**Register-Guard Editorials**

***A billion-dollar two-by-four***

Posted by **Jackman Wilson**

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05/12/10
9:40am

President Richard Lariviere's idea of cutting the University of Oregon out of the Legislature's biennial budget process is likely to be misunderstood. Some will see it as a grab for a billion-dollar bond-funded endowment. Others will see it as a dangerous plan that would leave the UO overexposed to market risks. But Lariviere's proposal is best seen as an expression of frustration over two decades of budgetary neglect.

The UO will receive $65 million in state funds this year. If the state would lock in funding at that level for 30 years, the revenue stream could be used to service a bond of about $1 billion. Lariviere believes the UO could take the $1 billion up front, place it in an endowment along with equal or greater amounts raised from private donations, and finance its formerly state-funded operations with investment income.

It's an innovative plan, but the most striking thing is its assumption that the state will continue to starve higher education. Consider the UO's willingness to agree to lock in state spending on the school at the $65 million level. That's about the same amount of state support the UO received 20 years ago, unadjusted for inflation. Lariviere's bond plan rests on the conclusion that $65 million is about as much as the UO can expect in the next decades. Indeed, the president believes it would be prudent to lock in state support at the current low level, thereby hedging against the possibility that it will decline still further.

Or consider the inevitable market risks. To achieve a good return on the endowment funds, the money would need to be invested in stocks and other instruments that can decline in value. Lariviere has judged these risks to be more acceptable than the risks of continued reliance on biennial state appropriations. If history is a reliable guide, his judgment is correct: A financial investment would have yielded a positive return in recent decades, even with the turbulence of recent years, while returns from Salem have been flat—indeed, sharply negative, once adjusted for inflation.

Lariviere is telling the Legislature that he has lost faith in promises of better days ahead. Give the UO what it's getting now, he says, and the university will manage its own affairs.

That's a harsh message, but Salem needs to hear it. The state won't fish, so Lariviere is asking it to cut bait. State officials' response—mostly cool, so far—should be evaluated on that basis. If they won't let the UO try to save itself, what is their plan? The status quo promises nothing but continued decline. Lariviere understands that. So should everyone else.