Universities lobby for freedom

The chancellor and OSU president make their case for reducing the Legislature's control over higher education

By David Stover
The Register-Guard

PORTLAND — Two of Oregon's leading figures in higher education on Friday urged power brokers in the state's largest city to get behind their proposal to greatly lessen legislative and other government control of public universities.

George Pernsteiner, chancellor of the Oregon University System, and Ray Ray, president of Oregon State University, made the case to about 200 at a City Club of Portland luncheon for legislation that would end the state's treatment of the seven public universities as a state agency.

Pernsteiner said it is "a relic of a decision made by this state in 1939" that universities are treated as a state agency. As a result, they are burdened with thousands of regulations, he said.

In addition, university tuition surpluses that have resulted from ongoing record-level enrollment are at risk of being diverted into other areas of state spending, such as operating prisons, he said.

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Universities: UO pushes its own plan

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State higher-education officials for years have tried intermittently and with only modest success to reduce control that state legislators and others exert over the state's public universities.

This time around, the lobbying is complicated by the fact that the University of Oregon is pushing its own breakaway plan, which is separate from and in some ways more radical than the plan being pushed by Pernsteiner. Both the state board and the UO are arguing that their plans have merit given state government's severe budget crisis.

Pernsteiner and Ray both made their pitch Friday for Senate Bill 242. The state Board of Higher Education recommends the university system for greater autonomy from government regulations than other state agencies receive.

The 177-page bill has yet to be taken up, but is expected to be heard by the Senate Education Committee after the Legislature resumes on Feb. 1.

The UO was conspicuously absent from the floor of speakers Friday. It is pushing a separate plan — which the Oregon University System opposes for now — to set up its own governing board and establish a large endowment, partly with state money. That proposal is contained in Senate Bill 569.

Under his plan, UO President Richard Lariviere would still shift much of the authority for setting tuition and managing the university's affairs to a new, separate UO governing board, rather than keeping it with the Legislature and the state board.

Lariviere's plan also calls for the Legislature to allocate $500 million in state bond money matched by an equal amount in donations to be raised by the UO to establish a $1.5 billion endowment that most likely would be controlled by the University of Oregon Foundation. The state would pay principal and interest on the bonds and the UO would add other assets from the endowment to help run the school. In return for receiving the state bond proceeds, the UO would forgo its annual allocation — currently at $200 million a year — from the state general fund.

Under Lariviere's proposal, the UO would remain part of the Oregon University System, and a member of the state higher education board would sit on the UO board. The board would hold the UO accountable for meeting specific performance goals, but the UO board would have responsibility for all governing and budget decisions related to the university.

The proposal by the higher education board follows similar lines, but with important differences. It would allow the university system to operate more independence from the Legislature, similar to how the state's community colleges are now run, but without the power to impose property taxes.

The state board's plan doesn't include any endowments, and the state would continue to allocate money each Biennium for universi- ties. The state board also thought of cutting spending and capping enrollment on campuses or raising tuition — something that led to a 40 percent tuition boost in the 1990s and resulted in what Pernsteiner called "the last generation" of Oregonians who aren't contributing to the economy as they might have, had they attended public universities.

The only remaining option, they said, would be to cut public universities loose from the current scheme of state control.

Ray and Pernsteiner said passage of SB 242 wasn't a sure thing. Pernsteiner said the biggest barrier is that legislators could be so caught up with the state budget that they don't give sufficient consideration to the university system's proposal.

Ray said the biggest potential obstacle is the natural reluctance among elected officials in the Legislature to give up a large share of their oversight control of public universities and trust education leaders to comply with their proposed accountability benchmarks on tuition, affordability, efficiency and achievement.

"There is a bit of a leap of faith, a bit of an element of trust that has to be involved here," Ray said.