

Lariviere fine-tunes funding overhaul

Tuition limits and
guarantees are added
to address student
concerns about plan

By GREG BOLT
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SALEM — The University of Oregon wants to add new tuition security measures to a controversial proposal that would overhaul how the institution is funded and governed.

In the proposal's first hearing before a legislative committee Tuesday, UO President Richard Lariviere said he is seeking amendments that include a tuition cap and a tuition guarantee.

The cap would limit tuition increases to no more than 5 percent a year unless larger increases are approved by the Legislature and governor, and the guarantee would set a total tuition price for four years when students enroll as freshmen.

"This amendment ... ensures that elected officials remain involved in the decision-making process regarding tuition at the University of Oregon," Lariviere said of the tuition cap.

The changes appear to be a response to student concerns that Lariviere's groundbreaking proposal, which he calls the New Partnership, would eliminate some of the traditional checks and balances in the current system for financing and managing higher education. Some student groups oppose Lariviere's plan, as does the state Board of Higher Education, which has its own plan for restructuring higher education that doesn't include the major features in the UO plan. Those features include a

Tuition: Students are concerned changes will stifle voice

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separate governing board for the UO and an endowment funded equally by state bonds and private donations. The state would no longer allocate operating money to the UO and would instead pay off the bonds over 30 years and the UO would use the earnings from the endowment to replace state support.

The changes are contained in Senate Bill 559, which sets out the new management structure, and Senate Joint Resolution 20, which would put a constitutional amendment on next year's ballot allowing the use of state debt to partially fund public university endowments.

Lariviere said that by adding a limit on how much tuition can rise without state approval, students will continue to have a strong voice in the issue. And he said the tuition guarantee will eliminate the huge uncertainty that middle-class families face over the cost of putting children through college.

The two bills "offer a very real solution to a 20-year-old problem and at no additional cost to the state," Lariviere said.

But student groups have come out against the New Partnership out of concern it would stifle their voice in university affairs and pose too much financial risk.

And the state higher education board, which oversees the seven-campus Oregon University System, wants systemwide changes first.

Board member Jill El-land testified against the bills, saying they are a one-school approach to problems that affect all of the state's public universities. The board wants the Legislature to approve its restructuring plan before considering the UO plan.

Lariviere's proposed tuition amendments didn't immediately win over some students. Representatives of the UO student government and the statewide Oregon Student Association testified against the plan.

"Without checks and balances from the OUS and Legislature, we could see the UO as only a place for the very wealthy or the few fortunate enough to receive a scholarship," said Emma Kallaway, legislative director for the state student association and a past UO student body president.

But the plan also has many supporters among faculty, the business community and other students.

UO finance professor John Chalmers, a member of the UO Senate budget committee, said that group supports the plan because it would provide for more predictable funding, the likelihood of future funding increases and excellent opportunities for academic fundraising.

"We believe the New Partnership takes a leap forward," Chalmers said. "It's a plan that can improve the quality and access to the University of Oregon."

The plan also has the approval of the UO Senate's Academic Council.

And Paul Weinholt, president of the UO Foundation, said the endowment idea has support among the public. He said that in a poll commissioned by the foundation, 71 percent said they like the idea of a public-private endowment fund and 57 percent said they would support a ballot measure to enact it.

Details of how the poll was conducted were not immediately available Tuesday.

Lariviere's plan would

set up a 15-member appointed board to direct policy and manage the UO, including setting tuition. It would include a student and a faculty representative as well as someone from the state Board of Higher Education.

The university also would be required to meet certain benchmarks in areas such as enrollment, degrees awarded, research and college completion.

But the funding proposal has generated the most controversy. The plan would use up to \$800 million in state bonds matched with an equal amount in private donations to create a \$1.6 billion endowment that would replace state support.

That would essentially freeze the state's allocation to the UO at about last year's level and eliminate all state support once the bonds are paid off in 30 years.

And because the endowment is expected to grow in value, the university should see its revenue grow significantly over time without taking any more money out of the state's general fund.

But some students said they consider that part of

the plan risky because it puts the university's financial future in the hands of private investment managers at the UO Foundation. They also worry that donors to the endowment will interfere in how the UO is managed.

"Anytime we're accepting private money, there's usually strings attached for how that money should be spent," said UO student body President Amelle Rousseau in response to questions by state Sen. Larry George, R-Sherwood. "We're seeing kind of a shift in priorities from academics to other things we have a lot

of concerns about, and we don't want that trend to continue."

But George, a Republican from Sherwood, said he didn't understand the objections given that the plan would bring private investment to the university that would be used to keep tuition down.

The committee plans to hold additional hearings on the two bills before it votes. It also will hold a hearing Thursday on Senate Bill 242, the separate plan by the OUS to reorganize higher education that does not include the separate UO board or the endowment funding.



Richard
Lariviere