

**Call number: 01-79-10 PT. 3**

**Name and place: Foster Diebold, UA President, interviewed by Paul McCarthy.**

**Date: July 18<sup>th</sup>, 1979 Rasmuson Library, UAF, Fairbanks, Alaska.**

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**Date of summary's creation: 11/25/2014**

**Series:**

Paul continues asking a question mid-sentence, asking Diebold to discuss Ferguson's presidency, and saying that Hollinger and Miller had been creating the cashflow problem and in essence, they were the principles behind at least a portion of deficit spending that occurred in June of 1977.

Diebold tells that Ferguson's six month presidency as additional time when University lost ground. He can't think of a one redeeming occurrence during those months. The board took a promise from Ferguson that he wouldn't consider himself as a candidate for president's office. He agreed to it but started a campaign to become the permanent president of University of Alaska. Diebold doesn't consider Ferguson to be an honorable man.

2:18 Ferguson saw himself as totally depending on Hollinger and Miller in the abyss of fiscal irregularity. Hollinger had resigned but his resignation was given a year, like Hiatt earlier, who announced that he resigns at the end of his 5-year period. The board gave him a contract to finish his term, thus, Hiatt only stepped down at the meeting where he gave up his presidency. Hollinger should have immediately been relieved of duty because he had given up and he wasn't a serious vice president but turned his responsibilities over to Miller.

4:19 Miller had problems that went beyond his capabilities as a person with fiscal responsibilities and he should have been let go. Ferguson was so beholden by Hollinger that even when Hollinger's contract ran out, he talked to some of the board members to hire him as a consultant.

Ferguson's dependence on Hollinger and Miller indicates that he didn't have a grasp on the financial problems which was why he depended on Hollinger who was so close to his retirement that he didn't care. Ferguson knew only 1/3<sup>rd</sup> of what he should have known in order to do his job.

The University lost ground during Ferguson's time instead of picking up ground in wake of Hiatt's stepping down.

6:19 Paul says that the deficit was a result of Max Hollinger's management style. Paul's perception is that the governance of the University was manipulated by the vice president's ability to give money or take it away. Diedbold tells that Max Hollinger did have too much control and when Diedbold was president, he didn't give his vice president Sherman to have even third of the power Max assumed to himself.

Max withheld information from his superiors in order to keep them dependent on him in terms of having information about fiscal operations. One can only do that when the person who one is holding information from doesn't understand fiscal operations and that was certainly the case with Hiatt and Ferguson.

8:08 Max also dispensed fiscal favors to get support from different people in the University, which wasn't necessarily illegal. That's how Geophysical Institute got their electric microscope. The university was already in deficit but Ferguson didn't know it and Hollinger claimed he didn't know it either, and they spent money on trucks and automobiles. Hollinger even bought himself a car and hid it in lower campus before it could be spirited away to Juneau when Ferguson was resigned. Diebold says his information is substantiated.

9:54 Ferguson was still trying to emerge as a permanent president for the University but he left the office in sad emotional condition and tail between his legs amidst a scandal of deficit. Paul mentions that he was still making personal improvements on his residence up until the time he left.

Diebold tells that when he was appointed to be the president in 1979, he told his wife not to get used to the situation because it might change. Diebold's term lasted for 21 months but it was easy for them to pack up because they were prepared to it. He would have liked to keep the presidency for years to come, however.

Ferguson was reluctant to admit that he wasn't to become the president.

12:32 At that time, there was no support for Ferguson. The only advice Diebold ever gave to Ferguson was a reply to his question on how to get along with some board members who didn't like him. Diebold told him that he should uphold the faith that the other board members vested in him because there is no wrath like from a person who has been cheated that way. But the board members were let down and their wrath toward Ferguson was like no other.

Paul asks what the role of the board of regents was in appointing the interim president and if they had become disenchanted with Hollinger and Miller, and if there still was a paralysis in board's reaction to the crisis.

14:33 Diebold tells that early on, some members of the board believed in him but most didn't. One of the things Ferguson had tried to do was to get rid of Diebold but that didn't go anywhere in the board who had lots of faith in Diebold. They knew that Diebold was loyal, honest and knowledgeable, and Diebold says that he didn't do anything that could be considered unprofessional.

Diebold continues that he didn't feel "that kind of thing" with Ferguson because he was an interim president which is different from being the president. Ferguson was told to not get carried away but to hold things together while the board searches for a president. That was the opposite of what they told Diebold when he started as a full president.

17:06 Ferguson didn't lay low, however, and he held a press conference where he announced that he had signed a labor agreement that "almost gave away the university." His open door policy was a laughing stock at the central office because it meant that Bob Hilliard can come in and out.

Central office's game plan was to "just ride it out, find a replacement and get him out of there." Diebold continues that Ferguson did more harm by increasing the deficit than anybody though he could. He presumes that the University will suffer for 10 years for it. Diebold started a long-term saving program.

19:05 Paul asks about Humphrey's presidency and Diebold's involvement in finding a new president. Diebold tells that he was staff at the time and the board had named Sam Keto to be the chairman of the search committee. Diebold thinks it

was a good search and much less expensive. They had 150 candidates that they narrowed down. Humphrey was consistently the first choice of the board although some board members liked Don Swartz for a second choice.

Humphrey became the president but he couldn't start right away so Diebold and Tim Tillsworth held things together for about a month.

Diebold and Humphrey became instantaneously friends and they are still in occasional correspondence.

21:05 Humphrey had been accustomed to working in small scale settings and having tight reigns as a chancellor, coordinating two units' adherence to the regents' policy. He didn't have an understanding of the problems he would have to face at UA. Diebold told him, but he didn't take it seriously. The board didn't mislead him.

22:58 Neil was very proud person which was a problem since he was worried that his ego would get tarnished by the problems at the university. He resigned three months later. He was anticipating lawsuits directed to Ferguson's time and wasn't emotionally ready to deal with the kind of treatment he received from the legislature.

Diebold emphasizes that what he tells is his view on things.

Neil wanted Diebold to work in the administration, but the board was still a bit reluctant. They agreed to having Diebold as a half-time special assistant to the president and a half-time executive secretary to the board. Diebold thought it was a good arrangement and most of his responsibilities were in collective bargaining personnel.

The central office was understaffed then and probably still is and there was desperate need for help there.

25:55 Diebold says that he thinks that if Neil would have stayed, he would have had some success with the situation, but he left prematurely. Diebold tells that the situation was so bad that Neil could have hacked away for three years and nobody would have faulted him. It was a tough position to take since he didn't have a job when he left. He just gave it all up. [More about his later career.]

27:20 Paul asks if Humphrey saw the problem as a fiscal crisis instead of a management crisis, and if he wasn't ready for the political problems in Alaska. Diebold thinks that Paul is right and some people joked that Humphrey is going to run the fiscal show himself. He did do his own fiscal determinations, perhaps because of his background as a director of budget in Nevada.

Diebold tells that he hasn't speculated on it because Humphrey wasn't in office long enough for anybody to know his style, but agrees that he might have had problems in managing after the fiscal crisis would have been smoothed out.

Diebold doesn't think he was a good manager. He was also secretive and came up with policies by himself that weren't necessarily good ones. He also wouldn't buy alcohol with public money even if it would have been appropriate to have libations in social events in Alaska.

[End of the recording.]