

State board won't support UO plan

But the university plans to push ahead with bills to give it more financial and operational independence

By GREG BOLT
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The University of Oregon's plan to set up its own governing board and establish a huge endowment is getting the cold shoulder from the state's higher education board, which says it does not support the UO plan at this time.

Although it hasn't held a formal vote, the state Board of

Higher Education has decided not to back what is being called the New Partnership, a plan pushed by UO President Richard Lariviere. The board has its own proposal for revamping the state's relationship with the university system and wants lawmakers to consider that first.

That could set up an unpleasant and perhaps unprecedented battle within the Oregon University System if the UO moves



Richard Lariviere

to sort things out in a session sure to be dominated by potentially severe budget cuts to state government and the entire education system.

That's what worries Paul

Barrows anyway and has a bill introduced in the 2011 Legislature. With competing measures before them, lawmakers could decide to set both of them aside rather than try to sort things out in a session sure to be dominated by potentially severe budget cuts to state government and the entire education system.

Kelly, president of the state's higher education board. He said long-sought legislation giving the university system more autonomy has a better chance of passage this session than it probably ever has and he doesn't want to lose that opportunity.

"We have been told repeatedly by more than one legislative leader that they want one proposal coming from higher ed to look at in this session," Kelly said. "They have too many other things to address, and if their perception is there are multiple proposals to evaluate, they

will push them all off the table and deal with the other pressing problems they have, and we won't make any progress. That's really the crux of our concern."

He said the board has made it clear to Lariviere that they don't want a UO bill introduced in the coming session.

But that bill is moving ahead, largely under guidance from the UO Foundation, a private nonprofit agency that's not under the state board's control. The

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foundation has hired a lobbyist to help get legislation passed, and both UO and foundation officials say they see no conflict with having both the state board's and the UO's legislation on the table in the same session.

"We have felt all along that our idea is an extension of the Oregon University System proposal," said UO spokesman Phil Weiler. "We see them as completely complementary to each other. They are not in any way in competition, from our perspective."

Lariviere laid out his plan last May, saying it would address chronic state underfunding and allow greater management flexibility. The plan shifts much of the authority for setting tuition and managing the UO's affairs to a separate UO governing board that would be created, rather than keeping them with the Legislature and the state board.

It also calls for the Legislature to use \$800 million in state-backed bonds matched by an equal amount in donations raised by the UO to establish a \$1.6 billion endowment that would likely be controlled by the UO Foundation. The state would pay principal and interest on the bonds, and the UO would use the earnings from the endowment to help run the school and forgo the annual allocation — currently at about \$62 million a year — from the state's general fund.

Under Lariviere's proposal, the UO would remain part of the Oregon University System, and a member of the state higher education board would sit on the UO board. The state board would hold the UO accountable for meet-

ing specific performance goals, but the UO board would have responsibility for all governing and budget decisions related to the university.

The proposal by the higher education board follows similar lines but with important differences. It would allow the university system to operate with more independence, similar to how the state's community colleges are now run but without the power to impose property taxes.

The board's plan doesn't include any endowments, and the state would continue to allocate money each year for universities from the general fund. But universities would have more freedom to manage their budgets, raise private money, build buildings and raise tuition.

Legislation enacting the New Partnership plan is being drafted and is nearly complete, said Dave Barrows, the lobbyist hired by the UO Foundation. Once that's done, legislators will have a chance to read it and sign on as sponsors.

The legislation involves two bills: one to set up the statutory framework and another to amend the state constitution to allow state bonds to be used for an endowment.

Barrows said he expects higher education reform to be one of the few nonbudget issues the Legislature will tackle this session.

"This is going to be one of the two, possibly three, issues that will be discussed this session that is not straight budget," he said.

Weiler said it should be up to lawmakers to decide which direction to go.

"Ultimately it's up to the elected officials in our state to decide which ideas they want to move forward with," Weiler said. "We have simply put together an idea we think is worthy of discussion, and we're excited to see that people are actually interested and willing to have that discussion."