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UO chief proposes new way to fund his school

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EUGENE (AP) - The president of the University of Oregon says it's time to try a new way of operating - and funding - his school.

Richard Lariviere is proposing creation of a roughly $1.6 billion endowment, partly funded by state bonds. He plans to present the idea to the Oregon Legislature when it meets next year.

If the state sold 30-year bonds worth about $800 million, the annual debt service would be about the same as the $65 million the school will receive in state funding this year, Lariviere said Tuesday.

The university would raise another $800 million in private gifts, creating the endowment. The money would be invested, with some of the earnings used to help run the university and the rest reinvested.

The state's annual contribution would remain about what it is now, and would go to pay bond interest over the next 30 years.

Lariviere said the plan would avoid large fluctuations in the amount the university receives from the state, and also eliminate the waiting before the school knows what its appropriation will be.

"Oregon has led the way, regrettably, in making cuts to higher education," he said. "So let's just be realistic and candid about this. There just isn't going to be enough money. Ever."

Lariviere's plan would establish the university's own board of directors that would assume most of the powers now held by the state, including authority to set tuition. In return, the university would be required to meet specific performance goals set by the state to guarantee continued access, quality and affordability.

He acknowledges his plan will be a tough sell to lawmakers and higher education leaders.

House Speaker Dave Hunt called himself cautiously pessimistic about the plan, which he compared to giving his children a 30-year advance on their allowance.

"It has a way of getting spent more quickly, and Mom and Dad don't have accountability anymore," he said.

Oregon Senate President Peter Courtney said he's prepared to give the idea a fair hearing, but says it raises some difficult issues. One is whether the state should put itself another roughly $1 billion in debt after using similar mechanisms to finance seismic improvements to public buildings and road repairs, along with other needs.

Another issue is the effect such a change would have on the state's six other public universities, Courtney said.

Paul Kelly, president of the State Board of Higher Education, echoed the latter concern. He said the proposal raises a host of questions about how to deal with other universities that would want to do the same thing, how tuition would be regulated and how much autonomy to grant the university.