

An opportunity for reform

Now's the time to give higher education more flexibility

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The Oregon University System presents the state's next governor and Legislature with a welcome opportunity. It's understood that all state programs, including higher education, can expect less state support in the next budget period and beyond. Oregon's universities, however, believe they can perform as well as in the past or better, even with stagnant or declining state funding, if Salem would give them more flexibility in managing their own affairs. State government should accept this offer, while holding higher education accountable to high standards of quality and cost.

University presidents and the state's chancellors have been seeking greater independence for years, but last month all of them signed a letter to the Legislature's Joint Ways and Means Committee calling for changes in the relationship that has developed since the state System of Higher Education was created nearly 80 years ago. The unanimity and the urgency of this request flows from a glaring incongruity: Oregon provides less state funding per student to its public universities than all but a handful of states, but the Legislature maintains tighter control over higher education than is found in any other state in the nation.

Recognizing that the funding side of the equation is unlikely to improve, the presidents and the chancellor are focusing on cost-free reforms in how the higher education system is governed. They envision giving the state's universities the type of autonomy enjoyed by community colleges, for which the Legislature approves funding in a single block grant rather than in a budget containing thousands of line items, and which would give universities responsibility to manage their own expenses and income.

The change would be most readily apparent in control over tuition dollars, which have become Oregon universities' single greatest source of revenue. At the University of Oregon, state appropriations will provide an estimated 7 percent of revenues in 2010-11, while tuition will account for 40 percent. Interest on tuition funds currently is retained in the state's general fund. When rising enrollment brings an increase in tuition payments, universities can't spend the money without legislative approval. The presidents and the chancellor propose giving the universities full control of these funds, allowing them to spend student-paid money for the benefit of students.

Similarly, all large construction projects on Oregon university campuses now require legislative approval, even if the projects are funded entirely by private donors or other sources. The

presidents and the chancellor propose that legislative approval be required only for state-funded projects.

The current unbalanced relationship between the state and Oregon's universities has subtle effects, discouraging innovation and efficiency. Portland State University, for instance, recently hired 15 advisers to help the school improve its graduation rate — a move that should pay for itself by keeping tuition-paying students enrolled while preventing hundreds more from washing out. PSU should have launched an aggressive retention effort years ago, but it was restrained by worries that the Legislature would take away the tuition dollars to support it. Similarly, all Oregon universities pass up opportunities to use their own resources to hire faculty members or strengthen programs, because they can't count on the Legislature making those resources available.

Oregon can't afford such impediments. Enrollments have risen 36 percent in the past 10 years to levels that will need to be sustained if Oregon hopes to have a qualified work force in the decades ahead. If the universities are expected to educate more students with less state support, they need to be given the flexibility to employ other available assets in pursuit of the goals of high quality and public access.

All the governor and Legislature must do is stand aside and let go.

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