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## Higher education budget shrinks

Funding for the Oregon University System is cut by 14 percent from the current allocation

By GREG BOLT  
The Register-Guard

Under a budget approved by legislators, Oregon universities will receive less funding from the state in the coming two years than they received a decade ago.

The spending plan for 2011-13 cuts the general fund allocation for the Oregon University System by 14 percent from the current budget and is almost 5 percent below the figure proposed by Gov. John Kitzhaber in his spending plan. It marks the second biennium in a row that funding for universities has fallen.

Under the new budget, approved by lawmakers on Wednesday, the state's seven public universities will split \$709 million in general fund and lottery revenue, down from \$824 million for the budget period that ends June 30. The amount to be received by each university will be determined later this fall.

Paul Kelly, president of the state Board of Higher Education, said the budget will be a challenge, especially considering that overall enrollment in state universities is expected to increase again next year. Statewide enrollment has been rising for more than a decade and is up 40 percent since 2000, when the two-year budget for the OUS was \$755 million.

But Kelly said the board understands the difficult position lawmakers are in given the continued weak economy and reduced state revenue.

"I have no doubt the Legislature has done for higher

## OUS: Search for 'different funding model' suggested

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education the best it thinks it can do under the very difficult circumstances facing the state, and frankly I sympathize with them on that challenge," Kelly said.

UO Provost Jim Bean said the budget figure doesn't come as a surprise and said the university has been assuming a 15 percent cut in state funds. He said most of the cut will be covered by next year's tuition increase, which is expected to be 7.3 percent unless students approve additional new fees to pay for renovations of student facilities.

Bean said the budget cut reflects a continuing trend in which the state pushes more of the cost of public higher education onto students and their families.

"We really see ourselves as being at this fulcrum position in the middle of the statewide decision over whether the taxpayers pay for higher education or the parents pay for higher education," he said. "And over the last 20 years, the taxpayers have increasingly been saying, 'Let them pay for it.'"

The OUS budget could get a boost next year if state revenue stabilizes or increases. The Legislature has ordered all state agencies to withhold 3.5 percent of their budgets as a hedge against another drop in tax revenue, but if revenue holds up, that money could be released.

The so-called "holdback" provision would provide an extra \$25.4 million for OUS if it's released by the 2012 Legislature.

OUS still doesn't know if another piece of legislation, which would give the OUS system more autonomy from the state, will pass in this session. Senate Bill 242 passed the Senate last week and now is in the House. But with legislators rushing to conclude the session by the end of the month, it's not clear if it will get a vote.

Kelly said the further cuts to the higher education budget make it even more important that the bill pass. Although it won't increase funding for universities, he said it will allow the system more flexibility and allow it to spend what money it has more efficiently.

"We will be better able to man-

age and control what resources we do have and more reliably plan over the biennium for the use of those resources," Kelly said. "The budget is really a reminder that we'll plan better and we'll actually save money under SB 242."

Kelly said the budget also is a reminder that, as with K-12 education, the state needs to come up with a better way of funding higher education. Ever since the passage of Measure 5 in 1990, university funding has been on a downward slide with little prospect of reversing the trend.

Kelly said that among the ideas that need to be considered is UO President Richard Lariviere's controversial plan to shift funding for the university to an endowment partially funded through state-backed bonds. But he said other ideas are needed too.

"We have to come up with a completely different funding model for higher education that is more stable than what we've been living with in recent years and decades," he said. "We've got to change the paradigm we've been operating under."