



FOR YEARS, THE COST of attending public college has grown as states nick funds from higher education. At the University of Oregon, for example, tuition has increased an average of 7.5 percent a year as the value of the state's contribution has fallen about 40 percent since 1991. Now Richard Lariviere, the school's newly appointed president, is hoping to halt this downward spiral.

Recently, in a presentation before local lawmakers, he laid out an unprecedented funding plan: rather than

haggle each year, he wants to lock in the latest state contribution and use it to service the interest on a 30-year, \$800 million loan. **With proceeds from investing this instant endowment, he said, the school could self-fund indefinitely—and keep tuition manageable.** While some financial experts have called this optimistic, Lariviere counters that the 2010 payout would have been triple the state's if this idea had been adopted decades ago. With public-university tuition up 8 percent nationally, other schools may find his argument persuasive.