

Who pays for universities?

Pursuing a public mission with private money

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Edward Ray, president of Oregon State University, wrote an essay for The (Portland) Oregonian on Sept. 12 describing the emergence of philanthropy as a central feature of higher education finance.

At OSU, the University of Oregon and their counterparts across the nation, donors have taken the place of taxpayers in funding new buildings, underwriting scholarships and endowing professorships. Ray described the influx of private money in positive terms, and appropriately so — without it, Oregon's biggest universities would be sliding backward. But there are implications that Oregonians, and Americans, must face.

Ray asked, "Is there a point at which we cease to be a public university?" He noted that "being privately funded and having a public mission can create conflicts in priorities." And he warned, "I often worry about how we will sustain that public mission in the face of declining public financial support; if we fail, there is no Plan B for students who depend on us and the state we serve."

State appropriations, Ray wrote, make up 13 percent of OSU's operating funds. At the University of Oregon it's down to 9 percent. The retreat of public funding is even more notable in the area of capital construction. Private giving to finance the construction of Oregon University System buildings grew to \$113 million in 2007 from \$20 million in 1993. By 2007, the amount of state bonds for capital construction on Oregon university campuses totaled only \$3.5 million.

With construction funding so heavily dependent on private sources, universities are getting the types of buildings donors can be persuaded to support. Ray identified benefits of this new reality — it has fostered a more entrepreneurial attitude on college campuses, forced universities to clarify their priorities, and ensured that construction projects can pass a market test. Presidents at the UO and other Oregon universities regularly insist that their donors are motivated primarily by a desire to improve higher education, and are not intent on promoting any kind of agenda — economic, academic or ideological.

Yet private giving unavoidably shapes university campuses and curricula, because some buildings and programs win donors' support and others do not. The decisions are not made by a governing board that is accountable to the public, or by administrators who have a comprehensive view of what a university system should look like. These authorities can present

potential donors with a vision of how private assistance can nourish a university's public mission, and the number who respond is gratifying — but the funding decisions are ultimately in private hands. Over a sustained period of low public funding and high private support, universities will develop in ways that reflect private rather than public priorities.

There are risks in such a transformation. One is that legislators and the public will conclude that universities, having proven themselves capable of attracting private support, can survive a further withdrawal of state funding. Another is that donors, seeing a continued erosion of the public's share of a partnership in financing higher education, will insist on a larger voice in the development and governance of universities. Still another is that private support will become harder to find if donors are given reason to believe that their dollars are being used as backfill for declining state support.

Ray's chief concern, one that is shared by his counterparts elsewhere, is preservation of public universities' commitment to providing accessible, affordable higher education to all qualified students. OSU soon will complete construction of a \$62.5 million science center, named in honor of two-time Nobel Prize winner Linus Pauling and built largely with private funds. In his essay Ray wondered whether Pauling, the son of a widowed mother, would have been able to enroll 92 years ago in what was then Oregon Agricultural College, were it not for taxpayers' willingness to support public higher education.

Oregon and the nation will be poorer if the Paulings of the 21st century can't obtain an affordable education. Private donors, not all of them wealthy, have stepped up to strengthen Oregon's higher education system. But public support should be at the center of this public enterprise, both to ensure that Oregon obtains the broad social and economic benefits of higher education and to maintain its mission of public service.