

## **Frohnmayr urges higher ed overhaul**

### **The former UO president says the state's universities need added funding and should be run by corporations**

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Oregon's four-year universities should be governed by public corporations to shield them from "political micromangement" if the state wants to secure its economic future, according to a new report from retired University of Oregon President Dave Frohnmayr.

Asked to look at how the state's seven-campus university system can face up to coming challenges in a time of scarce resources, Frohnmayr delivered a 56-page blueprint that would loosen the reins now held by the Legislature as well as the state Board of Higher Education. It would, he said, make universities more flexible and allow them to direct their limited resources away from the biennial tug-of-war with legislators and focus them on students.

But while the report focuses on administrative structure, it doesn't ignore the 800-pound gorilla of the university system: funding. Frohnmayr says the state needs to make significant, even huge, increases in funding for higher education to meet legislative goals and have the kind of trained work force that will generate both jobs and financial security for its residents.

Oregon's support for higher education has fallen steeply over most of the last 20 years, the report says. Bringing it in line with comparable states would require doubling the budget, raising it from about \$750 million per biennium to \$1.5 billion.

"This is a large, even shocking amount," Frohnmayr writes, "but it also is a fair measure of the neglect for most of the last two decades of this urgent social and educational priority."

The report, commissioned by Oregon University System Chancellor George Pernsteiner, acknowledges the political and budgetary challenge of that kind of funding increase but does not lay out a plan to achieve it. Instead, Frohnmayr concentrates on why, even without more taxpayer money, he thinks university administration should shift to the public corporation model.

That model would create a new governance system that would allow each of the state's seven campuses to form a public corporation overseen by its own appointed board, which would set tuition rates and generally operate independently from the state. In return, the institutions would be required to meet specific goals for accessibility, enrollment, retention and graduation.

It is close to the model now used by both Oregon Health and Science University and the State Accident Insurance Fund. It also bears some resemblance to the way many other states manage their university systems.

### System fraught with politics

The report sets out general concepts on how the corporations would be managed, their relationship to the state, the state statutes that would apply to them and other issues. And it calls for an aggressive timeline, bringing legislation to the 2010 special session that convenes in February.

The university boards envisioned by the plan would be similar to the boards of regents and boards of trustees that in many states govern individual universities. Typically, board members are appointed by the governor subject to confirmation by the state senate.

Frohnmayr says higher education has received a smaller and smaller share of state revenues over the past 20 years, pushing per-student funding well below what it was in 1990. But even without more money, he said a new system is needed to make the most of whatever budgets universities do have.

“I am more and more convinced that our present system has just reached the outer limits of its utility,” Frohnmayr said in a telephone interview Wednesday. “Looking at any budget situation that can be reasonably anticipated, we’re not going to be able to do it by pretending we can have fire sale economies and still do the job that lies ahead of us.”

Oregon universities have long sought greater independence from state oversight, and the Frohnmayr report plows some of the same ground gone over by several previous chancellors and by Frohnmayr himself. Those past efforts produced some incremental changes but still left universities firmly under the Legislature’s control.

But Frohnmayr said that system is fraught with politics that distract university leaders and the schools themselves from their mission of educating a larger share of state residents. He said that’s particularly evident in the budgeting process.

As an example, Frohnmayr notes that higher education budgets are broken into 6,300 subcategories compared with only a handful for K-12 and community college budgets. And that’s in spite of the fact that only one-seventh of university funding comes from the state while 72 percent of K-12 funding and 59 percent of community college funds are state allocations.

### Response generally positive

The report raises a longtime goal of universities, keeping the income earned after student tuition dollars deposited in interest-bearing accounts. That money now goes to the state’s general fund, something Frohnmayr describes as a hidden tax.

The report also suggests that the public corporations could pursue new money-raising options, such as revenue bonds or even local or regional tax bases, which would have to be approved by a public vote.

Initial responses to the report from higher education leaders were generally positive, although most said they need more time to study the document's suggestions. But few believed that bringing major legislation to the 2010 session was possible or even advisable.

"It's an ambitious idea," said Portland attorney Paul Kelly, president of the state higher education board. "I think he's right to convey a sense of urgency. But whether that translates into something in the February session, I think that's problematic."

UO President Richard Lariviere echoed that concern. He called many of Frohnmayer's proposals "music to my ears" but said the university community has to be given an opportunity to discuss and debate the plan before deciding whether to support it.

"Many of his suggestions are extremely insightful and helpful," Lariviere said. "But we're not ready here at the University of Oregon to engage the Legislature on these issues simply because we have a great deal more consulting on this campus that we have to engage in."

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— Dave Frohnmayer, writing that the higher education budget should be doubled to \$1.5 billion