



We need bold action to save higher education in Oregon

By Norm Brown and Fred Poust

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Tonight, the University of Oregon Ducks play for the national championship of college football in Glendale, Ariz. More important, a new governor and Legislature will meet today in Salem to begin the 2011 legislative session.

The Oregonian's recent editorial on higher education ("Oregon must free its university system," Dec. 25), while close to the mark, doesn't go far enough. Oregon must not only "free" its university system; it must save it.

While the 2011 Legislature faces big challenges, there has never been a greater need for dramatic action in how Oregon governs and funds higher education. After years of disinvestment, the status quo is unacceptable. Now is the time for bold reforms, not timid solutions.

Today the UO receives about 7 percent of its operating budget from state appropriations, and average annual tuition and fees for a UO student is more than \$8,000. Without changes in state governance and funding, annual tuition and fees will climb to \$17,000 a year by 2020 -- a 125 percent increase. This risks pushing a quality education beyond the reach of many Oregonians.

Last year, the UO proposed a "new partnership" with the state that would include reforms to strengthen accountability, governance and funding for the university. In addition, the State Board of Higher Education, a legislative task force and Gov.-elect John Kitzhaber have offered higher education reform ideas. These ideas are complementary -- not competitive -- with the UO proposals.

What distinguishes the new partnership proposal is that in exchange for greater freedom from state bureaucracy, it promises greater accountability for lawmakers and taxpayers through public governing boards appointed to specifically oversee the UO and other schools. In addition, the partnership is the only proposal that tackles funding of higher education in the face of what's been called Oregon's "decade of deficits."

The UO is a nearly \$800 million a year enterprise, with 4,500 employees and 23,000 students contributing to the state economy. No private enterprise of this size would operate without a dedicated board of directors to guide its operations. A public entity like University of Oregon shouldn't either. This form of governance has already taken root at top universities across the nation -- from the University of Michigan to Penn State to Ohio State to the University of Washington. Closer to home, Oregon's community colleges, ports and Oregon Health & Science University all benefit from dedicated, publicly accountable oversight boards.

To address declining funding and rising tuition, the new partnership proposal would create public-private endowment opportunities for the UO and other schools. For the UO it would work like this: Freeze current state appropriations (about \$63 million a year) and commit those payments to repay an estimated \$800 million in state bonds. Each year, the Legislature would decide how much bonding was available for

endowments. But there's a hitch. No state bonds could be authorized by the Legislature until schools had a matching private dollar in hand. For the UO, it would no longer receive anything from the state general fund other than its locked-in \$63 million annual debt payment.

A public endowment will provide an incentive for private giving, provide reliable revenue streams to plan budgets and manage tuition costs and will remove the UO from competition with other schools for scarce general fund dollars. With an estimated 9 percent return on investments (realistic based on the University of Oregon Foundation's history) and 4 percent distribution, a UO endowment would generate \$64 million for operations in its first year and after 30 years would reach \$263 million -- at no additional cost to taxpayers.

Yes, Oregon must free higher education from outdated rules. But that should not be the limit of our ambitions. Oregon must act boldly to save our system of higher education and ensure our economic and social progress as a state. We're ready to help and urge everyone -- whatever your school's colors --to get involved and speak out. Our future depends on it.

Norm Brown is chairman of the board of trustees for the University of Oregon Foundation. Fred Poust is president of the board of directors for the University of Oregon Alumni Association.