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# Public Universities Seek More Autonomy as Financing From States Shrinks

By TAMAR LEWIN

With states providing a dwindling share of money for higher education, many states and public universities are rethinking their ties.

The public universities say that with less money from state coffers, they cannot afford the complicated web of state regulations governing areas like procurement and building, and that they need more flexibility to compete with private institutions.

As a result, the fundamental model for supporting higher education is being reconsidered, with many universities winning greater autonomy — sometimes even in setting tuition.

The University of Oregon's president is proposing a new model for state support: He wants the state to issue bonds raising money to build the university's endowment.

In Ohio, Gov. John Kasich talks of "charter universities" that would get less state financing, but be exempt from some state mandates, like those covering construction projects.

In Louisiana, the business-backed Flagship Coalition has the governor's support for a plan to free Louisiana State University from many state regulations.

And in Wisconsin, Gov. Scott Walker proposed on Tuesday to separate the main Madison campus from the rest of the state university system, and make it a public authority. Last week, Madison's chancellor, Carolyn A. Martin, told the Wisconsin Board of Regents that she was hamstrung by state control.

"The accumulated layers of bureaucracy and the control of our mission from a distance make our institutions byzantine mazes, sometimes with no obvious exit," she said. "It's hard to be more responsible or more responsive if we spend all our time trying to comprehend and then follow 25 steps to get approval for one purchase."

Many education experts say public universities deserve greater autonomy, now that the bulk

of their support no longer comes from the state. But they worry that the shift could lead universities to stray from their mission of giving state residents access to affordable higher education.

“There is a real tension between serving the public needs, on one hand, and doing what they have to do to ensure that their institution can compete in the marketplace,” said Jane Wellman, executive director of the Delta Cost Project.

Ms. Wellman is particularly critical of the trend toward splitting flagships like the University of Wisconsin-Madison, which generally have the biggest research grants, the most alumni support, the best faculty and students and the most political clout, from the rest of the state’s higher education system.

“Madison seceding from the union sends the message, ‘We’re not like you, we’re better than you, we’re going to cut our own deal,’ ” she said. “They may be better and different, but they still have a responsibility to assert a leadership role rather than cut their own deal.”

Moves to give the flagship special treatment raise real tensions especially where, as in Wisconsin and Oregon, the state system is itself seeking greater flexibility.

George Pernsteiner, chancellor of the Oregon University System, said it had built support for pending legislation that would change the system’s status, and most importantly, ensure that tuition income would be used to support the university, and not raided by the state to balance the budget.

But as that legislation moves forward, the president of the University of Oregon is pursuing an unusual effort to have the state issue some \$800 million in new bonds, and commit to covering the debt service for 30 years. The university would raise private money to match the bonds, for a \$1.6 billion endowment.

“We’ve got a chance to present a model for the rest of the country,” said Richard Lariviere, the university president. “It would provide a reliable source of income.” And once the bonds are retired, the state would no longer need to provide the basic financing for the university.

Wisconsin’s governor, whose budget-cutting and efforts to limit collective bargaining have stirred weeks of demonstrations, has also proposed to make the Madison campus a public authority — and perhaps do the same, later, for the Milwaukee campus.

At last week’s meeting, one of the regents, Danae Davis, suggested that autonomy for Madison would not help the rest of the system. “We have been consistent and transparent in our wish to have the very same flexibility that you so eloquently describe, but for all of our campuses,”

she said. “Why do you think this works to the benefit of our other institutions, or do you not care?”

Ms. Martin said in an interview this week that there was “no traction” for any systemwide proposal, and that she felt an obligation to do everything possible to sustain one of the nation’s great public research universities in the face of repeated budget cuts.

“I have to play the cards I’ve been dealt,” she said. Ms. Martin said she was confident her university would remain true to its public mission.

“Faculty, staff, alumni and students here are 100 percent committed to the Wisconsin idea, the nearly 100-year-old idea that the boundaries of the university extend to the boundaries of the state,” she said. “Support for that idea is so strong that I don’t have to worry about our fulfilling the public mission — unless we’re in a position where we don’t have the resources or flexibility. The risk to the mission is greater if we don’t have flexibility we need than if we do.”

Some education policy experts warn that states cannot solve the problems of financing higher education one institution at a time. They caution that giving special treatment to the flagship without considering the needs of the whole system and the less-prepared students who attend community colleges — is likely to backfire over the long term.

“Someone has to be thinking about the whole picture, and where limited budget resources should go,” said Aims McGuinness, of the National Center for Higher Education Management Systems. “Otherwise, you’re bound to get counterreactions. The legislature will say, we gave you the flexibility, but we didn’t think you’d raise tuition so much.”

If history is any guide, he said, single-institution solutions will lead to confusion, duplicative programs, internecine warfare and, often, recentralization.