

## Universities: Cut us loose

### State government a weak partner for university system

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When David Frohnmayer, emeritus president of the University of Oregon, proposed last November that the state's three largest universities be given greater autonomy as locally governed public corporations, the governor and the Legislature yawned. When Frohnmayer's successor, Richard Lariviere, proposed last month that the state freeze its appropriation for the UO at its current low level for 30 years and float a bond to give the UO the net present value of those funds, Salem shook its head.

The ideas for restructuring deserve a better hearing. They come after two decades of budgetary neglect of higher education, decades that saw inflation-adjusted state appropriations decline by 16 percent while enrollments climbed by 27 percent.

The divergence of state support and student demand is even more pronounced at the UO. With the prospect coming into view of a third decade aboard a sinking ship, it's no surprise to see university administrators looking for lifeboats. Lawmakers should not stand in the way.

Frohnmayer and Lariviere offered their plans before a new state revenue projection showed a \$577 million shortfall in the budget for what remains of the current biennium, leading Gov. Ted Kulongoski to ask state agencies to prepare plans for across-the-board cuts of 9 percent. The outlook for future biennia is no brighter, with revenues falling short of expenses by \$2 billion or more throughout the coming decade. The UO is responding by asking the state Board of Higher Education to approve a tuition increase of 6 percent, bringing resident undergraduates' tuition to \$8,190 next year.

Presidents of the state's seven universities have coalesced in support of changes that would give each campus greater freedom from state control. The state Board of Higher Education is considering a variety of proposals for a "new compact with the state" that it intends to present to the Legislature this year. The core concept is to give universities more control over their own resources — notably tuition revenue — and expenditures, allowing each of them to keep more of the income they generate and achieve savings in purchasing, employee benefits and other expenses.

Lariviere's idea remains the most far-reaching. He proposes freeing the UO altogether from the state's biennial budget process. The state would sell about \$800 million in bonds and allow the UO to manage that amount as an endowment. The state's only obligation would be yearly debt

service on the bonds, which for 30 years would be an amount equal to the current \$65 million appropriation.

When Lariviere offered his idea a month ago, its chief weakness seemed to be that it would lock in state support for the UO at a permanently low level. Today, a guaranteed \$65 million a year sounds good.

Some of the proposals, including Lariviere's, involve the creation of local governing bodies for some or all of the state's universities, with the state Board of Higher Education operating as a coordinating agency. The universities, either administratively or through their governing bodies, would be given authority in the areas of contracting, bonding, capital spending, budgeting and setting tuition levels. Any of these changes would entail a reduction in the Legislature's ability to manage the operations of the universities through the budget process.

Legislators are reluctant to surrender that control. They speak of their obligation to protect Oregonians' access to higher education by guarding against excessive tuition increases. (Ask any student how that's working out.) They speak less of their desire to keep their hands on tuition payments and the interest they earn — George Pernsteiner, chancellor of the Oregon University System, told The (Portland) Oregonian that \$33 million was diverted last year from tuition funds to other state programs.

Much more than turf is at stake in the drive for greater institutional autonomy. What's at stake is Oregon universities' ability to provide a high-quality education to the next generation of students. The state slowly has been withdrawing from its role in that vital enterprise, and IT seems certain to withdraw still further.

The universities have accepted the fact that they're increasingly on their own. If state government can't be a robust partner in financing higher education, it should at least support universities' innovative efforts to find their way forward.