

From the Portland Business Journal:

<http://www.bizjournals.com/portland/stories/2010/05/17/editorial1.html>

Editorial

Credit UO boss for new approach

Premium content from Portland Business Journal

Date: Sunday, May 16, 2010, 9:00pm PDT

Related:

Education

University of Oregon President Richard Lariviere at least deserves credit for innovative thinking.

As first reported by Business Journal staff writer Wendy Culverwell in the May 7 print edition, the UO boss wants the state to issue a \$1 billion bond to fund the school for the next three decades. The plan would replace the state's current funding mechanism.

At this point, it doesn't matter that Lariviere's plan raises more questions than it answers. Unconventional and forward-looking ideas are desperately needed in a state bereft of leadership, especially when it comes to changing historic funding patterns of higher education.

As Culverwell pointed out last week, Oregon ranks near the bottom of the country in its commitment to higher education. At \$2,443, Oregon spends 43 percent less per student today than it did 20 years ago.

The specifics of Lariviere's plan are less important than the message: That the state must think creatively to stabilize higher education.

Funding for the state's seven public colleges and universities comes from five areas: general funds, stimulus money, lottery funds, tuition/fees and gifts, grants and contracts. All are highly volatile.

Lariviere's plan seeks to even that out. It would raise \$67 million per year to start, and would grow each year as earnings are plowed back into the endowment and compound interest grows the original investment.

Besides the obvious benefits of providing a consistent revenue stream, such an approach would take the politics out of education funding. Lariviere would no longer have to beg the Legislature for money every two years.

The plan does raise some troubling questions. State oversight would be minimized. The specifics of the bond remain unclear. Implementing a new financial model must make sense for the entire university system, not just one entity.

Lariviere's plan though, is a solid beginning. Most importantly, it seeks fresh alternatives to a vexing problem that lawmakers are incapable of fixing.