

**Report**  
**of the**  
**Committee on Governance and Funding Reform**  
**of**  
**The Faculty Senate of the University of Alaska Anchorage**  
**Approved by the Committee, April 25, 2019**

"The right to petition allows citizens to express their ideas, hopes, and concerns to their government..." *Borough of Duryea v. Guarnieri*, 564 U.S. 379 (2011)

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## **Executive Summary**

This report recommends that a Joint Task Force be empaneled to review the present structure of our university system. The members of the task force should be chosen from the faculty, staff, students and administration of the three accredited universities and the community campuses, and should be open to representation from the state government.

Since constitutional recognition in 1959, the University of Alaska has transformed from a single campus with 921 students, into a university system covering a vast area with many times that number of students. Our system of governance and administration has not changed as the University has grown and transformed.

Strictly speaking there is no University of Alaska. The organization described as the University of Alaska is no more than an administrative unit which teaches no students and conducts no research. The expanse of our system hinders our board from maintaining appropriate oversight of the administration. UA administration is too centralized and too costly.

The vast bulk of higher education in Alaska is delivered by three separately accredited universities based in Fairbanks (UAF), Anchorage (UAA), and Southeast Alaska (UAS). Each of these is embedded in its local community and strives to meet its needs and expectations. Our universities would perform at a higher level with more autonomy.

The trend among other public university systems that have grown from similar origins is towards greater autonomy of local units and away from strong centralization, which characterizes our current system of governance and administration.

## The University of Alaska Since Statehood

When the Congress of the United States approved the constitution of the state of Alaska in 1959, the University of Alaska was a university by the accepted meaning of the word "university." At that time, the University of Alaska taught students and conducted research.

The provisions in the Alaska constitution prescribed an organizational structure tailored to the university as it then existed.

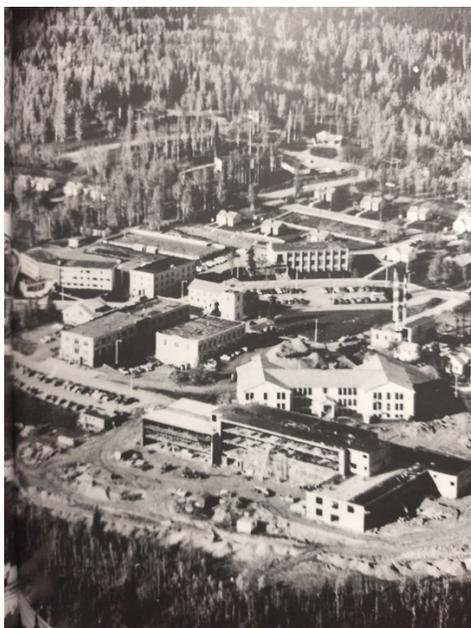
Article VII, section 2 provides,

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.

And section 3 provides,

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, formulate policy and appoint the president of the university. He shall be the executive officer of the board.

In 1960 the University of Alaska was a small institution of higher education. The total enrollment of the University of Alaska was 921, graduate and undergraduate students inclusive. Its campus was in Fairbanks and its image fits into one picture frame. The University of Alaska looked like this:



Since then, the university has grown as the state has grown.

Properly speaking, the University of Alaska today no longer exists as a university in the sense that it once existed when the constitution was drafted. A public system of higher education has developed from within the university and replaced it:

**Three accredited universities.** Three universities dubbed Major Administrative Units have assumed the accreditation of the University of Alaska.

- In 1974 the University of Alaska, Anchorage, became accredited.
- In 1975 the University of Alaska took on the name University of Alaska, Fairbanks, and became separately accredited.
- In 1983 the University of Alaska, Juneau became accredited.
- In 1987 the universities were renamed and reorganized into a system of three MAUs.

**Statewide physical presence.** Campuses, extension centers and administrative offices now cover the state, from Kotzebue to Ketchikan.

**Student Enrollments.** At its highpoint in the fall of 2011, the total number of students enrolled in the University of Alaska was 34,983 students, a figure 38 times larger than in 1960.

What was once the University of Alaska is no longer accredited, teaches no students and conducts no research. It has delegated teaching and research and ceded accreditation to UAF, UAA and UAS.

The University of Alaska continues to exist only as an administrative unit and board of regents that preside over and govern the universities. The campuses of those universities are spread out across a landmass comparable in size to Mexico, and the main campuses are as distant from each other as are the University of Washington, the University of Oregon and the University of Utah. Each has developed distinct strengths, identities and constituencies. Yet the administrative structure remains much as it was when the University of Alaska was one main campus and taught 921 students.

## **The Structure of Governance and Administration**

### A. The Legal Provisions

The board of regents governs the University of Alaska, the president administers it. The relationship between the board and the president is similar to that between the CEO and board of directors in a corporation. The president has nearly absolute control of the administration, but serves at the pleasure of the board, which has the power to remove the president. Thus, the president has a great deal of freedom in the administration of the university and also the incentive to perform this duty well. The board also reserves to itself the right to approve strategic decisions and to monitor or control strategic programs and trusts.

Alaska statute has fixed the number of regents at eleven (14.40.120) and their terms at eight years (14.40.140). In addition to the constitutionally defined powers to appoint the president and hold property titled to the university in trust, Alaska statute grants the board the powers to "determine and regulate the course of instruction in the university" (14.40.170), manage gifts made to the university (14.40.280), remove any university officer (14.40.230), and gives it fiduciary responsibility for the university endowment (14.40.400).

The president is given the authority by law to "give general direction to the work of the University of Alaska in all its departments" and to "appoint the deans, heads of departments, professors, assistants, instructors, tutors, and other officers" (14.40.210), and to "define the duties and supervise the performance of those persons who are appointed by the president" (14.40.220). Alaska statute even vests the power "solely in the president" to suspend, expel and reinstate a student for misconduct (14.40.240).

The policies and regulations of the board of regents reserve or assign more specific powers, rights and duties to itself or to the president.

Those powers, rights and duties reserved by the board include:

- **Academic programs.** The power to approve "All degree and certificate programs...prior to their being offered" (R10.04.020).
- **Organizational structure.** The power to approve "the structure of the academic administration," as recommended by the president (P02.02.010).
- **Key hires.** The right to be consulted by the president in the hiring of a chancellor (P02.01.030).
- **Labor relations.** The power to approve collective bargaining agreements (P02.01.050).
- **Alumni Associations.** The power to recognize alumni associations (P02.08.010).
- **Tuition.** The power to establish tuition rates (P05.10.030).
- **Gifts, Fundraising and Endowment.** The power to solicit and the right to accept gifts on behalf of university or the University of Alaska Foundation (delegated to president) and the power to approve fundraising campaigns (P05.14.030).

- **Campus development.** The power to approve campus master plans (P05.12.050) and "strategic plans for housing" (P05.15.040).
- **Degrees.** The power to confer degrees, including honorary degrees (P10.03.010, P10.03.020).
- **Honors.** The power to confer Meritorious Service Awards (P10.03.030).

The board assigns to the president general responsibility "for the efficient operation and management of the university, including its educational programs, employees, facilities, finances, property, public and governmental relations, students and research activities," (P02.01.010). It also provides the following powers, rights and duties:

- **Delegation.** The power to delegate authority by regulation (P01.03.020).
- **At-will authority over administrators.** The power to create positions, including Officers of the University and Senior Administrators, to appoint, non-renew or terminate their employment without cause (P02.01.020).
- **Absolution from violating board policy.** The right to be absolved, for acts inconsistent with board policy (P02.01.020).
- **All academic planning, execution and review.** The power to appoint and supervise the chief academic officer (the Provost), who is responsible for defining the academic mission of the university; assigning its implementation; for "the administration and supervision of overall planning;" for instruction, research, creative activity, and public service; "academic development and program review." (P02.02.017).
- **Academic programs.** The power to "approve the establishment, elimination or major revision" of academic programs "in which faculty hold tenured or tenure track positions or which deliver one or more degree or certificate programs" (R10.02.040).
- **Organizational structure.** The power to create, and the duty to "recommend the structure of the academic administration" (P02.02.010).
- **Collective bargaining authority.** The right "to represent the board in collective negotiations with certified collective bargaining units" (P02.01.050).
- **Chancellors.** The power to appoint and the right to supervise chancellors (P02.02.015)
- **Parking and traffic.** The power "to promulgate and enforce rules governing parking and traffic on university premises" and to "approve parking fee charges" (P02.09.030).
- **Faculty, Staff and Student Governance.** The power to establish and regulate organizations for faculty, staff, and student governance, and the right to approve their constitutions for system-wide organizations (P03.01.010, P09.07.050).
- **Real Estate Gifts.** The right of sole authority for accepting gifts of real estate on behalf of the university or the University of Alaska Foundation (P05.14.030).
- **Gifts, Fundraising and Endowment.** The right to solicit and accept gifts on behalf of the university or the University of Alaska Foundation as delegated by board of regents and the power to delegate that authority, except for power to accept real estate gifts (P05.14.030).
- **Naming right.** The power to name facilities and infrastructure in consideration for gifts (P05.14.080).
- **Fundraising authority.** The power to direct fundraising (P05.14.090)

- **Student Fees.** The power to establish student fees (P05.10.070).
- **Procurement.** All rights, powers and duties for procurement at the University of Alaska, in accordance with Alaska law (P05.06).
- **On-campus services.** The power to regulate, including pricing of "auxiliary service enterprises, recharge centers, and self-funded activities" (P05.15.020, P05.15.030).

Taken together, the roles of the board and president as defined by Alaska law and the policies and regulations of the board made sense when the University of Alaska was a single university that taught and graduated students, conducted research, and was grounded in its local community with alumni and constituencies that identified with it. So it was in 1960 when the university was one main campus with 921 students.

The natural growth of the university into a university system impairs the effectiveness of this structure of governance and administration. Elevated above the system, the board of regents has become disconnected from the universities, which inhibits its ability to check presidential power. The presidency itself has transformed from an energetic executive of a single campus into an imperial office giving law to three separately accredited universities.

#### B. The Effect of Growth on the Board of Regents

According to board governance expert Dr. Terry MacTaggart, good boards are "champions of the brand and reputation." That is, they know their universities intimately, are sensitive to their markets and constituencies and are able to speak for their universities with deep knowledge of their institutions' strengths and weaknesses. They make the effort to know their administrators, faculty, alumni and student leaders and their institutions' programs and impact on the community. Superior boards foresee strategic opportunities and threats, and actively plan among themselves and with the president to avert those threats or take advantage of opportunities. They work together to shape their institution and its strategic vision, utilizing their knowledge of its internal strengths and weaknesses and local external factors.

Bad boards, on the other hand, are prone either to micromanagement, or passive acceptance or rejection of measures brought to them by the president of which they lack deep knowledge. If board members do not know their institutions, they cannot ably represent them to the public or to donors. They cannot anticipate their institutions' particular opportunities and threats. They also lose the capacity to exercise their most important governing role, overseeing the president. If they lack deep acquaintance with the university, they cannot capably monitor the president's administration, and the board's check against the president cannot function as intended. This allows presidents to shape the decisions of ill-informed boards, align the board with desired goals and perpetuate their continued administration. Both the board and the state government are subject to manipulation by the presidential administration.

The case of the state of Nevada illustrates exactly this dynamic. The origin and development of their system of public universities are in parallel with our own. Article XI, section 4 of the constitution of Nevada ratified in 1864 required the legislature to establish a state university

governed by a board of regents. Like the University of Alaska, the University of Nevada grew into a university system. Similar to what we see in Alaska today, the charge of the board of regents grew into six colleges and universities spread over a large area, and the administration of a single university became the administration of the university system, the Nevada System of Higher Education (NSHE), headed by a chancellor, the equivalent to the president of the University of Alaska.

In response to widespread complaints about funding inequities among the state's universities (which mirror tensions among Alaskan institutions) the Nevada legislature in 2011 created a committee to revise the formula for distributing funds to the state's institutions. The NSHE subsequently abused its powers to shape the committee's findings in the form it desired, and did so with the support of the board of regents.

First, the NSHE enforced a gag order to prohibit the leadership of the respective colleges and universities from venturing their opinions to the committee. It is notable that Alaska has a policy (02.10.040) that can, and has been, used for the same effect. The policy authorized by the Alaska board of regents designates the president as the representative of the university in official communications with all branches of the state and federal government. In a memorandum on February 18, 2019, the president of the University of Alaska cited this policy and expanded it. He prohibited the chancellors of the three MAU's from "soliciting political, public or private support" for views that might be inconsistent with positions taken by statewide administration and reminded them of his power to dismiss them at-will. Just as in Nevada, Alaska campus leadership was ordered to remain silent.

Next, the chancellor of NSHE conspired with an outside educational consultant to convince the legislative committee that a report developed by the NSHE and favoring its goals, was in fact the product of the independent consultant. This conspiracy was discovered by an enterprising investigative reporter only after the deception had done its work. Even after the discovery and the resignation of the chancellor of NSHE under public pressure, the board of regents continued to support the chancellor. They voted 12-1 to pay him the rest of his \$300,000 per year contract and effused praise. Despite acknowledging the chancellor's deception, one regent nevertheless called his tenure "enormously positive."

The lesson that Alaska should draw from this episode is that when a statewide board of regents becomes disconnected from the constituent universities it oversees, which is inevitable as those constituent parts multiply and grow, it is no longer an effective steward of its power to check the president. In the absence of that stewardship, the burden of checking the presidential administration falls to the state government.

Given the many concerns of the legislature and the institutional interest of the presidential administration to perpetuate control, the legislature cannot provide effective, ongoing oversight of the administration either. In the aftermath of the Nevada debacle, one member of the legislature commented, "If this shows anything, it shows that the Legislature is not in charge. If anything they're being used as tools."

Furthermore, legislative authority over the Nevada legislature was blunted by the provisions of their state constitution that shielded their board of regents and administration. Again, our experience in Alaska is similar. System presidents often hold up the provisions in the Alaska constitution to shield them from oversight.

The University of Alaska has grown into a public university system, comprising over twenty campuses and extension centers, throughout the state. This board of regents' view of the university system has become clouded. Hence, at the board meeting live-streamed on February 28, 2019, one regent did not even know that the University of Alaska consisted in three separately accredited universities.

We mention this not to publicly shame the regent in question; we only wish to illustrate a serious problem with our governance structure. This was simply the latest example of a disconnect between the board and its charge which has proved profoundly frustrating to faculty. A board whose members lack such basic familiarity with the institution they oversee cannot provide effective governance, monitor the administration or lead fundraising efforts as good boards do.

We need to reiterate that the regents are not at fault in this. No person serving on the board today can possibly develop the necessary degree of familiarity with the multiple institutions that comprise our university system. Each institution is distinctive, there are many campuses, and they are spread out over a large area. What was possible when that system was a single university with 921 students is simply impossible given the structure of the public university system in Alaska today.

### C. The Effect of Growth on the Presidency

Some specific powers have been delegated by the president to the chancellors or campus officers (for example, R09.02.050 delegates the power to suspend, expel or reinstate students). Notwithstanding this delegation, the president has generally retained administrative authority over the whole university system. Instead of delegating general administrative authority to the chancellors, the board and the president have made the chancellors extensions of the president's will. The chancellors have little independent authority and few powers. On the other hand, they do have many duties, as the policies and regulations of the board of regents attest.

Nominally, each chancellor is given authority as the chief executive officer on his or her campus. The extent of these powers are not specified. Moreover, they are required to report to the president and "perform such duties as may be assigned by the president" (P02.02.015). The president possesses the right to non-renew or terminate the employment of the chancellors at any time and without cause (P02.01.020). Hence, the independent authority of the chancellors is contingent on the permanent right of the president alone to assign any duties or to terminate or non-renew their employment. This essentially deprives chancellors of independent authority.

The chancellor's title as chief executive officer lacks powers which would give meaning to it. In fact, the chancellors serve merely as appendages of the president.

One of the most important powers that a chief executive officer at a university can have is the appointment and supervision of the administrator responsible for the excellence of academic programs (usually designated the Provost). Board policy stipulates that the chancellor may not "appoint a chief academic officer for the university [UAF, UAA or UAS]" before "consultation with the president and the board" (P02.02.017). This policy more than requires permission by the chancellor to hire; it blurs clear lines of authority around the "chief academic officer for the university." Does the chancellor have authority over the work of the "chief academic officer for the university?" Does the other "chief academic officer, who is responsible for defining the academic mission of university" and who reports to the president have that authority? In other words, who has authority over the academic mission of UAF, UAA and UAS? - The chief executive officers of the accredited institutions whose accreditation depends upon the excellence of academic programs? Or the chief academic officer at statewide, a unit that teaches no students, conducts no research and has no accreditation at risk?

The fundamental confusion within the board regarding the basic nature of the organization they oversee is reflected in this policy, among others, as the board tellingly refers to "the university" in a double sense. On the one hand, the policy refers to the MAU as "the university," hence acknowledging that each MAU is a university in its own right. In other places, the policy refers to the University of Alaska - the university system - as "the university." This is another important example of unresolved growing pains, that our board has not clarified. No board can function effectively if it is not clear in its own policies what the nature of the organization it supervises is.

The enumerated powers of the chancellors are mostly insubstantial, for example:

**Constitutions of campus employee organizations.** The power to approve "constitutions for campus employee organizations" (P03.01.010).

Other powers given to the chancellors are sharply limited, for example:

**Elimination of some academic programs.** The power to eliminate academic programs only such that are previously named by board of regents' regulation (R10.02.040).

**Alumni associations.** The power of maintaining "campus-specific alumni associations," subject to board approval (P02.08.010).

Of this class of limited powers given to the chancellor, one is so limited that it cannot be construed as a delegated power at all. The president possesses the stated right to instantly revoke it by an email, viz.:

**Intellectual property.** The president delegates the power to the chancellor to administer "intellectual properties arising out of that university." That power may be "revoked by the president in writing" (R10.07.050).

Conversely, the duties of the chancellors are detailed and many, including:

- The duty to notify the president of a crisis (P02.05.030).
- The duty to "create, maintain and annually update a strategic plan for housing" (P05.15.040).
- The duty to "establish rules and procedures governing the operation of student services programs within housing facilities" (P05.15.050).
- The duty "to define the objectives of the campus bookstore and develop guidelines for its operations" (R05.15.070).
- The duty to implement "a structure for student service programs" and to "designate a senior student services officer" (P09.01.040).
- The duty to make "information generally available to students regarding current regents' policy, university regulation, and MAU rules and procedures that apply to students" (P09.01.050).
- The duty to appoint an officer responsible for "student disciplinary matters for the MAU" (R09.02.040).
- The duty to insure "that the MAU, including extended campuses and sites, meets all legal responsibilities for students with disabilities" (P09.06.040).
- The duty to "establish MAU rules and procedures governing sororities and fraternities" (P09.07.060).
- The duty to establish rules and procedures "regarding the operation of student media organizations" (P09.07.070).
- The duty to "establish MAU rules and procedures consistent with regents' policy and university regulation regarding the operation and occupation of student housing and associated residence life programs" (P09.08.010) and "eligibility criteria for occupancy of student housing, grounds for removal from student housing, and limitations on the length of stay in student housing" (P09.08.020).
- The duty to "establish procedures to inform students regarding the benefits of immunization and testing for communicable diseases and to encourage students to undertake appropriate immunizations and tests" (R09.11.010).
- The duty to supervise the leadership of the community campus (R10.02.050).
- The duty to establish "an academic program review process in place at his/her campus or unit" (R10.06.010).
- The duty to "approve all classified and proprietary research at the respective university and may establish an appropriate process for approval of classified and proprietary research" (R10.07.020).

Many of these duties might be deemed reasonable. The question is where the authority for creating these duties ought to be lodged.

## D. Conclusion

In a holding company that neither develops nor sells products or services an effective board and president would not interfere in like manner with the operations or management of its subsidiaries who know their products and services best. They would keep a strategic distance and hold the subsidiaries accountable to a limited set of goals and metrics. The subsidiaries would have their own boards, whose directors would develop more intimate knowledge of the company than the board or president of the holding company are capable.

Unless the lines between the holding company and subsidiaries are firmly drawn and respected, tension and chaos will impair the entire family of companies. This is precisely what has happened within our public university system as it emerged from Fairbanks in 1960.

Our radical change from small university to sprawling university system was not accompanied by one necessary reform: Neither the board, the president, the legislature, nor the people of Alaska, wielding their power to amend the constitution, adapted the structure of governance and administration in step with growth.

As a result we are saddled with a system that is centrally governed and administered and exhibits many of the defects of central planning. The structure is monarchic in character. The royal court's limited visibility and knowledge of its domain naturally have precipitated conflict and chaos. The availability of plentiful funds masked the problem for years, allowing it to go unremedied without threatening the health of the university system as a whole.

## **External Evaluations of Statewide**

A. Dr. Terrence MacTaggart and Brian Rogers, "Planning the Future," February 1, 2008

The report by MacTaggart and Rogers rested upon the assumption that the structure of governance and administration was fixed in stone. They reviewed the performance of the system as they found it and made recommendations so that it might perform better. They advised improvements to the conduct of the statewide administration. They never called the structure of overall governance and administration into question. The authors briefly considered a totally decentralized model from another state and - too quickly, we believe - dismissed it as "inapplicable to Alaska."

The report reveals the reason why the president commissioned their review of the efficiency of the system: "the probability of flat funding, or perhaps even budget declines" (1, 12).

The general recommendation in the executive summary is "a clearer understanding among all parties of the division of authority and responsibility between UA statewide and the campuses" (2). Later, the authors identify the system's "highly centralized model" (31) as the cause of this confusion.

This recommendation for 'clearer understanding' was a response to their key finding, which was entirely predictable given the structure of governance and administration and the expanse of the university system: Complaints of autocracy, micromanagement on the one side, and complaints of scofflaws on the other. Or in other words, chaos and conflict between the campuses which consider themselves autonomous, and a statewide administration that believes in its authority to command:

Campus interviews repeatedly brought out resentment to an "autocratic attitude" among some Statewide staff, characterized by some as "father knows best." Campuses believe some Statewide offices are second guessing, interfering and attempting to micro manage operational decisions at the campus level, rather than adopting a team approach. They saw a lack of perspective of campus needs, the campus environment, and the campus calendar. This sense is particularly acute toward the finance and budget arenas, where control functions appear strongest. In our System office interviews, we saw concern in the other direction – if functions are devolved to the campuses, what fiduciary accountability is there to the corporate whole, and what should happen if campuses fail or outright refuse to meet statutory, regulatory or policy requirements? (21)

And,

There is a sense at the campuses that Statewide too often bypasses campus leadership to achieve its objectives, and some campus deans and directors end run their campus leadership by going directly to Statewide. Campuses perceive that some Statewide staff

don't understand campus culture or work schedule, and have little appreciation of what's on the campus plate. In campus terms, they view the essential Statewide service role as facilitating campus work, in a service mode responsive to the campus needs and recognizing that sometimes effectiveness at the local level is more important than efficiency or cost savings to the System. Statewide interviews yielded a concern that campuses are often institution-centric rather than student-centric, and can be blind to the needs of students who utilize the services of multiple campuses. At times, Statewide leaders argue that because "the campuses simply won't or can't" solve some problem, the System needs to take responsibility for an entire function rather than insisting that the campus address the problem. (27)

To help solve these problems, the authors of the MacTaggart report reviewed the forms of organization in other states, analyzed the statewide office's functions and considered a menu of options for dividing responsibilities, between the extremes of centralization and decentralization (7, 13).

In reviewing the forms of organizations in other states, the authors favored the example of the University of Wisconsin system "that concentrates authority in the system office of the president," like the University of Alaska system, and where "the working relationships within the system are cordial, and mutually respectful" (8-9). In passing the authors mention that the government of Oregon removed Oregon Health & Science University "from the state's university system, granted it administrative independence from state control, and drastically reduced its funding," and then downsized the central office of the Oregon University System (10). The authors oppose this approach in Alaska "due to the relatively small market for higher education services."

With respect to university finances, MacTaggart and Rogers demonstrate the difficulty of completing financial analysis, because nobody could ascertain the true costs incurred and borne by statewide, UAF, UAA and UAS. They lament that the central office is not transparent about indirect cost-recovery, or chargebacks that they assess against the universities' budgets, and they recommend greater transparency (33, 34). In other words, they could not discover exactly what the central office charges the universities for the cost decisions that they force on the universities.

In reviewing the organization of the administration, the authors first divide and define the roles that they observed at the UA statewide office:

- System governance – the portions of Statewide that have fiduciary responsibility for UA as a corporate entity, maintaining the constitutional, statutory and regulatory responsibilities for the System set by the state and federal governments, and the policy requirements set by the board of regents;
- Statewide services – the portions of Statewide that are established to provide central administrative services for the entire System for reasons of economy of scale, efficiency or effectiveness;

- Statewide programs – the portions of Statewide that deliver academic, research or public service programs on a statewide basis.

The authors show that while nobody they interviewed disputed the appropriateness of statewide governance as the authors define it, that role is the least expensive part of the statewide office. It is services and programs which consume the most funds, and together, are the locus of conflict between statewide administrators and the campuses.

The authors then reviewed the functions grouped into these roles and recommended reassignment. They were especially strong in recommending that statewide "resist the temptation to directly manage educational programs themselves," and rather prefer that "that the administration and delivery of academic, research and service programs belongs in the accredited academic institutions, the campuses," and again, "The University campuses need to reassume responsibility and accountability for administration and delivery of academic and research programs (14, 29, 31).

To resolve "the campus perceptions of arrogance on the part of a few System staff," statewide leadership should "more deeply engage the chancellors in decision-making." They also suggest that "collaboration would be improved if the chancellors routinely involved senior System executives in campus decisions" (28-9, 33). They do not recommend replacing the highly centralized model through structural reform, and instead recommend softening it through "more dialogue" (35). In short, they recommend a change in habits and practice.

B. James L. Fisher et al, "University of Alaska Review," January, 2011

With respect to their study of the administration of the system, the findings of the Fisher report are the same as the MacTaggart report, conflict between statewide office and the campuses due to over-centralization. Their findings prompt similar recommendations, that the administration needs to decentralize to a degree, and establish clearer division of authority and responsibilities.

Like the MacTaggart report, the Fisher report recognizes that the university should "prepare for a future that plausibly could involve diminished oil tax revenues" when the "value of its state appropriation has not risen, or even declined. What activities must the University improve or discard to operate efficiently in such a world? What things must it begin to do if this will be the state of affairs in 2020?" (7, 15, see also 6, 47).

They ask, "how can the University of Alaska be organized in order to reduce its costs and increase its performance?" (7) Their answer is: "First, as it stands, the University of Alaska is overly centralized and devotes too many resources to a command and control regulator model" and they recommend that "under the authority of the President, UA Systems administrators should act as staff to the Board and provide recommendations rather than wielding final administrative authority" (16). This command and control model produces unnecessary costs:

[T]he major place where the UA System encounters considerable static concerning its efficiency is with respect to perceived overlap in functions and authority between the individual UA campuses and the UA Central System. It would be fair to say that many faculty and administrators simply are unconvinced that additional system administration improves their circumstances. "We could do many things more efficiently on campus," asserted an administrator, who spoke for many. They have in mind many IT and human relations functions, foundation activity, institutional research, academic evaluations, and even collective bargaining....System administrators portray the classic "We're from the government and we're here to help you," attitude, commented a sarcastic administrator. "Sometimes they just come looking for work and problems," commented a faculty member."... "The statewide people act like they're listening, but in reality they've already made up their minds and they're simply trying to look reasonable" (the telling comment of an administrator whose sentiment was oft repeated) (49, 54)

The authors do not attribute the tension between statewide and the campuses to the individual personnel who "generally receive high grades for intelligence and effort," but rather to the structure of the system (8). The "command and control regulatory model is in need of clarification and modification," and the administration should stop issuing "obiter dicta from Fairbanks" (54).

Corresponding to the command and control model, bloat in the statewide office is identified in the report. The authors point out that the statewide office in Virginia employs 40, whereas the more bureaucratic statewide office of UA employs "an estimated 200," and they recommend cutting positions (55).

To address the administrative overlap, the authors list the functions that ought to remain centralized and others that ought to be decentralized (53-4).

Recommend for centralization:

- Determination of the missions of the individual campuses
- Programmatic approvals
- Technology standards and related major technology resource decisions
- Allocation of capital and buildings
- Assessment and formulation of budget requests
- Overall allocation of maintenance reserve funds
- Negotiation of collective bargaining agreements
- Fringe benefit programs

Recommend for decentralization:

- Individual professorial and employee evaluations
- Nearly all hiring
- College and departmental budgets
- Faculty promotion and tenure
- Disciplinary specific curricular decisions

- Provision of student services
- Alumni activities
- Fund raising
- Most institutional research

They reject "greater individual campus autonomy," because "we do not believe the State of Alaska has sufficient population and resources" (54).

They suggest that the statewide office should offer "well-designed incentives" to induce "entrepreneurial behavior," which "has been in short supply in the Alaska system of higher education" (54). What the authors propose is to simply substitute one style of central administration for another, from commanding to coaxing.

The authors believe in the "one university" tagline and therefore consider all of the academic programs offered by the three universities together. They criticize duplication of programs at the three universities, the lack of consistency in liberal arts and general education and expect the programs to be "interchangeable." They assume that these program decisions, as well as decisions about doctoral programs at UAF and UAA, the extension of WWAMI and the standardization of faculty development should be made at the statewide office (20, 22, 23). This is a fundamental misapprehension of the basic nature of the system they are reviewing.

The authors lament "an excessive number of programs in its diverse locations," and in particular, they criticize the paucity of students in UAF's doctoral programs, as if these programs were also "excessive" (13, 19).

However, statewide's control of decisions about programs and funding allocations and the nature of those decisions create a zero-sum game and unhealthy competition among the universities, which the authors observe, especially between UAF and UAA (7-8).

Finally, the Fisher report notes two serious failures in financial stewardship. First, the board and the presidents allowed deferred maintenance of buildings to reach a staggering \$800million by 2011 (77). Second, they have not raised funds. The value of UA's endowment was only \$216million in 2011, which the Fisher report calls "respectable" (60). Apparently, this is not the true figure that ought to have been reported. This \$216million appears to be the value of the both the university's land grant endowment as well as the endowment from gifts and donors. According to the consolidated statements of the UA Foundation ending in 2018, the value of the endowment from gifts and donors was only \$197,664,211.

The Fisher report recognizes "the failure to make fund raising a priority." Large gifts from institutions, the report noted, follows alumni giving, which ranges between 1% and 6% at UA. The national average is 17% (59, 62). The Fisher report points out that "alumni and others do not give to systems" (61). This analysis tacitly acknowledges the point that the University of Alaska is not "one university" except by legal fiat and by the insistence of the administration and board of regents. The reality is that a system cannot adequately generate warm

connections among alumni. Nor can the board of regents intimately know their "one university," which is many, not one. Due to this, the authors of the Fisher report noted that the statewide administration and the regents "often receive some criticism for being "out of touch" (8).

## **The Case for Greater Autonomy of the Universities**

Since the MacTaggart and Fisher reports, several other studies of UA have been completed, among them, one by a statewide task force ("Transforming the University of Alaska's Statewide Office," 2015), another by former UAF Chancellor Dana Thomas ("Single Accreditation versus Three Separate Accreditations," 2016), and two studies by Dennis Jones and Aims McGuinness ("Review of Past UA Systemwide Studies," 2017; "Characteristics of Effective State University Systems," 2018). Their documents repeat key themes in the MacTaggart and Fisher reports: harmful micromanagement by UA statewide, the dire consequences of further centralization, and the need to clarify and separate the administrative authority between UA statewide and the universities.

Their studies reinforce our own judgment as members of the faculty within the UA system. We believe that the form of governance and administration is obsolete and ought to be reformed or replaced. The universities should be more autonomous. The overwhelming trend of university systems in the United States has tended towards decentralization, since the University of California began to decentralize in the post-World War II era, under the guidance of President Clark Kerr, which he documented in his memoir, *The Gold and the Blue* (volume 1).

Although we have informed ourselves about various models of reform that could be applied to the UA system, we do not here advocate for a specific model until the faculty, staff, students and administrations of all three universities and the state government confer. However, we do contend for decentralized governance and administration in some form.

**Better administration** - The administrations of our respective universities are more attuned to the resources of their universities and the conditions of their communities than UA statewide can possibly be. But because our administrations are micromanaged by UA, they have little latitude for creative, executive decisions. They are inhibited from taking advantage of opportunities. They are accountable to UA statewide rather than to market pressure. These conditions promote inefficiency and lost opportunities. The "central planning" structure of our system wastes their executive talents.

Greater authority over their universities will unleash the talents of our administrations. They can better respond to their communities and better deploy their resources to meet the communities' needs. They will have responsibility and authority for bending down their cost curves.

**Better governance** - Our universities would be better governed if they each had their own autonomous boards of trustees. The size of the universities' respective communities has nothing to do with the advisability of granting autonomous boards.

However, distance between boards and universities is an important factor. A board must have a clear, intimate view of the university that they govern. The larger the size and the more

expansive that the system is, the more disconnected the board will be from individual universities, which is currently the case.

Many public colleges and universities with small student enrollments and modest research budgets maintain their own boards and are independent of statewide administrations. Our chancellors already maintain advisory boards whose members serve on a voluntary basis. Members of those advisory boards could easily be converted into members of governing boards.

All public university systems, including Alaska's system, began as single campuses with few students and with their own boards. All of the three accredited universities in Alaska today have more students, serve broader communities, and command larger markets than the University of Alaska did in 1959, but the latter had its own board then, and none of the three accredited universities have their own governing boards today.

The establishment of boards of trustees for each university will finally restore accountability in our system. They will be in a far better position to know their respective universities, advise their chancellors, raise funds, and as a result, hold their respective chancellors accountable.

**Better financial stewardship** - Financial stewardship is one of the most important responsibilities of senior executives and boards, in the private and public sector. The record of UA presidents and the board of regents with respect to financial stewardship alone constitutes ample justification to decentralize the UA system.

The Fisher report noted with alarm that the deferred maintenance bill for our crumbling buildings had reached \$800million and recommended that UA immediately notify and work with the governor to resolve this problem. That was in 2011 when the state of Alaska was still awash with revenue from petroleum. Today, the deferred maintenance bill has grown to \$1billion.

At the same time, the UA presidents and board have not raised funds for our university endowment. Despite the billions in petroleum revenues that flowed into the Alaska treasury and despite the growth of the stock market since the creation of the UA Foundation in 1974, our endowment from gifts and donations in FY18 amounted to \$197million, or less than one fifth the size of our deferred maintenance costs.

Had the board of regents and president made the responsibility for fundraising their priority long ago, they would have created a larger endowment, and that endowment might have provided the university system with much-needed support today, just as an oil-fueled endowment lifted the University of Texas system. Instead, after years of lavish funding and significant new capital projects, UA has built a small endowment and left a large bill to posterity.

A well-governed business or university that holds leadership accountable would not tolerate this significant failure in responsibility. The cause of this failure was lack of accountability that decentralization could restore.

At minimum, each university should have its own endowment, managed by its own foundation and governed by an autonomous board of trustees. As the Fisher report noted, alumni do not give to university systems; they give to the universities from whence they graduated. And alumni giving is an indispensable prerequisite to corporate giving, as the Fisher report further noted.

**Better program quality** - Greater autonomy will allow the universities to focus on their strengths, encourage them to offer what each's community demands, and induce them to discontinue programs that the market cannot support. We do not object to one finding of the Fisher report, that the number of programs are excessive in some cases. The way to determine what is and is not a warranted program is to decentralize the system, which will re-introduce market forces into the universities' decisions about programs.

Decisions of the three universities should weight program excellence, faculty quality and meeting the particular needs of the communities in which they are embedded. These are more important goals than interoperability, consistency over the three universities, and the even distribution of programs across a state that is notably uneven in its distribution of population. The former goals secure student learning and success and create greater identification of communities with their universities. The latter goals serve marginally useful convenience. UAF, UAA and UAS are sufficiently equipped to independently address the former goals. The statewide office adds little value to the universities in their efforts to achieve those goals and often impairs their achievement.

For example, the universities are sometimes criticized because students cannot move their credits seamlessly from one program at one university to another program at another, as if the university system were one university, which is a faulty premise. In assessing the distribution of programs within the university system, the Fisher report errs in the same way.

Anyone who is familiar with the work of full-time faculty understands that universities separated by great distance cannot meld distributed faculties and programs into one faculty and one program. Of course, we work together to move student credits from one university to another, which we do when students change from any university. Any attempt to change programs for the sake of this consistency over the whole threatens the quality of programs that each university offers.

The Fisher report notes the lack of entrepreneurship within the UA system. We contend that the better way to encourage entrepreneurship is not through artificial incentives created by central administration, as they recommend. The better inducement to entrepreneurial activity is the potential reward from the community for effectively meeting a community need. The people closer to the ground have a better view of what their market needs than those at the

top, and rewards from the market provide more sustainable revenue than ever-scarce dollars carved out of the budget.

Under the current system the universities lack the necessary autonomy to engage in the desired "entrepreneurial behavior." The better path is more autonomy and less control, real entrepreneurship, and the greater benefits that might accrue to UAF, UAA and UAS as a result.

**Healthy competition, collaboration** - Decentralization will create healthy competition among the universities and provide a stronger basis for collaboration.

One argument against decentralization is that the universities will become competitive and undermine each other. The faulty premise of this argument is that the universities are not already competitive. They are, and the competition has been dysfunctional, which is a consequence of the structure of our system.

Currently, the universities compete for general funds allocations within the UA system. Rather than making their case to their respective markets, they make their case for scarce resources to UA statewide, which decides on allocations. The structure of our system pits the universities against each other, and encourages them to undermine each other.

Similar systems in other states have experienced the same. The University of Nevada system is also governed by a statewide board of regents and administered by a statewide administration, which adjudicates allocations to their institutions and makes decisions about programs. Unhealthy competition has endured between the University of Nevada Reno, the research-focused flagship university like UAF, and the "upstart" University of Nevada Las Vegas, which is teaching-focused like UAA.

In such circumstances the statewide office is thrust into the necessary position of picking winners and losers and becomes susceptible to charges of favoritism. In response, the statewide office is constrained to use its administrative powers to crack down on entrepreneurship. In Nevada UNLV has had 6 campus leaders in 13 years. The community and donors of UNLV praised its latest leader, Len Jessup, for innovating fundraising and improving student achievement. Jessup's independence collided with the board of regents and statewide administration. They forced him out, which "shattered" the trust of UNLV's donors and community in the board and statewide. Planned giving for a new building in the UNLV school of medicine froze. In March, 2019 a committee in the Nevada legislature voted unanimously "to remove the Nevada Board of Regents from the state constitution."

The power of UA statewide to make decisions about which university wins and loses also invites motives that have nothing to do with program excellence and market need. On November 4, 2016, the president wrote to the university community, announcing that at the next board meeting he would "recommend that UA establish a single College of Education at the University of Alaska Fairbanks." After "consultation with key internal and external stakeholders, university leadership and educators; public forums at UAA, UAF and UAS; UA Regent perspectives; and

other factors," he wrote, "I chose UAF as the administrative home." By 2018 this carefully considered decision was reversed when the city of Juneau offered the university \$1million, and the college was located at UAS. Since then, the school of education at UAA was scheduled for discontinuance, despite the pronounced market need for teachers in UAA's local market.

In our view, neither the city of Juneau nor UAS deserve blame for competing according to the rules established by the structure of our system. UAA and UAF have sometimes also competed in similar fashion. However, this example points to the need to overhaul the rules.

If the universities' communities can support a college, school or program, each should offer it. If one university cannot compete as effectively as another for a program, the market will lead the university to refocus on a different strength. Market competition will encourage specialization, and the universities will better complement each other, in meeting the state's overall need for higher education services.

**Greater cost-efficiency** - The external reviewers of UA recommend cutting the size of UA statewide office. The 2015 internal review ("Transforming the University of Alaska's Statewide Office") substantiates their recommendations. The 2015 review calls many central office functions into question. Certainly, if the universities were more autonomous, these functions, especially those concerning services and programs, could be eliminated. We do not believe that elimination of these functions at UA statewide would force the universities to spend more. We are skeptical that the centralization of these functions have saved the universities expenses that they would otherwise incur.

UA statewide usually responds to cost-cutting pressure by touting the benefits of centralizing functions, and eliminating duplication at the universities. This would be true if those functions add value to the organization, which we doubt. Rather, we suspect that if many UA statewide functions were discontinued, the universities would continue to perform with marginal changes to their current expenses and organizational charts. We suspect that the universities would realize gains from recovering lost administrative time currently incurred from micromanagement.

UA statewide's promise to realize savings through centralization is the promise of central planners since time immemorial. All-too-often central planning promises efficiencies and never delivers.

Promised savings from economies of scale by purchase decisions made by central authorities are often offset by better purchase decisions at the local level. If the universities were more autonomous, had their own boards and assumed responsibility for their own financial health, we believe that they would become leaner and more focused on the financial implications of their decisions. By giving the universities greater responsibility for securing their own revenue and controlling their own costs, they would be more sensitive to their community's need and more disciplined about forecasting costs.

In addition, savings from centralized purchase decisions could be realized without UA statewide. The universities could collaborate and share the costs of those purchases through joint service agreements.

Although claims have been advanced that UA statewide saves expenses that otherwise would be incurred by the universities, it has not been proven by cost/benefit analysis that the current structure in Alaska is more cost-effective than if the universities were relieved of central planning. It has not been proven by cost/benefit analysis that the functions and purchases absorbed by statewide save costs that the universities could not bear if they were autonomous.

In fact, our current situation indicates the reverse of what UA statewide claims, that UA statewide actually depletes the revenues of the universities. UA statewide appropriates or reserves revenues to itself that would otherwise be kept or allocated to the universities. In return, UA statewide sends questionable or no value back to the universities.

Teaching and research are the primary revenue-generating functions of the UA system. UA statewide neither teaches nor conducts research. Despite this, UA statewide showed \$58million in revenue in FY18, of which \$18million was unrestricted funds received from the state government. From what sources did they receive the \$40million difference? We know what some of these sources are. UA statewide office assesses the budgets of the universities as chargebacks and consumes revenues from the UA Foundation, which otherwise might go to the universities (\$4million in FY18). Is not the purpose of the endowment managed by the UA Foundation to support teaching and learning?

The state government and the universities communities ought to ask such questions and receive answers from UA statewide. A fair economic analysis of the current structure versus greater autonomy needs these answers and needs to be conducted. We would compare purported savings from economies of scale versus the savings from better management of cost decisions at the campus level. In the absence of such analysis there is no evidence that statewide secures cost-efficiencies. The lack of transparency at the UA statewide office noted by the MacTaggart report inhibits such a study.

## **The Path Forward**

### **A. A Joint Task Force**

Our experience with our university system in Alaska mirrors the experience of many other states that have moved, or are currently moving away from strong centralization which consistently proves unable to adequately meet the evolving local needs of the systems' constituent institutions. We call for a thorough review of the present structure of our system.

This review ought to include studying alternative models as well as our constitutional provisions, statutes and regulations that define the present structure.

This task would best be entrusted to a special Joint Task Force that would include the broadest possible representation from the administrations, faculty, staff and student bodies of the three universities, so that the effort would truly be state-wide rather than a task assigned to UA statewide. Ideally, this task force would include representation from the state government.

The Joint Task Force would consider reforming the roles of UA statewide, the president, and the board of regents, limiting centralized governance and promoting autonomous local governance at individual campuses.

The redefined system might provision each university with its own board of trustees consisting of faculty members, students and community members. Governance functions currently held by the president and board of regents, including programmatic, community outreach and fundraising, could devolve to the individual campuses.

The black box which currently represents the financial underpinnings of UA statewide must be pried open and a bright light shined upon its inner workings. The Joint Task Force ought to perform a cost/benefit analysis establishing which UA statewide centralized functions result in cost savings and which do not. It should identify functions currently performed at the universities that are necessary for their operation and therefore not needed at UA statewide.

### **B. Alternative Models**

Public university systems in many states began as ours did and have passed through the travails that we are experiencing now. Alaska can use their examples as lessons for our state.

Generally, public university systems grew from two different origins.

Some states initially established boards of trustees for each public university. These boards were responsible for insuring compliance with government, university governance, fundraising and administrative oversight. As those universities multiplied and grew, the numbers of boards grew as well.

To better coordinate these boards, the state governments established a single statewide board or agency that coordinated government compliance among all of the universities' boards of trustees. Ohio, Michigan and Indiana are examples of states that grew in this way.

Other states like Alaska initially established boards of regents that governed single universities and maintained statewide governing authority over all of the accredited universities that grew from the original institution. As their systems grew, it was generally recognized that a single statewide board could not function as a governing board for all of their universities. They decentralized, dividing government compliance from university governance and administration and vesting the latter functions in the individual universities. Oregon and California are examples of this category.

In Alaska, our system has grown but our statewide board of regents and president still retain most functions, government compliance, university governance and administration over all of our universities.

California provides one model for decentralization, which was led by the statewide board of regents and an innovative president, Clark Kerr.

Their system began as the University of Alaska system did. In 1873 the University of California consisted in one campus and graduated its first class that numbered twelve students. Six years later in 1879, California framed a new state constitution that established the University as a public trust and as the state's land grant college (Article IX, Section 9). Later, the section was amended and conferred powers of governance and administration on a board of regents and a president.

The University of California grew into the University of California system, and after World War II, the respective universities that constituted the system agitated for greater autonomy. In 1951, the university system was reorganized and decentralized.

The board of regents redefined and separated the powers and duties of the president and chancellors, giving each the final authority and responsibility in separate spheres. The board of regents also allowed the universities to establish their own foundations governed by their own boards of trustees. The trustees of the foundations act as quasi-boards of trustees of the universities.

Oregon provides another model of reform. In 1929 their legislature created a statewide board of higher education that governed all of their universities. In 2013 the legislature allowed two of their universities, Portland State University and the University of Oregon, to create their own boards of trustees and the state divided authority between the statewide and university boards. By 2015 the state abolished the statewide board, created boards of trustees for the remaining universities, and vested the responsibility of coordinating government compliance and reporting in a single statewide agency.

The constitution of Nevada in 1864 established a state university governed by a board of regents and a single administrator. The university did not then exist, later broke ground, grew and became a university system. In 2019 the Nevada legislature passed a resolution to amend the state constitution, so that the authority of the board and administrator is statutory and not constitutional. This will free the legislature to reform the university.

Following these examples, the path forward for our university system could take the following forms:

1. The board of regents revises its own policy so that powers of the president and chancellors are separated, and each have final authority on separate matters. They could allow each university to have its own foundations, each governed by separate boards of trustees. California did this in the 1950s-1970s.
2. The legislature creates boards of trustees for each campus that co-exist with the statewide board of regents, and delegates responsibilities of statewide board of regents and campus boards of trustees. Oregon did this in 2013. Afterwards in 2015, they abolished the statewide board of regents and the statewide administration.
3. Amend the constitution, so that the board of regents has statutory authority only. This gives the legislature future flexibility to modify governance of the universities. The Nevada legislature began this process in 2019.
4. Acknowledge that the University of Alaska is already out of compliance with the state constitution because it has transformed into one administrative unit called the University of Alaska and three separately accredited universities, none of which are now called the University of Alaska, consistent with the state constitution. Then give the three universities separate boards.
5. Rename and separate the universities.