge for the assembly to engage in this issue. That took place in three ways:

- o The assembly encouraged the Board of Regents to engage in a thorough vetting process of the options and to engage in a dialogue with the governing structures of the three universities.
- o A town hall meeting was hosted to address the community's concerns and to further educate the community at large.
- o The assembly crafted a formal resolution to offer guidance to the Board of Regents. The resolution provided two suggestions to the regents: to vet all options presented to them and to ensure a proper engagement of all community stakeholders.

10:07:46 AM

MR. RIVERA highlighted that funding and guidance from the legislature plays a key role in this discussion and he commends the members engaging in today's discussion.

10:08:04 AM

MEG ZALETEL, member, Anchorage Assembly, Municipality of Anchorage, Anchorage, Alaska, stated that UAA is a unique institution within the University of Alaska system. The core theme of UAA is commitment to instruction at a number of academic levels, successful students regardless of their higher education goals, and service to the diverse people and communities of the state. She noted that UAA provides educational opportunity to students who may not have access to higher education. Some 30-35 percent of UAA students are the first in their family to attend college. She noted that the

average age of UAA students is 28 years old and that most students take nine credits or less. She opined that the assembly must advocate to keep this unique and valuable institution for the community, city, and state. She said the economic effects of consolidating the university system to a single accredited university would be significant to Anchorage. There would be ripple effects within the economy from decreased student enrollment and job losses. She added that beyond economics, the first generation, non-traditional and part-time students would not have the opportunities they have now. The uncertainty of UA's status has taken its toll and enrollment is down almost 1900 students.

She said the other option proposed by the UA chancellors, many faculty, alumni, and students is a consortium model. This model would allow UAA to maintain local control over its mission and how it operates as a university while still collaborating with the University of Alaska Fairbanks (UFF) and the University of Alaska Southeast (UAS).

MS. ZALETEL stated that it is the assembly's hope that the Board of Regents receives lots of input from all stakeholders and that the communities of Alaska reach out to one another concerning the options and potential impacts this could have locally. She opined that the concerns of UAA and UAF are similar and that it would be beneficial to convene and discuss the concerns collaboratively.

She said the impact of restructuring the university system will be felt widely so now is the time to speak up to ensure there is a robust university system moving forward.

10:11:07 AM

DR. MARA KIMMEL, First Lady, Municipality of Anchorage, Anchorage, Alaska said that as a former faculty member, not a day goes by that she doesn't run into one of her students. These alumni students are impacting the longevity and sustainability of the community.

DR. KIMMEL said she has worked with multiple initiatives including the Welcoming Anchorage Initiative and the Alaska Resilience Initiative (ARI) to promote workforce development and economic opportunities for all community residents. She pointed out that neither of the initiatives could not have been accomplished without the help of UAA faculty and students. She emphasized that the city could only address these major concerns because of the volunteer labor through the faculty research and

student work. The cost efficiencies that it enables the city to exercise by not expending scarce resources on human capital is vital.

[10:14:07 AM](#)

DR. KIMMEL highlighted that the university has been critical to the residents of the municipality. Her children have been to the university as middle school and high school students to take advantage of the many opportunities the university provides such as summer camp, singing lessons, or using the library. "This university is such a critical part of our city's infrastructure and it is such a critical institution in creating partnerships that really make Anchorage a vibrant and vital city and a place that people want to come." She said Alaska does not have a lot of institutions due to its small population, but what it is lacking in numbers, it is made up for through the strong partnerships of those various institutions. The institutions all rely on one another. She said to cripple one of the partners would impact the city and its ability to address major challenges.

DR. KIMMEL urged the committee members to contemplate the role all the institutions play in their respective communities. She said it is important for the three universities to maintain autonomy and accreditation. The universities work closely together, and they all need to be vibrant to respond to the residents they serve.

[10:17:06 AM](#)

CHAIR SHOWER assured the presenters that the legislature was not interested in doing away with the university, but that this was an effort to make the system more efficient.

[10:18:08 AM](#)

MAYOR BERKOWITZ summarized several points. He opined that the restructuring effort should be a collaborative process. He advised the members to move slowly in decision making. Lastly, he said he would like a clear idea or vision for the university before any restructuring takes place. He emphasized he is not in favor of consolidation.

SENATOR SHOWER said the intent is to have that discussion before making any decisions. He would like all voices to be heard and to be a part of the greater debate.

[10:19:38 AM](#)

At ease

[10:44:47 AM](#)

CHAIR SHOWER reconvened the meeting and welcomed the next presenter.

Perspective of Student and Faculty Leadership

[10:44:55 AM](#)

SCOTT DOWNING, Associate Professor of English, UAA Kenai Peninsula College; President, UAA Faculty Senate, delivered the following prepared statement:

To the chair, my name is Scott Downing. I am an Associate Professor of English at UAA's Kenai Peninsula College campus and I currently serve as president of the UAA Faculty Senate.

I'm here today to emphasize the importance of faculty, faculty perspectives, and faculty governance in the life and success of UAA as we consider structural changes in the UA system.

Faculty embody the mission and values of an institution through their responsibility for programs, curriculum, teaching, research, and academic policy. The Faculty Senate serves as the collective voice for that work. Universities are incredibly complex institutions that must serve the needs of the students and communities with which they are connected.

They must remain true to their mission as evaluated by accrediting bodies. Those accrediting bodies' (ours is the NWCCU) ensures the degrees students are receiving have value to the employers and the public. The existence of an institution depends on its accreditation.

Faculty MUST BE deeply involved in the accreditation process to ensure that the requirements for accreditation are being met. Administrators, while often well-meaning, cannot know all the consequences of their decisions, and that is why accrediting bodies REQUIRE the input of faculty in the process.

There continues to be an absence of meaningful faculty involvement in far reaching decisions, including the discussion of single accreditation and other

structural options. There has also been a widespread failure to use cost benefit analysis before recommending major structural change and a lack of transparency surrounding those decisions.

In the last four years, there have been no less than 15 resolutions and memos from Faculty Alliance and UAA Faculty Senate asking President Johnsen and Statewide Administration to include more meaningful faculty involvement in decision making and to provide detailed cost benefit analyses on these decisions.

These resolutions have questioned a variety of strategic initiatives that have been pushed forward without cost benefit analysis and without meaningful faculty involvement.

The University of Alaska College of Education situation is one example. In Dec. 2016, the president recommended the Board of Regents approve consolidation of the UAF, UAA, and UAS Colleges of Education under a single accredited college.

[10:47:20 AM](#)

This decision was pushed forward without the support of the faculty and ignored their concerns about its effect on accreditation.

Nine months later, in a report on the progress of that effort, President Johnsen stated that "we have learned that there are significant uncertainties that could possibly impact UAS' institutional accreditation."

In the report, the president also noted that NWCCU President Susan Ellman had concerns about the request saying it would be "challenging because it is unprecedented in her long experience at NWCCU". She went on to characterize the request as "much more complex than the NWCCU is accustomed to reviewing due to the number of institutions involved and the major scale and implications of the change." Those same concerns had been raised by the faculty. This is but one example of the importance of in-depth meaningful faculty involvement in discussing structural change BEFORE it moves forward.

Recent efforts to conduct academic review across the Statewide system moves important decisions away from those program faculty who are best able to assess and evaluate those decisions. In a larger sense, the current Statewide structure undermines the effective involvement of faculty at the three universities in important decisions.

Faculty governance through the Faculty Senate serves as the means to share faculty perspectives. It is not the opinion of an individual administrator or faculty member. It encompasses the wisdom of the faculty as a whole. It helps protect accreditation through a continuous process of the assessment of learning. It helps ensure our students and communities are effectively served. Faculty governance is the collective voice of the values of UAA, and, now, more than ever, it is imperative that it be heard.

[10:49:29 AM](#)

CHAIR SHOWER said he imagines that if there were three separate universities with their own accreditation and programs, that would allow the universities to make autonomous decisions.

MR. DOWNING replied yes; if one program was lost then there would potentially be a similar program at one of the other universities.

CHAIR SHOWER asked about weaknesses with separate accreditation.

MR. DOWNING replied that he does not see weaknesses with decentralization but rather strengths. The universities could tailor programs to best serve their community and students which would be difficult if there was a single accreditation system.

[10:50:44 AM](#)

ALEX JORGENSEN, Speaker of the Assembly, Union of Students (USUAA) University of Alaska Anchorage paraphrased the following prepared statement:

To the chair, my name is Alex Jorgensen, and I am a senior at UAA, with a major in political science. I have been part of student government since coming to UAA and currently serve as Speaker of the student Assembly.

When providing formal testimony, I always try and stick to the facts. I firmly believe that combined with logic, the facts always lead to rational decision-making. However, in the situation we find ourselves in, I see no more pertinent information than the current feelings of the student body.

Over the past four years, I have grown to love every single aspect of UAA. From its diverse community to its open-access mission, UAA has become a second home. During my tenure here at UAA, we have experienced some significant setbacks, from declining state support, to the loss of programmatic accreditation for our initial licensure programs. Despite these challenges, our current situation is something different. I am fearful for the future of my institution.

Ever since February 12th, 2019, students in the University of Alaska system have been sent a crystal clear message; that we are not important. When governor Dunleavy announced a \$135 million reduction to the university, we were told our future was not important. When we lost scholarships that we earned through hard work and a rigorous curriculum, we were told that the work we do for our communities is not important.

When the legislature failed to override the vetoes, we were told that we were simply not valuable or worthy of Alaska's investment. These were hard messages that we received.

The pending decision by the Board to consolidate UAA into "One UA" amplifies that pain. Students feel that this "one university" is being shoved down our throats. At the same time that the statewide administration was forcing us to accept the one university model as reality, statewide was telling the world that the student body was being actively engaged in the process. We were not.

Working groups were established the week before classes to begin the process of consolidating the eight academic colleges. Were student governance groups consulted on including students in the process? No. We were barely even on campus.

[10:54:24 AM](#)

We were sent a weekly email, and the administration did have one or two conversations with a few members from student governance groups. On this basis can it be said that the administration is actively engaging the more than 25,000 students across the system? The answer is an unequivocal NO!

The conduct of the administration on this matter sends us a clear message yet again, that we, the primary stakeholders of this university, are not important. This has been the entire tune of this top-down centralization approach from President Johnsen.

Because students aren't involved, because we are not a part of the process, it is leading to devastating consequences – one of those being the loss of open-access admissions policies. As many of you may know, UAA is the only fully open-access university in the state. The majority of our bachelor programs do not require selective admissions. Now, why do we have that? Why is open access necessary? Because EVERYONE deserves an opportunity at higher education. That student who barely made it through high school with a 1.5 GPA because they had a rough home life. Yes, he or she deserves a chance at higher education.

MR. JORGENSEN added that a 2014 report looked at what would happen if UAA changed its admission policy to match that of UAF. The report analyzed the previous six years at UAA and how the number of graduates would change in that period if the admission policy changed. He highlighted that the study showed 525 students would not have had the opportunity to graduate under new admission policies. He emphasized that UAA's admission policy is not better, it is simply different and meant to serve the community of Southcentral Alaska. He said 80 percent of UAA students work full time and half of them care for a dependent, making UAA uniquely different than UAF and UAS. He asked why risk losing the only open access university in Alaska by consolidation.

MR. JORGENSEN continued to paraphrase his prepared statement:

UAA has developed systems and support networks to give students like this a chance. They may take, 6, 7, or even 8 years to graduate, but they get the job done. UAA graduates students who would not be

successful in any other traditional academic institution.

[10:57:15 AM](#)

A few weeks ago when I was in a meeting with President Johnsen, I explained to him the importance of open enrollment to our students and the Anchorage community to which he replied: "we will have to balance the enrollment policies if we choose to consolidate." I'm sorry, this just doesn't cut it. You are either open enrollment, or you are not. You either provide access to higher education for ALL, or you don't. There is no in-between. This top-down centralization approach is putting pathways to education for generations of students in jeopardy.

MR. JORGENSEN said that faculty, students, stakeholders, legislators, and President Johnsen all want the same thing; a university system that fulfills the needs of higher education in Alaska. However, he opined that if the process does not involve the primary stakeholders, the students, they will never reach the best outcome. When students feel ownership of their own institution, they will be more successful.

MR. JORGENSEN said his intention today was to share how students have felt throughout this process although it really hasn't been a process. It's more an unequivocal statement about the direction the university is taking.

[10:59:31 AM](#)

CHAIR SHOWER emphasized that the university is there for the students, and hearing his perspective is important to this process. He said he hopes this provides that voice on how to structure the system moving forward.

[11:00:13 AM](#)

SENATOR REINBOLD talked about the importance of the student's perspective and about student scholarships and university funding.

MR. JORGENSEN said what most students see is that they aren't valued, even though they are. That unintentional message is impacting enrollment which is down 12.4 percent this year. He pointed out that UAA positively impacts the Alaskan economy.

CHAIR SHOWER said one of the goals is to find ways to reduce costs. He added that it would be a good thing to have the university system less reliant on state funding.

CHAIR SHOWER welcomed Dr. Frank Jeffries.

Management Risks

[11:04:32 AM](#)

DR. FRANK JEFFRIES, Professor Emeritus of Management, College of Business and Public Policy, University of Alaska Anchorage, Anchorage, Alaska, delivered the following prepared statement:

To the chair, my name is Frank Jeffries, retired Emeritus Professor of Management for the College of Business and Public Policy (CBPP). I served as Associate Dean for Academics and Department Chair of Management in the CBPP as well. I spent 20 years in private industry, the last 9 as a senior product marketing manager in high tech. I have also served on boards of directors and have consulted for many major companies in Alaska.

I want to make three points today. First leadership of the University of Alaska System is earning failing grades on two critical management performance indicators severely limiting their ability to lead change; second, there is solid objective evidence that consolidation of colleges will not achieve savings; and third, decentralization or independence for UAA, UAF, and UAS will support both intrapreneurship and entrepreneurship that is currently stifled by the central administration.

The President of Statewide has had three years to perform and build support for his leadership and goals. A primary indicator of support for a leader is the morale of the group they lead. In 2016 83% of the faculty and 75% staff who responded to the respective surveys at UAA said their morale had declined (sources of all data used are noted in the attached appendix). Results reported this year show that the numbers have improved but are still terrible. In the current surveys 67% of the faculty and 49% of the staff say that morale has declined in the last year. Going from bad to worse is not an improvement.

A known effect of low morale is increased intention to leave one's current employment and it is prevalent. Currently 27% of the staff have indicated they actively seeking a job outside the university and in 2016 41% of the faculty were looking, up from 25% in 2013. Given these numbers, if the turnover of faculty is less than 10% it would be shocking. The normal turnover for a well-run university is about 4.7% according to the Chronicle of Higher Education.

The numbers of faculty and staff who report actively looking for work would be a red flag to any well-run organization. By any objective measure these numbers on morale, and so many employees looking for work outside the university, indicate a lack of support for the UA administration leadership and this hamstrings their ability to effectively lead change.

[11:06:44 AM](#)

It is not surprising that morale is low because the management style of the central administration is command and control, contrary to recommendations by outside consultants. We are reminded on a regular basis that the Constitution of the State of Alaska gives the president the power to fire administrators at will and that he has authority to structure the system any way he chooses. This is contrary to the management style that is most effective in knowledge-based operations. Participative management is what works. Ironically, that is what shared governance promotes.

Morale would improve if there were true participative management because of what creates a motivational climate in organizations populated with educated career professionals. What these employees thrive on is a workplace that provides three things; mastery, autonomy, and purpose. Mastery is present since the professionals at the university are very good at their jobs and are always improving. Autonomy is low because of the management style preferred by the top administration, the resulting lack of freedom, and the climate of fear it creates. Purpose, in the local sense, is strong because the three universities have missions appropriate to their location and stakeholders. Purpose, in the global sense, is not strong because it is not clear at all what the vision

is for the system overall. Morale will not improve unless autonomy improves.

There was a push to consolidate operations of the three main campuses under a centralized model. Thankfully, the Board of Regents has recently indicated willingness to at least consider other approaches. This is good because consolidation is not likely at all to yield the savings expected.

11:08:39 AM

For example, in 2016 at the request of the Board of Regents, Daniel M. White, then UA Vice President for Academic Affairs and Research, produced report dated October 31, 2016 titled: "Cost/Benefit Analysis of Eliminating the UAF School of Management (SOM) Dean" analyzed the effect of consolidating the SOM and CBPP. It stated that going to a consolidated business college combining the SOM and CBPP would increase costs and reduce effectiveness while creating significant risks to local support and put the recent gains achieved by the SOM at risk. The Dean of the SOM is credited with making huge gains in enrollment and revenue and Vice President White said: "*All of this would not be possible without an autonomous dean and dedicated leadership team and staff who are located at UAF*" (p.12 of the report). The report concludes that both the SOM and CBPP have unique strengths and that they are beneficial to the state as independent entities.

As noted in the report mentioned above, independent colleges linked to their community can do things that benefit stakeholders. For example: while I was Associate Dean for Academics for CBPP we investigated the potential for developing local management and executive training delivered by faculty from CBPP and visiting instructors. After extensive research of the competing offerings from other universities in the market a business plan was created. There is a market for this type of training locally and the only options available to businesses, both then and now, are to use the limited services available locally, provide training internally, or send their employees outside with the attendant costs of travel and lodging in addition to the cost of the seminars.

11:10:15 AM

As a businessman the benefits of local training seminars are glaringly obvious. The cost is lower and teams of employees can receive the same training. This creates a shared experience making it easier to have a positive impact on performance of the participants and for it to spread to others at work as they share their new knowledge. In other words, local training will give them a lot more bang for the buck.

We got support from the leadership locally at UAA to set up a non-profit corporation. This was necessary since the university is not structured to market and operate this type of business. We established the corporation, the Business Enterprise Institute (BEI), however, it never got off the ground. The central UA administration imposed a 30% overhead tax, required approval control of virtually every decision, and refused to let the institute operate independently. Ultimately the BEI was taken from CBPP and is now part of UA Corporate Programs.

A recent example of lost opportunity is a contract that could have been handled by an independent BEI. A potential client had a need for extensive negotiation training and coaching and the BEI was contacted about it. While they could have helped facilitate securing the deal, they were not able to compensate the consultants employed above about \$80 an hour because of UA policy. This is about 25% of the usual compensation for this work. The net result is no deal and no revenue.

This is a prime example of how the UA stifles innovation and entrepreneurship at UAA. While there is a market for this kind of training in Alaska, and Anchorage specifically, we were not allowed to develop it. This is the way it is now and has been for the entire time I have been affiliated with UAA.

My job as a Product Marketing Manager was to identify needs and develop products to fill those needs at a profit. What I learned from this experience is that the tools I had from private industry were not going to be effectively applied to benefit UAA as long as

the central administration had approval authority of this sort of entrepreneurial initiative.

If UAA was independent this and other opportunities to serve the community and diversify its revenue stream would be possible to develop. As it stands now UA is a stumbling block preventing entrepreneurship and innovation. Decentralizing or becoming independent would allow UAA, UAF, and UAS to take advantage of opportunities and become even greater universities that they have the potential to become.

Appendix

UAA Staff Survey results for FY 19, slide 15
(Includes FY 17 and 18):

https://drive.google.com/file/d/0B_kfzxlMc05ZaVplQlBBdXYzaG1SM2hqTlVBVWVQS31FZ3Q4/view

Faculty Morale 2018 survey results on pp. 31-38:

https://www.uaa.alaska.edu/about/governance/faculty-senate/_documents/1FS_Agend_September2018.pdf

One School One Dean Memo

https://www.uaa.alaska.edu/about/governance/faculty-senate/_documents/JJ-

[ManagementOneDeanOneSchoolMemo_10-31-16.pdf](https://www.uaa.alaska.edu/about/governance/faculty-senate/_documents/JJ-ManagementOneDeanOneSchoolMemo_10-31-16.pdf)

All other resources are electronic or hard copy and will be made available on request:

[Faculty_Morale_Survey_Final_Report2016.pdf](#) p.1

[UAA Restructure Survey Questions and Results2019.doc](#),
Question 5, p. 4

[UAA Staff Council Report2019.pdf](#), p.1

[11:12:47 AM](#)

CHAIR SHOWER welcomed LuAnn Piccard.

[11:12:55 AM](#)

LUANN PICCARD, Associate Professor and Chair, Project Management Department, College of Engineering, University of Alaska Anchorage, Anchorage, Alaska, delivered the following prepared statement:

To the Chair, we welcome you and your Senate colleagues to UAA. We are grateful for your service to our state. It is fitting that today's meeting is

in a place where beautiful music is made. Each of us is capable of producing a wonderful solo performance. However, when we come together combining our diverse strengths, we are a unified orchestra that makes great accomplishments possible.

Many see the current university situation as a "problem to be solved". I see it as a tremendous opportunity to leverage great ideas to create a positive legacy for future generations. Change does not scare me. It inspires and drives me. I believe in possibilities and that change empowers people to make ideas a reality.

[11:12:56 AM](#)

My name is LuAnn Piccard. I am an associate professor and chair for the Project Management Department in the College of Engineering at UAA. We have been continuously accredited by PMI-GAC since 2007, and were one of the first 13 universities in the world to earn this status. For the past 13 years, I have served project management students, companies, and communities across Alaska and around the world. **Students are at the heart of everything we do.** We have pioneered the use of real-time distance delivery to serve working professional students no matter where they live and work inside or outside of Alaska. Graduates of our Project Management program are CEOs, COOs, Portfolio Managers, and Project Managers representing every business sector in Alaska.

Size matters, but scale and leverage matter more. Since 2004, we have graduated 100s of students whose work positively impacts 100,000s of people across Alaska and our nation on a daily basis. This program is just one of many that drive value and innovation by working directly with our stakeholders to advance and transform our state. We are proud to be **Rooted in Alaska and Relevant to the World.**

[11:14:52 AM](#)

I also serve on the 12-member Project Management Institute Board of Directors. PMI is one of the world's largest professional associations, serving over 1.8M members and credential holders in over 190 countries around the world. That someone from Alaska was elected to serve on PMI's board recognizes the

quality and importance of Alaska's project management to the global profession.

Prior to joining UAA's faculty, I had a proud 22-year career with Hewlett Packard. I graduated from East High here in Anchorage then earned engineering degrees from Stanford University. My first job at HP was designing fiber optic transmitters and receivers. My last assignment was Vice President and General Manager for a \$500M business unit responsible for a broad portfolio of telecommunication products and solutions developed for and delivered to customers globally. In 2005, my husband and I left our executive positions and returned to my home state of Alaska to raise our daughter closer to family. We both joined the UAA College of Engineering faculty to help grow engineers and future leaders here in Alaska.

[11:16:10 AM](#)

During my career, I led several major transformational efforts and was responsible for over 10 mergers and acquisitions. The sad fact is that most of these transformations and mergers looked great on paper, but none produced the value or realized the synergies for which they were undertaken. In almost every case, value was destroyed rather than gained because we did not invest time to assess the integration process robustly—in particular, we did not fully analyze management and organizational capacity for change, cultural challenges, how the work would be done at all levels of the organization, an honest accounting of costs, and active risk management.

[11:17:07 AM](#)

Three areas should be carefully considered:

1. **70-85% of Transformations and Mergers Fail**
 - a. Transformations and mergers happen through people, not mandates. According to McKinsey and Co., 70% of organizational transformations fail to achieve their objectives. The three primary reasons representing 72% of causes are: employee resistance to change, management behavior does not support change, and inadequate resources or budget. Without engagement with and buy in from the people most impacted, failure is almost guaranteed.

b. Cost cutting is not a strategy. Transformations require investments in people and resources.

Transformations rarely produce returns within 3 years, if ever. Attempting to transform or merge an organization while making significant cuts to the people and resources necessary to implement the change is unlikely to produce lasting, beneficial outcomes.

- At HP, we spent over \$150M on a new Enterprise Resource Planning system intended to integrate siloed systems and transform business processes across the organization. Although senior executives and outside consultants sold a good story, we failed to produce a realistic estimate of the time required by people in the organization to develop and implement detailed plans and the investments for continuous communication, engagement and training of impacted personnel.

c. Wishful thinking is not a strategy. PowerPoint slides and spreadsheets do not constitute a plan.

According to KPMG and other experts, 70-85% of mergers fail due to culture and lack of sufficient planning for and investment in integration.

- Although we are all part of the University of Alaska, each of our campuses has unique and vibrant cultures that have evolved in concert with the communities and people served. Under which existing culture would all three universities be expected to merge? What would a One UA culture feel like? How would a common UA culture add value to our stakeholders?
- Substantial evidence shows that people conducting the initial "due diligence" for transformations and mergers are overly optimistic. In their zeal to push through the transformation or merger, they gloss over risks and concerns. Realistic plans and risk management approaches should be developed in partnership with people closest to the work. For example, there is no evidence of a detailed transformation and risk management plan for the merger of the three Colleges of Education. Had that been in place, accreditation loss may have been avoided. If we were unsuccessful managing that merger, I am skeptical that we can successfully merge.

2. Centralization rarely reduces costs and can

negatively impact customer- centricity

- a. *Centralization rarely reduces costs.* Unless the work is fundamentally re- engineered or automated (meaning major resource and time investments), the work still needs to get done and the associated costs don't go away. Most of the time, costs are moved around in an on-going shell game or existing resources are expected to shoulder the burden on top of their existing workloads. For example, UA Statewide IT recently reported significant cost savings. However, reports analyzed show that the work did not actually go away, the costs were just shifted to UAF. If academic programs (e.g. Business, Education and Engineering) have centralized leadership in one location but are delivered on multiple campuses, local leadership and student support service positions are still required. Centralization may yield small savings in some functional areas, but responsiveness generally suffers since there are limited local support resources. In a centralized model some of those administrative costs could actually increase due to added bureaucracy.
- b. *Successful organizations seek a balance between centralization and decentralization.* At HP we benefitted from preserving that dynamic tension because it fostered evidence-based collaboration and generated well-aligned, incremental changes reflecting the current reality. We consolidated some generic and "back office" processes that benefited from scale. However, we decentralized processes and people retained and adopted some common processes. We decentralized activities customer engagement and rather than customer focused some shared services and adopted common processes but most were. We retained a minimal level of overhead so more resources could be invested locally on behalf of customers.
- c. *Successful organizations understand where value is created and delivered and how to drive organizational effectiveness.* HP was a highly respected innovation leader because we used decentralization to drive invention and customer loyalty. Where innovation, resources and best practices could be leveraged, we had mechanisms to

share with other organizations. Bill Hewlett and Dave Packard's "management by wandering around" became a respected and widely adopted leadership model. They sought out innovation where it was happening rather than controlling it from above. They encouraged a customer centric culture and supported local decision-making autonomy. Within the university, primary value is delivered through faculty, research, student centric programs. In order for programs to innovate and meet local needs, they must retain the ability to engage with stakeholders directly.

[11:20:31 AM](#)

I heard a great example of customer centric innovation at UAS. Instructors preload assignments on tablets for students going out on ship-based s for extended work assignments or field activities. This approach was developed based on a deep understanding of unique student needs in that region. It is doubtful that a centralized organization outside of Juneau would have this level of insight.

MRS. PICCARD added that colleagues at UAF deliver world renowned Arctic research and community service. She said UAA is Alaska's urban campus and it benefits from close relationships with large local and global businesses, organizations, healthcare institutions, and investors. These relationships drive creation of intellectual property, generate growing applied research to address social, technical and business challenges, and provide professional development at scale. She noted that investment in these areas has the potential to reduce the amount of general funds from the state and increase self-sufficiency.

MRS. PICCARD continued her prepared remarks.

3. is our duty of care as leaders to demand and support objective and comprehensive analysis. The Hippocratic Oath says, "First do no harm." It is our duty of care to accurately diagnose and evaluate options before major surgery is done.

The best structural option for the university system has yet to be discovered. I believe a great solution would emerge if our UAA, UAF and UAS chancellors and other key leaders were invited to participate. They have a wealth of experience and tremendous hands-on experience meeting student and community needs. I

urge you to insist on a comprehensive and objective evaluation of all relevant options using transparent criteria and including the active engagement of experts and impacted stakeholder communities. We are not a "One size fits all" state, and we are not best served by a "One size fits all" university.

11:22:42 AM

CHAIR SHOWER welcomed Professor David Fitzgerald.

11:23:00 AM

DAVID FITZGERALD, Professor, Information Systems and Decision Sciences, University of Alaska Anchorage, Anchorage, Alaska, delivered the following prepared statement:

To the Chair, I am Dave Fitzgerald, Professor of Information Systems and Decision Sciences in the College of Business and Public Policy, where we educate students in data analysis and evidence-based decision-making for businesses.

Prior to joining UAA in 2002, I spent twenty years in private businesses in Anchorage working in the field of Information Technology. As a faculty member I have held many faculty governance positions. I served as President of the Faculty Senate during the 2016 - 2017 academic year.

When it comes to making informed decisions, shared governance lies at the heart of both a well-run business and a successful university. As a project manager and a department director in the private sector, I valued and included the perspectives of employees for designing and maintaining any system, as they are the ones who know first-hand how a system is supposed to function and the probable consequences of policy changes.

University Board of Regents policy likewise values both input and participation of faculty, staff, and students because their involvement leads to better decisions. Regents policy (P03.01.010. Faculty, Staff, and Student Governance) specifies in part that:

The opportunity for faculty, staff, and students to participate in the governance of

the university is important to its effective operation. The board intends that participation of those groups in university governance be an integral part of the university community's culture; and that they are to provide an effective opportunity to play a meaningful role in matters affecting their welfare; and to represent their viewpoints on regents' policy, university regulation, and other matters affecting the interests of the university;

[11:24:56 AM](#)

Regrettably, President Johnsen's interpretation of that policy differs significantly from shared governance bodies. His style of command and control management is counter-productive in a knowledge-driven organization. This top-down approach to decision making stifles innovation and creativity as it ignores input from those who work across the system and share a commitment to institutional effectiveness and efficiency.

The fiscal challenges we face today are not new. In 2016, President Johnsen created a plan called Strategic Pathways, intended to address fiscal challenges while maintaining quality programs. However, from the perspective of the students, staff, and faculty, Strategic Pathways did not achieve its goal because the effort did not follow basic principles of sound decision-making which would have invited shared governance throughout the process. None of the areas of inquiry included a business plan to reduce costs while sustaining quality. Not one credible report documenting cost reduction can be directly attributable to Strategic Pathways nor any credible increase in quality of outcomes.

[11:26:10 AM](#)

With the exception of one faculty member per team selected by faculty, the president handpicked the members of all Strategic Pathways committees; those who either shared his views or would not question them.

He discouraged recommendations from the pathways committees by limiting feedback to pros and cons on

options of his choosing. Consequently, his pre-selected options carried the most weight and limited the exchange of divergent ideas.

When it became apparent to the faculty that their voice was being ignored, all three universities sent resolutions condemning the Strategic Pathways process. When these were ignored, in February 2017, UAA sent to the Board of Regents, a Vote of No Confidence in the leadership of President Johnsen. This was followed the next month by a Vote of No Confidence by the UAF faculty. Both were disregarded by the Board of Regents.

Today, we find ourselves in a similar situation. President Johnsen is advancing his proposal for one statewide university with no business plan, and with no meaningful input from faculty, staff, and students. To date, he has prohibited the chancellors from advancing any alternatives to his vision, and has required that they support his. This summer, the chancellors were able to present one alternative, the Consortium Model, to the Board of Regents, only because the Board of Regents specifically asked to hear from them directly, which they have rarely done in the past.

Businesses and universities are complex systems, and I thank the committee for inviting input from those who share a commitment to reducing costs and providing quality education to the state of Alaska.

[11:28:08 AM](#)

SENATOR REINBOLD said this has been very enlightening. She thanked the professors individually for their input and transparency on this issue.

There needs to be a way forward to solve this fiscal problem by using the resources at hand, she said. She expressed appreciation that the presenters were fighting for what they believe in and for offering sustainable goals.

MRS. PICCARD said give us a chance to help.

CHAIR SHOWER said it's interesting that all the speakers have business experience which breaks the paradigm.

He welcomed the next presenter.

Accreditation and Student Success

[11:32:23 AM](#)

DR. MARIA WILLIAMS, Professor, Alaska Native Studies and Music; President of the UAA Senate; and Chair of Faculty Alliance, University of Alaska Anchorage, Anchorage, Alaska, delivered the following prepared statement:

To the chair, my name is Maria Williams. I am a professor in Alaska Native Studies and Music. I am past President of the UAA Senate and current Chair of Faculty Alliance, which consists of the faculty senate leaders of UAA, UAF and UAS. I have been teaching at UAA since 2011.

Senator Shower, welcome and thank you for having your legislative hearing on the UAA Campus! ARTS 150 is the Music Department's main performance hall. Having you all here on our campus opens doors, and I am a supporter of 'opening doors.'

Last year, I served as President of the UAA Faculty Senate. I know that a great many of our faculty, students, staff and administration are grateful for your presence here today on our campus. For years our faculty have felt frustrated and ignored. Thank you for coming and listening to our testimony.

[11:33:17 AM](#)

I will be addressing the topic of accreditation and how it relates to the Universities' mission, and how a consolidated University re-structure will impact and affect the mission and thus, accreditation. First, just a few basic facts. Accreditation is absolutely essential to any university - without accreditation our degrees would be worthless, students could not obtain financial aid, grants and research funds would be forfeited - we would be nothing.

UAA, UAS and UAF are separately accredited by the Northwest Commission on Colleges and Universities. This is a good thing. The NWCCU has a rigorous process and all three of our universities have earned this status. The accreditation cycle is seven years - so every seven years each of our respective

universities goes through an intense reaffirmation process - which is the combined efforts of faculty and administrative staff. UAA received its reaffirmation of accreditation last year, UAS just received theirs, and UAF, which was planning on their NWCCU site visit this fall, deferred one year due to the possibility of restructuring to a single accredited university. My colleague, Dr. Brock, was one of the faculty involved in the recent UAA reaffirmation of accreditation, which took over 18 months to collect data, file reports, and ensure that UAA was achieving goals established in our mission statement.

UAA's mission includes being an OPEN ACCESS university - so we admit all students who meet the minimum requirement of a high school diploma or GED. For a 4 year degree program the minimum GPA is 2.5; for an AA or certificate, there is no minimum GPA. UAF and UAS have different mission statements and different application requirements.

For example UAF has a research-focused mission, and with more rigorous application requirements, do not have open access (i.e. minimum SAT Test scores of 970 and minimum HS GPA of 3.0, etc.). UAS requires a minimum HS GPA of 3.0 and an ACT or SAT score; for their AA degree it is open access with a minimum GPA of 2.0.

[11:35:36 AM](#)

If UAA is merged or consolidated, our mission would change to reflect UAF and UAS admission requirements, and we might lose our open access mission, thus not serving a significant population of students.

ACCESS and an open door mission to this population are very important to me and are personal. My father is a UAA Alum. My father is a poster child for 'open door access'. He was born in a rural interior part of southeastern Alaska where his first language was Tlingit. He was forced to go to a boarding school for 4 years, punished and starved for speaking his language, a legacy of the 'kill the Indian to save the child' policies common during this time period. He somehow survived the boarding school, made it to the 6th grade, and then volunteered to serve in the

Army in WWII-and was a machine gun instructor; he always told me that is where he learned to speak English. He met and married my mother and both worked at the old ANMC on 3rd and Gambell, where he was a cook. My mother believed in education and made my Dad get his GED. He then received an AA degree from UAA, in culinary arts. My father was the first member of my very large, extended family to get a college degree. An example of 'Door opening'.

If UAA, UAS and UAF are moved to a single accredited university - the open access aspect of UAA's mission might disappear.

I believe that Alaska should be celebrating that we have THREE accredited universities, that each have unique profiles and community campuses that reflect the needs of local communities. If we have one accredited university, then UAS and UAA forfeit their hard-won reaffirmation of accreditation status to a single accredited university - which would leave us vulnerable. Imagine if the one university lost its accreditation.

My vision for the future is a sustainable Alaska - with locally educated teachers, veterinarians, artists, businesspeople, mechanics, cooks(!), nurses, pharmacists, and entrepreneurs. Education is a door opener - please do not allow that door to be shut for many.

[11:37:54 AM](#)

DR. JENNIFER MCFERRAN BROCK, Professor of Mechanical Engineering, UAA College of Engineering, University of Alaska Anchorage, Anchorage, Alaska, delivered the following prepared statement:

To the chair, my name is Dr. Jennifer McFerran Brock. I am a Professor of Mechanical Engineering in UAA's College of Engineering. For years, I have been heavily involved in accreditation - as an outside examiner for ABET, the accrediting body for engineering and technology programs, as an engineering faculty member and department chair undergoing ABET review, and as one of three co-chairs of UAA's Self-Study Committee, which prepared us for reaffirmation of accreditation with the Northwest

Commission on Colleges and Universities (the NWCCU) in 2018.

Due to accreditations' importance to our system, the proposal to consolidate our three UA universities into one, singly-accredited university is a high risk venture. Separate accreditations and greater decentralization are more appropriate for UAA, UAF, and UAS, given that they are truly regional institutions who draw most of their students from their own communities.

[11:38:59 AM](#)

The two types of accreditation essential to our system are regional and specialized. Regional accreditation refers to the recognition granted to U.S. institutions by one of seven regional accreditation bodies (the NWCCU is ours). Regional accreditors are nongovernmental bodies recognized by the U.S. Department of Education. Within accredited universities, individual programs may also achieve specialized accreditation for degrees offered in certain areas or professions. Specialized accreditation is essential for licensure in many professions. There are approximately 48 programs at UAA which carry specialized accreditation, and they include programs from art and automotive & diesel technology to social work and surgical technology. ABET accredits six baccalaureate engineering programs at UAA.

In fact, we have already had a taste of what greater centralization under Statewide control would bring. In recent years, Statewide administration attempted to reorganize UAA's, UAF's, and UAS's Colleges and Schools of Education into the Alaska College of Education. A planning document from 2017 prepared by President Johnsen for the Board of Regents⁽¹⁾ reveals a long list of concerns raised by the NWCCU, including questions about faculty governance input, on whether the change was financially sustainable and cost effective, and others. The NWCCU's president characterized the plan as unusually complex, expecting the review process to take "significant time (multiple years) and effort."

[11:39:51 AM](#)

Pres. Johnsen concluded that "a difficult, time consuming, and uncertain accreditation process creates major challenges to our ability to successfully recruit students, engage our faculty, build on our strengths, and deliver programs while we go through the process." He ended up proposing that the affected programs remain affiliated with their home campuses but be administered by a single Executive Dean at UAS, in part to "avoid accreditation concerns altogether."

The centralized Statewide structure and its removal from the day-to-day operation of our programs makes it structurally incapable of managing the level of detail required to make these types of mergers successful, even as it resists delegating that control to those who are well-positioned to manage those details. Following the loss of specialized accreditation by UAA's initial licensure programs by the Council for the Accreditation of Educator Preparation (CAEP) the Regents voted to abruptly discontinue the initial licensure programs at UAA in 2018 after an expedited program review similar to what it just ordered at its September 12th meeting. The wishes of UAA School of Education's local constituencies were ignored⁽²⁾ and principled dissent from the Chancellors was actively suppressed⁽³⁾. An internal planning document⁽⁴⁾ reveals that of UAA's 474 education majors, 27% graduated last year, 17% transferred to other majors within UAA, 13% transferred to UAF, 11% transferred to UAS, and 32% "did not complete, [were not] retained." So 150 students dropped out of school. As a result of this rushed and ill-considered consolidation, students were harmed. This is indicative of a fundamental problem with our over-centralized model, and will not be solved by greater consolidation under single accreditation.

The concerns raised by President Johnsen in the 2017 document about delivering programs while undergoing a major accreditation process remain valid. In fact, the system has considered this possibility before. The 2016 Dana Thomas report commissioned by President Johnsen on the prospects for single accreditation⁽⁵⁾, concluded that single accreditation was not recommended. According to the NWCCU's Substantive

Change Manual⁽⁶⁾, the proposed changes will have to be considered by the full Commission, which meets only twice a year in January and June, with proposals requested at least six months in advance of planned implementation. This explains President Johnsen's aggressive proposed timeline⁽⁷⁾, but it is highly unlikely that a proposal detailed enough to satisfy the NWCCU can be completed on this timeline, given that preparation for UAA's recent successful review occurred over 18 months.

[11:42:14 AM](#)

By contrast, separate accreditations allow us to evolve according to the needs of our communities without precluding our ability to agree to work together when it makes sense to do so. Accreditation is built on mission. Separate accreditation allows UAA, UAF, and UAS to emphasize their distinct missions, which have grown up in response to the differing needs of their communities, and which are appended as Exhibit A. The heart and soul of accreditation is assessment, which is the act of regularly reviewing data and student assignments for evidence of performance and continuously making plans for improvement. This is why accreditation and assessment work best at the ground level, where the results of assessment can be plugged directly into a continuous improvement process that is personalized to the needs of the local student body.

UAA, UAF, and UAS have different demographics and have developed their curricula, majors, and missions in response to their unique needs. For example, 96% of students at UAA are commuters, 48% are of nontraditional age, and our students are more likely than college students in general to be working while going to school or to be caregivers for dependents. In order to be successful, any initiatives aimed at increasing retention and graduation rates for this student body will have to take all this into account. UAA had long known that its 6-year graduation rate, which hovered around an average of 26% for most of the last seven-year review cycle, was a problem. Two years ago, thanks to a series of local initiatives that UAA has been implementing to address this problem, our 6-year graduation rate increased 6 percentage points⁽⁸⁾, and last year it increased

another. It is a local, community-oriented connection between students, mission and improvement that produced this result.

In closing, the decentralization that we are advocating is certainly not the status quo, and in fact it offers truly exciting opportunities for our public university system to grow into what our state's diverse communities need in the years to come. If we can accomplish a 7% increase in graduation rates in 2 years, despite the limitations of central control, think about what we might do with a university with its own Board of Trustees, responsive to the market forces of the communities we serve and empowered to pursue opportunities that make the most sense for our communities, and our state.

Let us show you what we can become.

EXHIBIT A: The distinct institutional mission statements of UAA, UAF, and UAS

UAA: The mission of the University of Alaska Anchorage is to discover and disseminate knowledge through teaching, research, engagement and creative expression. Located in Anchorage and on community campuses in Southcentral Alaska, UAA is committed to serving the higher education needs of the state, its communities and its diverse peoples. UAA is an open-access university with academic programs leading to occupational endorsements; undergraduate and graduate certificates; and associate, baccalaureate and graduate degrees in a rich, diverse and inclusive environment.

UAF: The University of Alaska Fairbanks is a Land, Sea, and Space Grant university and an international center for research, education, and the arts, emphasizing the circumpolar North and its diverse peoples. UAF integrates teaching, research, and public service as it educates students for active citizenship and prepares them for lifelong learning and careers.

UAS: The mission of the University of Alaska Southeast is student learning enhanced by faculty scholarship, undergraduate research and creative

activities, community engagement, and the cultures and environment of Southeast Alaska.

[11:44:10 AM](#)

CHAIR SHOWER noted that during the break there was some discussion about military strategy and the move toward decentralizing command and control. He said the principle is to let the trained experts do the mission.

He welcomed Dr. Chad Farrell.

Equity

[11:46:07 AM](#)

DR CHAD FARRELL, Professor of Sociology, UAA, discussed equity related to the proposal to consolidate the three UA universities into a single accreditation. He delivered the following prepared statement:

To the chair, thank you for this opportunity. My name is Chad Farrell and I have been a professor of sociology here at UAA since 2005.

In its first population enumeration after statehood, the U.S. Census Bureau counted roughly 226,000 Alaskans. Anchorage was already our largest city at the time, but most Alaskans lived elsewhere. In fact, more than half of the state's population lived outside the Southcentral region, which I'll define here as Anchorage, Mat-Su, Kenai, Kodiak, and Valdez. By 1975—the same year that UAA was first accredited—Southcentral was home to nearly a quarter-million people, larger than the entire state had been less than a generation prior. This population shift toward Southcentral continued to build.

Anchorage has more than tripled in size since statehood, and Kenai has more that sextupled. In the past decade, Mat-Su ranks among the fastest growing jurisdictions in the entire United States. Today, nearly two out of every three Alaskans call Southcentral home.

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As our population has grown its composition has changed. Much of my research focuses on the changing racial and ethnic contours of the United States, and I am fortunate to work in a city which is at the

forefront of one of the nation's most consequential demographic trends. Anchorage is located on indigenous ancestral homelands and it is also a crossroads for newcomers; this reality is etched into its ethnic architecture. To put this in some context, the indigenous population of Anchorage, taken alone, would constitute the state's second largest city. The Filipino population of Anchorage, taken alone, would constitute the state's fourth largest city. Nationally, Anchorage ranks among the top-25 cities in the number of residents claiming Hmong, Native Hawaiian, Norwegian, Sudanese, Thai, Samoan, and Finnish ancestries.

It is perhaps not surprising then, that the three most ethnically diverse public high schools in the United States are found here in Anchorage (please see the attached exhibits). So are five of the nation's most diverse middle schools, and 23 of the nation's 25 most diverse elementary schools. Some of the students currently enrolled in those schools will eventually find their way into my classroom, where they will sit side-by-side with an array of other students. Together, they will come from every imaginable background: rural villages, affluent Hillside neighborhoods, refugee camps on the other side of the world, the splendor of Kenai, the mosaic of Mountain View, the proud austerity of Kodiak, the kinetic energy of Mat-Su, and, in some cases, fresh from military service in a war zone.

Who is best situated to oversee the higher education of these incoming cohorts of dynamic and diverse students? Who has the best vantage point from which to recruit talented and diverse faculty to teach and mentor them? Who has the community visibility to cultivate partnerships with local government, business, and the nonprofit sector? Who is most likely to have the necessary on-the-ground perspective to make tough budget decisions while minimizing harm to students? Is it a centralized absentee statewide administration? Or is it a chancellor who lives here in Southcentral and has the pulse of the place?

These questions also pertain to UAS and UAF. My colleagues on those campuses share the same

commitment to students that we do. What we do not share is a centralized cookie-cutter approach to serving our largely place-bound student populations. Instead, we accomplish the mission by adapting to our respective local constraints and opportunities, and we reach out when we need a hand.

11:50:32 AM

UA Statewide seeks to "right-size" the university system through centralized planning and control. However, geography and demography have already spoken. Statewide is not the center of gravity in this state and Alaska's rich regional distinctions are not going to be erased by anyone. Southcentral's dynamism and distinctive character require an unfettered university that is free to respond to the region's changing social and economic landscape. That requires local control, not remote control.

[Exhibits for Dr. Farrell's presentation may be found on BASIS under the documents tab for this meeting.]

11:51:15 AM

RICHARD CLAYTON TROTTER, Professor of Law, Accounting, And Finance, UAA, offered his perspective on equity as it relates to the proposal to centralize the University of Alaska System. He reported that he graduated from the University of Texas School of Law and College of Business. He worked for a U.S. District Judge in the Western District of Texas for two years. Thereafter he spent two years studying international law, comparative law, and international business at Oxford University. He then was a corporate council for General Mills and worked with mergers and acquisitions throughout the U.S. and Latin America. After his legal career, he has had a 30-year teaching career at Texas Tech, Trinity, and UAA. He spoke to the following prepared statement:

To the chair, my name is Richard Clayton Trotter, Professor of Business Law, Accounting and Finance at UAA.

We are here today to ask that the Alaska legislature act for the benefit of the University of Alaska and the State of Alaska. We ask that you use your constitutionally authorized power to give the universities greater authority to govern themselves.

Self-government is equitable. To be governed by a distant power is imperial, is not equitable, and is not consistent with the spirit of our state or federal constitution. But that is how our universities are governed today.

The people of Alaska and the Alaskan government have complained for many years about imperial government from Washington, D.C. Your universities deserve no less from you than what we all deserve from our nation's capital.

[11:53:35 AM](#)

In prior legislative hearings and in meetings of the Board of Regents, the statewide administration of the University of Alaska system has sometimes flashed a power point slide at you quoting Article VII, sections 2 and 3 of the Alaska Constitution. Those sections establish the University of Alaska as the state university, assign governance and fiduciary powers to the Board of Regents and executive power to the President.

When we have seen those quotes, we instantly understand the point of quoting those sections. You and we are being told that the power of the Regents and the President was intended to be, and is absolute.

That is not true. The sections limit the powers of the Board of Regents with the phrases "according to law," and "in accordance with law." These important phrases gave to future legislatures the power to modify the responsibilities of the Board.

It should not be surprising that the framers of our state constitution included these phrases in sections 2 and 3. The author of those two sections was delegate Victor Rivers. In another place in the proceedings of the convention, he says this:

"Now in the past, as a Territorial government, we have had no manner of expressing self-government except through boards. We have had no manner of having citizen participation in government except through boards. Consequently, we have had lots of boards established to much of the disgust of a good

many of our members of the legislature and citizens."
(page 2030)

The experience with territorial government taught them an appreciation for establishing and preserving self-government and eliminating government by boards and bureaucrats. You will find earnest debates on the subject of self-government in the proceedings of the convention.

Due to their concern for preserving self-government in Alaska, they created Article X of the constitution. They knew that some of our communities would mature and would outgrow imperial government from a central point, and they knew that the people deserved to govern themselves by their ancient rights as Americans. Article X was their remedy. That article provides a pathway for communities to become independent, self-governing communities.

The Boundary Commission was one of the institutions created by Article X to attend to future questions that might arise from the growth of communities. The Commission reviews all proposals for new boundaries among municipalities and cities in Alaska. (i.e. state governing bodies) The process is long and involved, **requiring a vote** of all those affected by the boundary change. The basic requirement of the law is that the change must be demonstrably in the best interest of the state and the newly created entity. A detailed analysis of the proposal to create or change a boundary must be prepared, often costing thousands of dollars, followed by a vote of the people involved.

The Board of Regents is now considering a total consolidation of our system that will take away the little self-government that our universities have. The consolidation will affect tens of thousands of Alaskan citizens as well as young people from other states. This will have a profound and permanent change in their lives. But there will be no vote, not even a non-binding referendum, unlike the requirement when a change in the boundaries of a city or borough is proposed.

The Board of Regents is un-elected and it is essentially a non-democratic institution, but its purview has grown to the point that demands accountability to the people. The Regents must handle their affairs according to law, and you make the law.

Should not the consolidation of the universities as the Regents and President propose, or the decentralization of our universities as we propose demand as much serious and detailed consideration as would the disposition of a municipality before a massive change? Why should such a massive change to our public system of higher education escape a vote by the people or by the representatives of the people?

[11:55:18 AM](#)

MR. Chairman, it is not only right and constitutional for the legislature to act. It is also good risk management.

We need not remind you of the jurisdiction of the Federal Courts over the actions of the Board, given the recent litigation regarding a UAA anthropology professor. The Supreme Court has ruled that individual members of a state agency may be named as defendants in litigation in Federal Court alleging violations of federal Constitutional rights. The Constitution of Alaska established The University. The Constitution of the United States is the supreme law of the land and rules over state Law. The University is a state actor for jurisdiction purposes regarding federal constitutional and civil rights matters.

Because of the detrimental reliance of faculty, staff and students involved, promises made in a time of plenty, while perhaps understandably difficult to perform in a time of lack, are still promises. Many faculty members, like us, moved here relying on those promises, representations and the structure of the existing university system. Any "sea change" shift in the system, **could** give rise to a plethora of lawsuits and costly litigation.

At a minimum, many faculty and students would "vote with their feet" and leave the system. Many in the

university community have approached me, asking, "can we sue" or declaring they "want to sue," Nonetheless, the unwise decision to declare financial exigency, against our advice, has cost the board enormously in good will in the community, especially among students and faculty.

After 1974, The University of Alaska established three accredited universities and transferred and granted, "All the curriculum matters", including teaching and research to those institutions, supposedly keeping only "administrative duties." This grant of authority, in my opinion, created the potential for a "detrimental reliance" interest among students, faculty and perhaps staff. Arguably, staff are simply at will employees and have no expectation of future employment if a university dissolves. However, to some degree they too have relied on the representations of the University of Alaska's constituent universities.

Faculty are another matter. Tenured and tenure-track faculty are hired for the "long haul." The universities made at the time, explicit and implicit representations that the university would "continue to exist." A university will not work, if professors have no reasonable expectation of employment or the existence of the institution in the future. Tenure track faculty serve 5 to 8 years in anticipation of promotion and tenure. If that expectation ceases, faculty would leave. Many already have.

All faculty, particularly faculty that just recently arrived at the university, have relied to their detriment on those representations. If the representations had been intentionally false, they would be fraudulent. Damages would be enormous. Even if the representations were negligently or mistakenly false, those injured thereby have a cause of action against the university and the state of Alaska. One does not change horses (or universities) in the middle of the proverbial stream.

Literally, thousands of students are operating under the same burdens. Most are taking a wait-and-see attitude. They have clearly been detrimentally affected by just these proposals. Some may leave, but

many in the most vulnerable populations cannot relocate - they will just leave college permanently. To their great loss and great loss to Alaska. Nonetheless, if the universities dissolve, it could create a class action of stunning proportions. These concerns may not materialize, but they do surface due to the facts.

Thank you.

[11:57:17 AM](#)

MR. TROTTER added that he moved here eight years ago when oil prices were \$110 per barrel. Since then, prices dropped to \$23 and then rose to \$62 per barrel. He opined that this problem is not the legislature's, the university's, or the governor's; it is a market problem. As the market price of oil increases, there will be more money, but we must be smart as we move forward, he said.

[11:59:41 AM](#)

CHAIR SHOWER announced a break until 1:00 pm.

[1:03:32 PM](#)

CHAIR SHOWER reconvened the meeting and welcomed the next presenters.

Spending Priorities

[1:03:48 PM](#)

DR. IAN HARTMAN, Associate Professor, UAA Department of History, University of Alaska Anchorage, Anchorage, Alaska, delivered the following prepared statement:

To the Chair, my name is Ian Hartman, and I'm a professor of American history at UAA. Thank you for holding this hearing.

I wish to share with you some figures about this university system. As you'll recall the governor's proposal to fund the UA system at roughly \$193M would have provided state support at the level of \$11K per full time enrolled student. 17,000 students enroll in the UA system on a full-time basis. Nearly 11,000 of them are right here in Southcentral Alaska, attending UAA. That's 65 percent of the students enrolled in higher education in Alaska.

[1:04:56 PM](#)

After the budget compact, the University of Alaska Anchorage will receive about \$107M in unrestricted general funds this fiscal year. This works out to \$9,700 per full time student at UAA. This is \$2K **under** what the governor first proposed. In other words, UAA is **already** under the target for the reductions originally proposed by the governor. But if we look at the funding picture even more closely, one may be surprised at the level of disparities.

UAA's College of Arts and Sciences is the largest single college within the entire university system. Last year CAS generated more student credit hours, and had more students enrolled, than all of the University of Alaska Fairbanks. UAF received \$148m in undesignated general funds. Meanwhile the College of Arts and Sciences received under \$4 million in UGF.

Please consider what I am about to say: the single largest college in the entire university system, with over 6,000 students enrolled at any given time, received about ONE PENNY of every dollar that the legislature appropriated for the University of Alaska system.

Please don't misunderstand: I appreciate the different mission and focus of UAF. I understand that the value of research is not reflected well by a cost-per-student model. I'm not objecting to adequate funding for research or the support for graduate programs that make much of that research possible. But the structure of the University of Alaska and the centralization of decision-making at the Statewide level makes the natural disparities between teaching and research far worse.

Statewide administration made the decision to direct shockingly low levels of funding towards students, staff and faculty in the university's largest single college. Statewide's decision reflects a belief that the largest college in the system and the largest university in the system exists first and foremost to subsidize the costly overhead associated with a burdensome administrative body remotely controlling teaching, learning, and research in the state's population center. Recall that Statewide's budget is in excess of \$50 million dollars, over 10 times what

UAA's College of Arts and Sciences was allocated in UGF.

Why does this matter? To the extent that there is one, the "typical" student who is enrolled in the University of Alaska system is enrolled in a program in the College of Arts and Sciences here at UAA. Perhaps she is a biology major who has her sights set on medical school, or maybe he is a history major who wants to teach high school kids about the significance of our nation's founding ideals. But in any case, this student is appallingly underserved given the current funding structure and priorities of the university, and we fear that under greater centralization, this will only get worse.

[1:07:26 PM](#)

This arrangement benefits not a single student at UAA - all of whom chafe under a funding system that reflects political considerations rather than student demand or the economic interests of the Alaska's most populated region. Simply put, students at UAA pay for a system that has for too long chronically underserved them. You in the legislature are uniquely situated to help us solve this problem. Thank you.

Citations:

<https://alaska.edu/files/pres/FY20-Proposed-Operating-Budget-Distribution-Plan.pdf>

[1:07:58 PM](#)

CHAIR SHOWER asked if any of the cost disparity between UAA and UAF had to do with UAF's focus on research and development and the fact that they receive grants from outside sources, or if it was an inequitable disbursement of undesignated general funds.

DR. HARTMAN said he suspects it is a combination. He said it is true that UAF has a stronger research profile and that it also has a smaller student base. It is unprecedented in higher education for the main campus to receive so much funding yet have less students while the larger campus gets the leftovers. He suggested having discussions to figure out how to realign and preserve the strength of UAF's research programs while reconciling that the larger student body is at UAA and is not adequately served by the current structure.

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DR. JOEL POTTER, Assistant Professor of Philosophy, University of Alaska Anchorage, Anchorage, Alaska, delivered the following prepared statement:

To the chair, my name is Joel Potter. I am an Assistant Professor of Philosophy at the University of Alaska Anchorage. I serve on the Faculty Senate Committee on Governance and Funding Reform and also live on campus with my family and work in the residential community as UAA's first Faculty-in-Residence.

Today I intend to explain why legislative action is needed in order to significantly reduce administrative costs for the University of Alaska system. I shall begin with a brief summary of administrative costs at the UA Statewide Office. Then, I shall identify a recent attempt to improve cost efficiency and service delivery at Statewide, and then I shall propose why a legislative fix, enabling greater decentralization, is the best way to reduce overall administrative costs.

Administrative costs are high in the University of Alaska system. In FY18, the UA system spent 130M on Institutional Support (the NCHEMS category for administrative costs). This amount represents 15.9% of total expenditures in the UA System and is nearly twice as high as the national average for public 4-year institutions. Despite these facts, between FY14 and FY18, there was only a 5.5% reduction in expenditures (\$7.6M) on Institutional Support or administration, whereas Instruction, which is in line with national averages, was reduced by 11.5% (FY19 UA in Review Report, Table 4.08). [The Appendix may be found on BASIS under the documents tab for this meeting.]

The Statewide Office has not led the way in reducing administrative costs. In FY18 Statewide was the source of 37.5% of administrative expenditures or \$48.8M. Despite a \$60M reduction in annual unrestricted general funds to the UA system between FY14 to FY18, expenditures on administration were reduced at Statewide by less than half a million

(\$487,400 dollars) (FY2015 Yellowbook, "University of Alaska Approved Operating and Capital Budgets," December 2014 and FY2019 Yellowbook, "University of Alaska Approved Operating and Capital Budgets," December 2018). While UAF, UAA, and UAS together reduced their administrative costs over the same time period by 8%, the Statewide Office reduced its administrative costs by only 1%.

This may come as a surprise, since the Statewide Office has reduced its use of unrestricted general funds more than the universities have; the amount of UGF budgeted for Statewide in FY18 was 39.3% or \$11.6M less than it was in FY14. However, a reduction in one type of funding does not entail reductions in expenditures. To make up a short fall in UGF, the Statewide Office can effectively raise taxes on the universities by the increased use of student tuition and fees, charges for services, and indirect cost recovery on research dollars. The Statewide Office also draws revenue from interest income and land sales.

In addition, this cost picture may also be surprising because total actual expenditures for Statewide between FY14 and FY18 reflect a \$11.3M reduction. These reductions have almost exclusively consisted of a transfer of costs from Statewide to one of the universities. In FY16 and 17, the programs associated with Systemwide Education and Outreach were transferred from Statewide to UAF. In FY14, Systemwide Education and Outreach cost 10.2M at the Statewide Office. Unless the receiving university has managed to reduce the costs associated with these programs, then what on paper counts as reductions in expenditures at Statewide may not have contributed to actual reductions in expenditures in the UA system.

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More recent budgetary cuts also do not reflect real savings. In FY19, a separate line item in the operating budget, called UA Enterprise Entities, was created for the UA Foundation and the Education Trust of Alaska. This transferred associated costs from Statewide into a new and separate unit. According to the Statewide System Office webpage, these services are still administered by offices within Statewide,

so this change reflects no actual reduction in expenditures. In fact, the combined line items for Statewide and Enterprise Entities reflect an increase in the SW budget from the year before and, if spent, would exceed FY14 expenditures in Institutional Support.

Fiscal challenges and bloated Statewide administration are not new with the recent state budget. In March 2015, outgoing UA System President Patrick Gamble established the Statewide Transformation Team in the wake of "the state's deepening fiscal crisis" (Patrick Gamble, "SW Transformation Team Formed," March 23, 2015) and asked the team to "review SW office programs and services and make recommendations to ensure SW work is tied to its essential purpose, efficient in its use of resources, and effective in delivering results" ("Transforming the University of Alaska's Statewide Office" September 15). In their report, the Statewide Transformation Team noted a command and control style and a lack of clarity about the unit's purpose among its functional leaders. The team recommended that many functions at Statewide should be moved to the universities in order to promote efficiency and to better serve students.

In a November addendum to the report, the team concluded that the Statewide Office "has grown into an expansive entity lacking both a clear mission and a unified connection to its purpose, limiting its effectiveness." They noted that "Comparison with peer state university systems across the country reveals that UA Statewide is an outlier in terms of structure, function and staffing levels" ("Transforming the University of Alaska's (UA) Statewide Office Addendum to Report" November 2015). While some Transformation Team recommendations were implemented - including the transfer of teaching and public service at Statewide to one of the universities - most of the recommendations to distribute or share operational functions with the universities were not implemented.

The way to bring about effective long term change in administrative cost is to open up the services currently provided by the UA Statewide Office to

competition. In order to be able to do this, the university chancellors must have the authority to contract cost effective and efficient services.

Given authority to make decisions about service providers, each chancellor could, then, determine whether to

- (1) utilize a service from a statewide office under the terms of a negotiated shared service contract,
- (2) utilize services provided by private industry or local municipalities,
- (3) run the service from within the university,
- (4) receive the service from one of the other universities under a negotiated shared service agreement,
- (5) or share the service between universities using a consortium approach.

The chancellors are best positioned to decide because they are in closer contact with the students they serve as well as with community partners, donors, and faculty and staff. Legislative action to distribute authority from the president and regents to the chancellors and newly created boards of trustees would force whatever statewide office continues to exist to take on a true service orientation. Without a market incentive, we can expect the sorts of inefficiencies identified by the Transformation Team to remain or worsen.

Appendix

1. Cost of Instruction vs Cost of Institutional Support in University of Alaska System

Although the Direct Student-Regular Faculty Ratio for UA as a whole may be low (it is 11.4) compared to other state systems, the actual cost of instructional faculty at UA is not high compared to other public institutions.

In FY18, UA spent \$11,290 per full-time equivalent student (SFTE) on Instruction. This is less than the average 4-year public institution, which in FY17

spent \$12,676 per SFTE. And it is only slightly more than the average for both public 2-year and 4-year institutions (\$10,832).

Besides including some other instructional costs, Instruction, as a NCHEMS category of expenditures, includes the benefits and full salary of instructional faculty, covering their research, service, and teaching.

The proportion of FY18 spending on Instruction in the UA system is only 24.15% of UA's total expenditures. This is a smaller proportion than what was spent at public 4-year institutions in FY17 (28.19%), according to the National Center for Education Statistics.

By contrast, Institutional Support (which is the NCHEMS category for administrative costs) was 21.5% (130M) of the total unrestricted expenditures at UA and 15.9% of total expenditures at UA in FY18. In FY17, the average public 4-year institution spent 8.4% of its total budget on Institutional Support.

serve as well as with community partners, donors, and faculty and staff. Legislative action to distribute authority from the president and regents to the chancellors and newly created boards of trustees would force whatever statewide office continues to exist to take on a true service orientation. Without a market incentive, we can expect the sorts of inefficiencies identified by the Transformation Team to remain or worsen.

Sources:

[The exhibits for this prepared statement may be found on BASIS under the documents tab for this committee meeting.

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SENATOR COGHILL asked if he knew the private donor volume for the various campuses.

DR. HARTMAN said heard anecdotally that one donor who gave \$200,000 to UAA said they would not give anymore because their

previous donations may not be used for the programs they originally intended.

SENATOR COGHILL said he heard that too and he believes it would be wise to honor the reasons the donations were made in the first place.

Alternative Models

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DR. MAX KULBERG, Assistant Professor, Pharmaceutical Sciences, and the WWAMI School of Medical Education, University of Alaska Anchorage, Anchorage, Alaska, paraphrased the following prepared statement:

To the chair, my name is Max Kullberg. I am an Assistant Professor with the WWAMI School of Medical Education.

Thank you for this opportunity. I would like to talk to you about decentralizing the University of Alaska system, which has been proposed by the Chancellors.

Decentralized models for universities exist around the country including the Claremont colleges in California and the recently decentralized Oregon university system.

Decentralizing is a strategy for reducing administrative costs and increasing local governance. As has been mentioned, decentralization could be accomplished by legislatively moving powers to a board of trustees for each university, or by creating a separate Alaska State University. The advantages of a decentralized model compared to a centralized merger model, are as follows:

First, a decentralized model would largely save costs by reducing administration. We have heard from legislators and stake holders that they would like to see the university's money go to instruction and for cost savings to come from reducing administration. This makes sense, since the University of Alaska system spends nearly double the national average on administration. Over 40% of that cost is from UA statewide, which has a budget of \$52M per year. If we are going to reduce administrative costs, we must

talk about creating a more efficient statewide unit. The Oregon legislature recently took this step. They gave autonomy to the chancellors, created boards of trustees for each public university and downsized their central administrative office. We should and can do the same. The legislature of Alaska has the authority to shift responsibilities, now possessed solely by the Board of Regents, to boards of trustees for UAF, UAS and UAA.

A more decentralized leadership structure would reduce the unchecked administrative spending at statewide and allow the Chancellors to make precision reductions to local administration. The Chancellors have already made such cuts, largely absorbing this year's \$25M cut. If cuts do extend to academic programs, adjustments are best managed locally by those who know their program's mission, curriculum, students and community connections. Such local control has already led to natural collaborations between UAA, UAF and UAS in chemistry, philosophy and engineering as the programs rely on each other to accomplish their goals. Much more disruptive to students would be the top down approach of merging the three universities, which would largely eliminate face to face contact at two of the campuses and rely on distance learning to the third, lead campus.

The School of Education is an example of this approach. Not only did it precipitate the loss of accreditation at UAA, it has also resulted in a 38% decrease in student enrollment in education this year across the whole university system. That is 38% fewer teachers that will be available for our k-12 school districts in just a few years. My daughter's second grade class already has 29 students. What is it going to look like in a few years? This will disrupt our community. A system-wide merger and consolidation will impose this disruption on a larger scale, on the entire state.

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The most important aspect of decentralizing is that it would allow for increased local governance. As Mayor Berkowitz pointed out at the last Board of Regents Meeting, he doesn't think consolidation is the answer and said that the system works best when

there is a local authority at the University that can work directly with the community.

This is contrary to the President's proposed leadership structure, which would eliminate the Chancellors and Provosts and transfer authority to himself. Only with local autonomy can a university truly serve and align with its community.

UAA, UAF and UAS serve very different cities with different workforce needs and different students. Our students at UAA have made their voice heard. They don't want an online education. They want to be face-to-face with their teachers. They want to sit next to their peers. Moreover, research has shown overwhelmingly that underrepresented students like those at UAA, do not do well with online education.

With online educations they are more likely to fail their courses, are less likely to graduate and will have more difficulty finding a job after graduating. We have data from UAA that confirms these conclusions. In organic chemistry, 30% of students fail when it's delivered in a face to face format. When the exact same content is delivered, by the exact same teacher, just moved to an online format, 70% of students fail. That is over double the failure rate from moving a course to online, and this is the model that the President wants for our entire university system.

UAA has evolved to fit the students of UAA and has aligned with the community so that students can most effectively transition into our workforce. If the universities are required to merge and UAA is governed from a plane ride away, this community will lose this university and once it's gone it's not coming back. In summary a decentralized model would decrease unchecked administrative costs at UA statewide and would increase local governance so that UAA, UAF and UAS truly serve the students and their regions.

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DR. PAUL DUNSCOMB, Professor and Chair, Department of History, University of Alaska Anchorage, Anchorage, Alaska, delivered

testimony on alternative models. He paraphrased the following prepared statement:

To the chair, I'm Prof. Paul Dunscomb, chair of the department of history at UAA.

When we to talk about the restructuring of higher education in Alaska, it is critical to note this is not a discussion about declining budgets and cost savings. It's not about how diminished state support gets distributed. Questions regarding the structure of higher education in Alaska are much more fundamental. They are about mission, and purpose. Who shall have access to higher education, and who shall not? What value can the state of Alaska expect to realize from its system of higher education.

Higher education in Alaska has evolved since the days of statehood and it must evolve again. It is also clear that no matter what model we ultimately end up adopting for the system (how our product is delivered), the basic governance structures for higher education in Alaska require reform. The Alaska Legislature has a critical role to play in this.

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In 1974 the Board of Regents and the UA President Robert Hiatt approved a measure to grant the branches of the University of Alaska in Anchorage and Juneau permission to seek their own accreditation. In 1975 the University of Alaska deeded its own accreditation to the University of Alaska at Fairbanks. When it did so the University of Alaska as such, an accredited, degree granting institution whose faculty teaches students and conducts research, ceased to exist. During those forty-five years the vast bulk of higher education in the state of Alaska has been delivered by three separately accredited universities, known since 1987 as UAF, UAA, and UAS. While there remains an entity known as the University of Alaska it is a purely administrative one, costing \$52 million a year.

The basic shape of higher education in Alaska has been at variance with the constitution for forty-five years. Up until last week, the only proposal for restructuring that had received serious attention was

for consolidation of the three UA universities into a "new UA." One justification for it was the language of the constitution (Article VII, Sections 2, 3), which describes a University of Alaska under a Board of Regents. However, trying to stuff forty-five years of institutional evolution and growth into that form is rather like the tailor cutting the customer to fit the suit. Far better would be a new legal framework building on what presently exists and providing for greater autonomy and improved local governance.

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There are three particular ways the legislature could do this.

The constitution could be amended to conform with the current reality. This would likely prove a heavy lift, however. There are measures short of constitutional reform that the legislature might entertain.

Article VII, Section 3 notes the Board of Regents shall operate "in accordance with the law." As authors of the law you have the power to redefine and separate the duties of the board to allow for more effective governance by giving each of the three universities local boards of trustees and requiring the chancellors to answer to them.

Finally, Article VII Section 1 does permit the state to provide for other public educational institutions. This could take the form of a separate and independent Alaska State University to which you can convey the assets of the University of Alaska Anchorage (land, buildings, curriculum, and accreditation). Prof. Nabors referenced the 1988 Alaska Supreme Court Decision *McAlpine v. University of Alaska* that implied the legislature has the right to do this. In that vein it should be noted that in 1976 the legislature moved and considered a bill that would have broken out all of Alaska's community colleges into a separate system independent of UA.⁽¹⁾ They ultimately stopped short of doing so, but they did give the matter serious consideration.

Higher Education in Alaska has evolved beyond the ability of a single Board of Regents perched at the

very top of the system, to exercise effective governance over the three universities in their charge, especially not peering down through the overcast of Statewide Administration. A decentralized model providing local control and greater autonomy, which you have the authority to provide, is a far more effective answer to the challenges we face than merely insisting on reverting to the form described in the constitution regardless of how ill-fitting to the needs of Alaskans that form is.

Thank you.

1. W. A. Jacobs. *Becoming UAA, 1954-2014: The Origins and Development of the University of Alaska Anchorage*. University of Alaska Anchorage, 2014. 64-66.

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SENATOR COGHILL said that was a final emphasis to what the committee has heard throughout the testimonies. He said he's started outlining a series of principles of things to consider moving forward. This debate requires the legislators to look at what they want as outcomes for the university system as well as for each campus. He said the legislature will go to the Board of Regents who have also faced adversities, but this perspective today has brought some things to light that need to be addressed with the board. He highlighted the three main suggestions given today was to amend the constitution, give trustee authorship, or create a university that is unique and distinct.

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DR. DUNSCOMB said the Board of Regents listens to the legislature's opinions and often quotes them in board meetings. He said he appreciates the legislature making its voice heard to the regents.

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CHAIR SHOWER said he is cautious about having three separate university systems coming to the legislature asking for different things, however, that could be prevented with the appropriate structure. He emphasized that competition is healthy in the appropriate structure, and when it is handled the right way is a good thing.

DR. DUNSCOMB commented that Oregon goes through a central board for its budgetary information, so there is a possibility to streamline that approach within the decentralized model.

Perspective of Alumni

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LEA BOUTON, M.A.T., President, UAA Alumni Association Board of Directors, Anchorage, Alaska, as a UAA alumnus, offered her perspective of the proposal to consolidate the three UA universities into a single accreditation. She said she holds a Master of Arts in Teaching from UAA and teaches chemistry and engineering at Dimond High School. She said her testimony would be a little different and that was her primary point. She offered her belief that the alumni of an institution offer something unique. She cited a report to the UAA Alumni Relations in which the consultant said that when used correctly, alumni comprise the fourth endowment piece of a university. Alumni used as an endowment is a resource organized to support the university in a variety of ways to ensure the university's success in ongoing development. She highlighted that in 2012 the Alumni Association was reestablished because previous alumni structures did not work for the community. She noted that the university struggled to effectively use UAA alumni as an endowment and many alumni felt they were only to give financially, while being disregarded for their experience, energy and opinions.

She said that the alumni endowment represents more than annual giving. The alumni provide a glimpse of where the institution is headed because they act as the data points connecting the current students, the curriculum they experience, and the future results. She pointed out the Alumni Association has experienced increased engagement after its open access model was reestablished.

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MS BOUTON said UAA alumni are active, engaged, and generous, but they do it differently. A model that may work for other student bodies doesn't work as well here. She said she was a nontraditional student, like so many others. She walked away after graduation, expecting to not return, until former students became star athletes. She said the presence of the Sea Wolves athletics in her small town, captures the hearts of her family. This engagement strategy enticed her and transformed her into an active and present alum. She wondered if the level of active engagement would change with a consolidation model

and she has two main responses. First, history has shown that a structure that works at UAS or UAF does not necessarily work at UAA. She does not have any confidence that the value of the UAA alumni endowment is understood by statewide. She noted that the alumni have presented their concerns about consolidation to the Board of Regents.

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Secondly, due to the current fiscal situation, there could be unintended consequences to consolidation. She opined that there may be a loss in financial support if alumni were to lose their tie to their alma mater. "We are Sea Wolves. Our colors, our name, our mascot, and our culture; are all integrals of our identity and we give as an expression of that."

MS BOUTON stated that the alumni are here today largely to support the current students of the institution. She noted that the current students have chosen UAA for its community-based institution and the ability to personally work with their professors face-to-face. She said that the current students have voiced that a consolidated structure is not what they came to UAA for and a "new UA" is not what they desire. She is also here to support the 12 percent of students who decided to not return to UAA after the tremulous summer. She said those students are lost assets. She emphasized that we owe it to our state to give students an institution of higher education that supports their needs and works for them.

She said the UAA mission is distinct and important and tied to the community of Anchorage. She urged the legislature to help UAA find a future with its own accreditation and supported by four strong endowments: financial, physical, intellectual, indiscernible.

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MICHAEL LOWE, UAA Alumnus, Anchorage, Alaska, stated that he graduated from UAA in December 2018. He opined that the plan to consolidate the university system is shortsighted. He noted that centralization would impact UAA's Reserve Officers Training Corps (ROTC) Program. This program is one of many that are at risk under consolidation. He said as a member of the Alaska National Guard, it is a concern that students may not have the opportunity to enhance their careers by pursuing a local ROTC program. The possibility of discontinuing a program like ROTC is one of the many unforeseen consequences of consolidation.

CHAIR SHOWER thanked him for his service.

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STACEY LUCASON, UAA Alumnus Anchorage, Alaska offered her perspective of the proposal to consolidate the three UA universities into a single accreditation. She reported that she had been student body president, had served on the Coalition of Student Leaders to advocate for the students on all campuses before the legislature, and had served as a student regent for two years.

She opined that statewide is not very productive but heavily relied on because they have taken on that role. She highlighted that sometimes small problems get amplified by someone who is not completely aware of the data and unfortunately statewide is a part of the amplification of those problems. The administrator's offices are in Fairbanks, so they do not have a relationship with the students in Anchorage, Kenai, Homer, or Southeastern Alaska. She said she has heard the remarks "we want sameness for sameness sake," or "it will be easier if it is the same" for a while now. She opined that having local control and local processes will help navigate problems. If the office in Fairbanks must be contacted for every problem, it creates a much more difficult process.

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MS. LUCASON highlighted that amid budget cuts, the current chancellor at UAA invested in the academic and student affairs so UAA would have more first year advisors. UAA has outreach on the campus, to have more young students come in and check it out. She pointed out that this year is one of the largest freshman classes UAA has ever seen. The momentum of helping students figure out the best academic path has been halted since the administration said, "we are going to be one, that is just happening." She emphasized that students need this system, with outreach and academic advisors, so they understand the opportunities that exist at UAA like undergraduate research.

She urged the legislature to see the value in a decentralized structure and find ways to bring up enrollment and have tuition match what the community can support and the school's value which will lead to more revenue instead of worrying so much about cuts.

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CHAIR SHOWER commented that the people in the classroom and those who have gone through the system offer a uniquely

different perspective. The most shocking takeaway is the regional impacts and the relationships that are established and to remember how unique each area is. He said it has been impactful to not only see the impacts from a budget standpoint but also how this will impact the students themselves.

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JONATHAN TAYLOR, UAA Alumnus, Anchorage, Alaska, said he serves on the Alumni Board and has stayed involved in the university because he values the institution. He wants others to have the same opportunities that he had. He talked about the impacts of having three different institutions.

First, he said, these institutions offer students unique opportunities. The uncertainty of the future of UAA and students receiving their scholarships led to a decline in enrollment, students stopped showing up. He said this is problematic because these students are less likely to return to the institution. He said this restructuring not only impacts current students but future students. The impact of that uncertainty has trickled down to people who are potentially considering the university. He understands there are budgetary concerns, but he urges the legislature to proceed in a careful manner so that the institution can manage those productions in a way that does not negatively impact students.

Second, having three separate institutions reflects the diversity of Alaska. He said that where a student graduates from college, is where they will most likely put down roots. He emphasized that each individual community has its own identity, mission, and purpose. Students are diverse so having an array of missions through three separate universities is crucial. He noted that education is an investment in the future because students will be educated to meet Alaska's diverse set of needs. He said he would hate to see people leave because they didn't have access to higher education.

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SENATOR COGHILL said the future perspective is appropriate. He suggested that going forward it would be important to listen long and speak short because the Board of Regents is also considering things. The point of consolidation has been made clear throughout today's discussion. He stated it's also important the community has had an opportunity to speak. Alaska is a unique community with a small population and large geography. He said he would ponder how to restructure the system so the community can thrive.

He thanked the presenters and said he would take everything that was said to heart. He was listening.

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CHAIR SHOWER said this is step one in the process to find the best university system. He said he would like to also hear the other side of the argument. He advised that he has plans for a roundtable discussion so all the ideas can be argued and vetted. He understands that it is critical to have a robust university system for the future of Alaska, it is all about finding the best way forward with the current budget constraints. He said he looked forward to seeing everyone for further discussions and he appreciates everyone coming to speak today.

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There being no further business to come before the committee, Chair Shower adjourned the Senate State Affairs Standing Committee meeting at 1:57:04 p.m.