

WESTERN OREGON UNIVERSITY

November 20, 2009

George Pernsteiner, Chancellor
Oregon University System
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Dear George:

I am pleased to have received a copy of the position paper you asked David Frohnmayer to develop for discussion. What follows is some initial commentary on the argument presented in the paper.

The argument for changing OUS governance of the larger schools rests on a number of premises; some of which are obviously true and an analogy that is problematic. The argument goes like this:

Premise 1. The long term disinvestment by the State of Oregon in its OUS institutions, coupled with the current recession, has placed the OUS among the most poorly state funded systems in the country.

Premise 2. As a result, the major burden of funding public higher education in Oregon has shifted from the state to students whose tuition is the most important source of revenue for OUS schools.

Premise 3. The funding difficulties facing the OUS are not temporary or ephemeral. They are caused by an interrelated OUS governance structure and a funding formula that is dysfunctional and needs to be changed. Without changes in governance and finance, the OUS will become increasingly more incapable of meeting its mandate to provide for a publically educated citizenry.

Premise 4. Since the majority of degrees from OUS institutions are produced by three universities: PSU, OSU and the U of O, changes in governance and financing at these three institutions will do the greatest good for the greatest number of students in the OUS; thereby transforming the OUS in a single step. (This is an implicit premise.)

Premise 5. The apparent best model for structural change may be found in the independently operated, partially publically funded, private corporation operating at the Oregon Health and Sciences University (OHSU). The success of this model could be transferable to the larger OUS research institutions.

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Conclusion. Therefore, the larger OUS schools ought to be allowed to develop a governance model analogous to the OHSU. This means, by analogy, that each institution would at least be governed by independent governing boards which would be responsible for directing the educational and financial affairs of each school without the requirement to observe restrictive and often detrimental state rules governing the use of public funds and the setting of tuition that are now in place in the OUS. Such a change would bring the freedom to develop financial and administrative efficiencies not now possible.

Observation 1. At its core, the position paper contains a classic disjunctive argument form.

Either (A), change the current dysfunctional system of OUS governance and funding,

OR

(B) risk further debilitating public higher education in Oregon.

Since (B) is not an acceptable option, then do (A).

This is a valid argument if the premises are true. So, are they true?

Premises 1, 2 and 3 are obviously true. OUS schools are near the bottom of national rankings of state supported universities, and our tuition rates are consequently high as well. OUS schools have suffered from a long term redirection of state funding priorities away from higher education and toward K-12 education, prison and corrections support; and, to a lesser extent, other social services.

It is hard to imagine a state of affairs in which state funding will get better for OUS schools in the near or far-off future. As a practical matter, this funding condition ought to be regarded as permanent. Since it is true that the governance and finance rules according to which the OUS operates are so interdependent as to be inseparable, it is practically true that financial changes in OUS operations cannot be made without some governance changes.

Premise 4 is true as well in terms of the number of students these three institutions serve. They do serve 80 percent of the students enrolled in the seven OUS schools. Whether this number and percentage is sufficient to make an OUS governance change without thought being given to what happens to the remaining 20 percent of students at the other four schools is not considered in the position paper. Omitting the interests of 20 percent of the OUS student population ought to be reason enough to rethink at least part of the position paper. There ought to be at least a theory about where the smaller schools might stand after the proposed reorganization.

The truth of Premise 5 rests on the strength of an analogy and is, to my mind, not obviously true. To support the analogy, one must assume that a medical research hospital like OHSU is mutatis mutandis, very much like a research university; that the teaching, research and service activities of the OHSU medical faculties are analogous to the teaching, research and service activities of OUS research faculties; that university faculties could be funded like medical research faculties; that funding for research has improved under the semi-autonomous model at OHSU; and, that the separate governance arrangement for OHSU has been more successful in meeting the challenges of financing the critical operations of a great research hospital. Perhaps the analogy holds, but I am wary of it. It needs to be shown, by the numbers, that a semi private hospital model is workable.

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Observation 2. Since the stakes are high, the standards of proof must be equally high.

Disjunctive arguments like the one proposed here are effective when there are actually only two alternative actions to take; one of which is clearly bad or undesirable. In this argument, the clear bad choice is the status quo. But what if both choices are bad?

I wonder about the answers to these questions:

- Is it wise i.e. sound public policy to have 80 percent of who are now OUS students subject to three independent governing boards from the outset?
- Are all three institutions involved in the proposed change equally well situated to form effective separate boards which are capable of acting in the best interest of so many of the state's students?
- Will these three schools depend on less or the same amount of state funding than they do now?
- What is the level of independent funding i.e. tuition, other non-state and endowment funds needed at each of the three schools to support a change like this?
- Might it be better to think about one rather than three institutions to make a governance change like this? The chances of success might be greater if a single school (the ablest among the three) were to try to move toward some version of the OHSU alternative.

Answers with proof in regard to these questions and others, need to be offered fairly early in the coming discussion lest reasoned argument be swamped by the politics of change. Perhaps an independent third party should be employed to look at these issues.

Observation 3. If the status quo is a poor choice, maybe there are other disjunctive alternatives.

- Keep the current OUS Board in place to control overall E &G budget policy and all degree and program approvals. Some entity like the OUS Board of Higher Education must be ultimately answerable to the people of Oregon and to the legislature for tax dollars spent in support of higher education. Separate private boards cannot be expected to assume this duty once they begin to act in the best interests of individual schools.
- Universities which are primarily research institutions could have their research faculties and programs funded by the state, be governed by separate boards and have undergraduate funding, including tuition pricing, be the responsibility of the private boards.
- Undergraduate universities offering primarily BA/BS programs, the portfolios of which are controlled by the existing OUS Board, would emphasize access and affordability with undergraduate funding for programs and faculties coming from the state and student tuition. All higher degree (MA/MS) funding would be raised through tuition and private funding. The state would not fund research activities or research faculties. Tuition pricing would be set by the OUS Board.

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Observation 4. I would like to reemphasize that a discussion about the futures of the smaller campuses ought not be left out of this reorganization proposal or held for later. Ideas, even vague ones, have consequences. Such a sweeping proposal as outlined in the position paper ought to include at least a prediction of what might, could or should occur at WOU, OIT, SOU and EOU if the proposal were implemented. These schools should not be treated as afterthoughts. Oregon's demography and, therefore, its politics will not always be as they are today. Just as the larger schools have grown over time, so will the smaller schools continue to grow. They ought to be at the table and written into the planning from the start.

Perhaps some of these thoughts may contribute to the coming discussion.

Cordially,

A handwritten signature in black ink, appearing to read "John P. Minahan". The signature is fluid and cursive, with the first name "John" being the most prominent.

John P. Minahan
President