HIGHER EDUCATION

Finances still in flux

Multiple restructuring proposals are debated as the University's future funding, governing structure hangs in the balance

ALEX MCDOUGALL PHOTOGRAPHER

University Senate Academic Council Chair Ian McNeely explains his committee's analysis of University President Richard Lariviere's New Partnership proposal to create sustainable University funding at the Senate meeting Wednesday afternoon.

STEFAN VERBANO
NEWS REPORTER

The University Senate took its first step toward appraising the New Partnership during Wednesday's meeting, issuing a notice of motion that Senate members will vote whether to endorse the controversial finance and governance plan during their upcoming Mar. 9 session.

Motion US10/11-10 solidifies the Senate's stance in support of University President Richard Lariviere's restructuring proposal.

The president's plan, currently working its way through Salem's legislature, alongside a rival bill proposed by the Oregon University System, calls for the creation of a localized governing board autonomous of the State Board of Higher Education, in addition to a $1.6 billion public-private endowment comprised of state-backed bonds and matching private donations.

Though the enterprising proposition has received flak lately from both student groups and higher education officials, University faculty and staff members had remained largely silent until yesterday.

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COLTON TOTLAND
NEWS REPORTER

Business organizations across Oregon spoke in front of the state legislature last week, endorsing a bill that — if passed — would usher in dramatic changes to the Oregon University System.

Senate Bill 242 would greatly reduce the regulation and oversight of the seven OUS universities, giving each campus more control over a number of areas, such as budget policies and the tuition funds.

Like Oregon's business leaders, the OUS is very much in support of the more modest provisions of SB 242.

"There is no state more micro-managed in the area of higher education than Oregon," OUS spokesperson Diane Saunders said. "This bill is about moving from a structure of strict compliance to one of accountability and trust for Oregon's universities."

On Wednesday, business leaders spoke in support of the changes at a joint meeting of the Senate and House committees on higher education, and argued that the current system is excessively rigid.

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"Under current law, the legislature provides very little of the OUS operating costs, but exercises near total control over university budgets, tuition policies and even programs," Associated Oregon Industries Vice President Betsy Earls said. "This lack of autonomy limits the university's ability to innovate, reduce costs, and find alternative forms of revenue."

Earls said the AOI, which represents more than 1,600 local employers, thinks reduced oversight will improve the status of higher education in Oregon, which, they argue, will eventually lead to a more capable applicant pool for businesses.

Two other organizations, the Oregon Restaurant and Lodging Association and the Oregon Business Association, echoed these thoughts. They think it is an integral part of raising per capita income, producing entrepreneurs and qualified workers and pulling the state out of the recession.

The main aim of the bill would be to end the status of the OUS as a state agency and transform it into an independent system much like each of the state's 17 community colleges.

The bill would also create the Higher Education Coordinating Commission, a 15-member group designed to foster cooperation and efficiency between the OUS and colleges.

SB 242 is different from University President Richard Lariviere's partnership plan, which plans to sever the University from the OUS and the Oregon State Board of Higher Education.

Lariviere's plan would create an entirely separate — and local — operating board. This proposal is also currently moving through the legislature, but is exclusive to the University.

One of the most important changes endorsed by the OUS is control over tuition revenue.

Saunders said Oregon universities are currently not allowed to keep any interest accrued on student tuition.

Moreover, expenditure limitations make it so universities do not get to use tuition dollars in excess of what the predicted enrollment projected the year before.

SB 242 will continue to move through the state legislature over the next few weeks.

The Oregon Student Association, representing more than 100,000 students in the state, has not declared a position on the bill, and looks forward to further discussion.

"There are great ideas around the table, but a change of this magnitude deserves a lot of debate in this session," said Emma Kallaway, OSA representative and former ASUO president. "We want to maintain student involvement in the process."

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CTOTLAND@DAILYEMERALD.COM

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Before the 2011 Legislative Session last month, the OUS' State Board, proposing its own restructuring plan, warned Lariviere that multiple bills could divide lawmakers' attention and tempt Oregon politicians to push higher education reform to the legislative back burner.

Now, in preparation for its upcoming March endorsement vote, the Senate decided to assess the contentious plan in a positive light.

Last year, University Senate President Nathan Tublitz requested two New Partnership analyses from the Academic Council and the Senate Budget Committee. The SBC's preliminary report, released last November, dealt largely with the financial implications of Lariviere's plan, concluding that the investment-driven endowment would be more reliable than state funding.

The Academic Council's Jan. 24 report, examining the proposal's possible effects on academics, found that stabilizing the University's funding stream by means of the new endowment's creation would have a "highly significant positive impact" on the school's academic mission.

Ian McNeely, Academic Council chair, presented an overview of the report's recent findings at the meeting, asserting that the new plan could move the school onto a more even funding keel, despite its questionable governance provisions.

"If we would have had this endowment plan in place earlier, we would be better off than we are now," McNeely said. "(However), there are not a lot of checks and balances built into the governance structure. That was an initial concern I had."

Leading the discussion, Tublitz advised Senate members to research the complicated provisions contained in the New Partnership in order to submit more informed votes come March.

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SVERBANO@DAILYEMERALD.COM