

Register-Guard Editorials

It's time for a UO endowment to preserve public mission

Guest viewpoint

By Richard Lariviere

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Many people, in many different ways, have said that history is a lesson for the future and should be ignored only at the student's peril.

Apply that bit of wisdom to current circumstances for the University of Oregon and the state's system of higher education, and the message is clear: Take a look back before focusing too intently on what lies ahead.

The Oregon Legislature established the state Board of Higher Education in 1929 to oversee Oregon's public universities and eliminate duplication among them. The system's first chancellor was hired two years later and work began toward the critical goal of creating an organization in place of what had been a group of independently functioning institutions.

Good intentions veered wildly off course in 1932, when the now-infamous Zorn-Macpherson proposal was placed before Oregon voters. The initiative petition proposed combining the UO and Oregon State College as a single university in Corvallis, along with other major shifts among the state's colleges.

Voters rejected it by a 6-to-1 margin. The UO went on to become the state's flagship arts and sciences university, and Oregon State University the land-grant and engineering university. The five other universities have found their niches within a strong statewide system.

That distant past may have a direct bearing on our near-term future. The Legislature of eight decades ago was attempting to lay groundwork for the same values in higher education that we are attempting to preserve today — a system of public institutions, accountable to a centralized board and accessible to a broad range of Oregon students.

At the UO, we have addressed those goals by recommending a "New Partnership" with the state. Our proposal emphasizes that public governance and public investments are the distinguishing features of a public institution. The fundamental goal of the New Partnership is to maintain the UO and other members of the state system of higher education as public institutions.

That status has been slipping for many years. While Oregon's "public" universities continue to be governed by the Board of Higher Education, their primary sources of funding have shifted

sharply away from state appropriations — with the UO receiving the university system’s lowest percentage of state funding by far.

Legislative appropriations currently make up less than 9 percent of the UO’s annual budget, and that amount will likely drop to about 7 percent for the coming year. Tuition and fees account for about 40 percent of the UO budget. Private gifts, grants and contracts provide 26 percent, and roughly the same amount comes from auxiliary enterprises such as campus housing and parking.

Just a generation ago, state funding per student at the UO was twice the amount received in tuition.

The public/private disparity is even more glaring when it comes to campus construction projects. Throughout the Oregon University System, state bonding for capital construction accounts for less than 5 percent of the amount given by private donors. We are grateful for the private generosity that has kept our campuses moving forward, and it has proved to be a reliable funding source for our capital projects.

Most troubling is the imbalance in our operating budget, an imbalance that is the greatest threat to the concept of a public higher education.

With state budget deficits forecast for the next 10 years, prospects for a turnaround in state support for higher education appear dim at best.

That is why the UO’s New Partnership proposal is the best option available for the university, the state and our students. What we hope to accomplish is a reorganization of state support, resulting in a predictable level of public investment and a greatly enhanced outlook for our public institution.

We recommend freezing the state’s annual UO commitment at today’s low-water mark of about \$60 million. That state money will service the debt on an \$800 million general obligation bond.

The UO will raise a matching amount through private gifts, and the combined \$1.6 billion will become a public university endowment — a perpetual funding stream that will ease the financial burden on students and ensure a continued public presence in our budget.

If such an endowment had been created in 1991, its annual payout would have grown to \$154.7 million by this year, and the endowment balance would be worth about \$4 billion.

Our New Partnership will preserve and enhance the public governance of Oregon’s seven state universities by retaining a statewide board to administer our common higher education policies and goals. It will also offer each campus an opportunity to create a local governing board and make its own operational choices.

Eighty-one years ago, state lawmakers devised a system of public higher education that was appropriate for those times. Its key elements included public accountability, public investment and broad access to public higher education.

The state's voters affirmed that vision two years later, preventing a move that would have smothered the UO's development into the important national and international institution it has become, and taken away each public university's ability to determine its place in the statewide system.

History's lesson provides direction for our future. It is time to embrace a bold proposal, and to move forward while preserving our role as a truly public institution.

Richard Lariviere is president of the University of Oregon.