Caroline A. (Biddy) Martin, chancellor of the U. of Wisconsin at Madison, wants her flagship campus freed of many regulatory constraints and separated from the regional campuses that make up most of the state’s university system.

*By Jack Stripling*

They thought they were made for each other.

Hearing today's higher-education leaders opine about the heady days of the 1800s, when the Morrill Land-Grant Acts created many of the nation's flagship public universities, is a bit like listening to some tired soul recall a once vibrant romance that has slowly soured. While major public research universities and state governments have always had their differences, observers say they've never seen the relationship between the two as strained as it is now.

And, in what is often the death knell for couples, several flagship presidents are now saying they think their campuses need some space.

At the heart of this story is Caroline A. (Biddy) Martin, chancellor of the University of Wisconsin at Madison, who has unapologetically backed a plan that would free the campus of many of the state's regulatory constraints, while also severing the flagship from a system of mostly regional campuses that have little in common with the $1-billion research enterprise that Madison has become.
The plan, which is contained in Gov. Scott Walker's budget proposal, would grant tuition-setting authority to a new Board of Trustees for Madison.

The proposal mirrors others that have emerged across the country. Advocates of greater institutional autonomy, particularly for major public research institutions, are also making their cases in Louisiana, Ohio, and Oregon. While different in nature and scope, each of these proposals raises tough questions about whether flagship universities are still compatible with larger state systems or even true partners with the governments that have historically supported them.
As states provide an ever-smaller percentage of operational funds to public research universities, many are increasingly questioning whether the institutions should still be under the state’s regulatory thumb. John D. Wiley, Ms. Martin’s predecessor at Madison, says it’s fair to ask, "At what level does the fraction of state support get so low that you’re no longer a state institution anymore?"

In the 2009 fiscal year, state appropriations provided 18 percent of Madison’s total revenues, down from 24 percent less than a decade before, according to federal data. That figure is often cited by those who criticize the reduction of state support, but others are dubious of its significance because it doesn’t account for the states’ vital role in building up institutions over time. The heads of major research institutions too quickly forget "who the hell built" their facilities, says Charles B. Reed, president of California State University and a former chancellor of the State University System of Florida.

Madison has indeed seen state appropriations fall as a share of total revenues, but the campus actually does a little better than average in terms of state dollars spent directly on students. In the 2008 fiscal year, the median appropriation per full-time equivalent student at the nation’s major public research universities was about $8,400, compared with about $8,600 at Madison, federal data show.

Given that states still spend significant sums on public higher education, lawmakers should be skeptical of any plan that would strip them of the authority to set educational priorities and hold public institutions accountable, says Dennis P. Jones, president of the National Center for Higher Education Management Systems, a nonprofit consulting group.

"The state still buys a very substantial part of undergraduate education, and institutions can’t get along without that," he says. "It’s a failure of policy to not have some say about what they’re buying with those resources."

But many state legislatures have long since abdicated their important roles in nurturing the major research institutions that should be a cornerstone of any sound higher-education policy, says Robert M. Berdahl, president of the Association of American Universities, whose members include the nation’s top public research institutions. If lawmakers abandon their vital policy function and starve universities of resources, major research universities will necessarily look even more to the federal government for support through contracts and grants, while also increasing out-of-state enrollment to bolster tuition revenues, says Mr. Berdahl, a former chancellor of the University of California at Berkeley.
"I'm not particularly happy about that," he says. "I've spent my life in public higher education, and I very much believe in the importance and the role of great public universities. But I think the preservation of great public universities is much more important than is the alignment with states, because they are national treasures and it's more important to preserve them than it is to preserve a relatively flawed relationship."

**Ambivalence Over Autonomy**

Conversations about greater flexibility for public universities often lead to Virginia, where, in 2005, a law granted public colleges more autonomy in exchange for planning to meet the state's needs. The first three institutions to enter these "restructuring" agreements were the College of William & Mary, the University of Virginia, and Virginia Tech, all of which had seen state support dwindle for years.

John T. Casteen III, who ended his 20-year presidency at the University of Virginia last August, was a key advocate for restructuring. While he says he has no regrets about freeing the institution from outdated regulations that had impeded progress, he is more ambivalent about whether a go-it-alone model is in the best interest of states. Virginia has no statewide governing body for higher education, and that may be a reason the commonwealth lacks a sound postsecondary policy, he says.

"I'm worried about the quality of governance if one breaks apart systems, and every institution needs to have a politically appointed board of some reasonable number," Mr. Casteen says. "I'm worried about dealing with the fact that state-population needs are different from one region to another. And without some arbitrating mechanism, such as a system board that's able to understand the needs and deploy resources to meet them, it's tough."

Mr. Casteen notes that "carve outs" for major research universities might make sense in some circumstances. At the same time, he suggests that the economic hardships in rural areas of Virginia that lack public universities are directly linked to the absence of any real strategy across the commonwealth.

In contrast, he cites North Carolina as a state that has managed to put forth a coordinated approach to higher education. The 17 campuses in the University of North Carolina system include Chapel Hill, a premier research institution, alongside regional universities. The collective lobbying power of the system has proved a net positive in the past, as evidenced in 2000 with the passage of a $3.1-billion bond for higher-education infrastructure improvements, says Jeffrey R. Davies, chief of staff for the system.
"It is the strength of all the different institutions of the University of North Carolina that make it a healthy system," he says. "Certainly the strength of Chapel Hill is a major component."

Mr. Casteen may be ambivalent about the absence of a system in his home state, but he maintains that cutting red tape was crucial. Indeed, he says removing what he saw as unnecessary regulations for the University of Virginia was a battle that played out for more than a decade. Even before restructuring, the campus had to fight for authority to write its own paychecks. Until 1994 it was required each pay period to send a truckload of payroll forms to the capital, where state employees hand-audited the forms, initialed them, and returned them to Charlottesville. The university then issued paper checks, which also had to be sent to Richmond for approval, before finally being delivered to employees.

Examples of state regulations that seem excessive aren’t hard to find, and advocates of greater autonomy for public universities often cite them. The Louisiana Flagship Coalition, a group of business leaders promoting greater autonomy for Louisiana State University at Baton Rouge, is fond of suggesting that the university could save $26,000 a year on the purchase of latex medical gloves alone if not for an antiquated state procurement code.

Any push for greater autonomy is enhanced by pointing out excessive regulations of all kinds, but the goal for most elite research institutions is securing the authority to set tuition at market prices, says John V. Lombardi, president of the Louisiana State University system. As money gets tight in states, and elite institutions lose the ability to finance the high cost of research and of services their students demand, they invariably turn toward tuition to bridge the gap, he says.

"In all cases, the issue is about money, power, and control," Mr. Lombardi wrote in an e-mail.

"It’s no surprise," he added, "that the main campuses of many systems now look to leave their systems in the hopes of gaining some fiscal and especially revenue flexibility."

There are worries that such flexibility will inevitably drive up tuition at public research institutions, but leaders at the University of Oregon suggest that the autonomy plan they are advocating will actually stabilize increases.

Richard W. Lariviere, the president, has said Oregon could keep tuition increases to 4 or 5 percent a year if the state would sign off on a new financing model. Under the proposal, the state would issue $800-million in bonds and agree to provide about $65-million a year, equal to the state’s 2010 appropriations, to cover debt service on the bonds for 30 years. In turn, the university would raise
private money to match the bonds and create a $1.6-billion endowment, allowing the earnings to replace state appropriations.

Oregon provided just 10 percent of the university's total revenues in the 2009 fiscal year, and the state dollars spent directly on students were less than $3,800 per full-time equivalent in the 2008 fiscal year, nearly rock bottom for major public research institutions.

As in Wisconsin, Mr. Lariviere's suggestion that the University of Oregon should break off from the state system and have its own governing board has been met with resistance. The Oregon State Board of Higher Education is pushing its own legislation to provide greater autonomy for all of the system's campuses, and the board's president has suggested that Mr. Lariviere's proposal undermines that effort. Both the system's and the university's proposals are under consideration in the legislature.

His proposal is indicative of a growing sentiment among presidents of public research universities who argue that an overhaul of their relationships with states is in order. While these presidents invariably stress that they want to retain the public mission and character of their universities, those institutions are increasingly likely to serve a broader public that crosses state, regional, and national boundaries, says James J. Duderstadt, president emeritus of the University of Michigan at Ann Arbor. Michigan's flagship campus is granted autonomy in the state's Constitution, which gives the Board of Regents authority over any areas that aren't in direct conflict with state law, he says. When the state has challenged the university's autonomy, Mr. Duderstadt says, the response has been to "ever so politely" file lawsuits in defense of the university's authority in areas that have included investment strategy and the extension of domestic-partner benefits.

As flagship universities gain greater autonomy and serve a broader public, they are also likely to serve fewer state residents, says Mr. Duderstadt, who is now director of the Millennium Project, a research center devoted to the study of technology's effects on society. "That's, quite frankly, a strategy all institutions are going to have to adopt, or they're not going to survive."

While the move toward more out-of-state students may be inevitable for universities where state support is dwindling, it is not without its political consequences. University presidents often defend an increase in out-of-state students by saying it diversifies a campus, but lawmakers and taxpayers tend to balk when it appears that limited class slots are increasingly given to nonresidents. The tactic can also undermine the primary mission of providing affordable access to in-state students, says Jane V. Wellman, executive director of the Delta Project on Postsecondary Education Costs, Productivity, and Accountability.
"If the institutions can increase out-of-state admits without compromising their commitment to in-state students, OK," she wrote in an e-mail. "But the trade-offs almost always work against that."

**Not Privatizing**

The geographic enrollment mix is just one way in which a more autonomous university might look different. In Ohio, Gov. John Kasich has floated the idea of establishing a few "charter universities," which would give some of the state's top public institutions more operating flexibility. Such charter institutions could be granted a number of legal exceptions that would substantially affect faculty rights and public oversight.

In a December letter to Mr. Kasich, Gregory H. Williams, president of the University of Cincinnati, said the campus could benefit from an end to collective bargaining for university employees, relaxed reporting requirements to the Ohio Board of Regents, and a cap on monetary damages for destroying public records.

"The question is how can we do what we do best," Mr. Williams said in an interview. "We're not talking about privatizing. We're talking about how can we design a system" that works.

Faculty, however, worry that the solutions Mr. Williams proposes could draw a "cloak of darkness around what are supposed to be public universities," says Deborah M. Herman, executive director of Cincinnati's chapter of the American Association of University Professors. She expressed concern that the state would abandon important oversight functions, such as monitoring of tuition levels, if charter universities were established. The AAUP also opposes the loss of collective-bargaining rights, which are also threatened by legislation moving through the state legislature.

It's unfortunate that these pushes for autonomy have historically happened during periods of fiscal panic, says Patrick M. Callan, president of the National Center for Public Policy and Higher Education. "Even if this idea is one we ought to consider, is a time like this a time to be talking about secession?"

Mr. Callan also questions whether it's in the long-term interest of higher-education leaders in an economic crisis to say, "I'm going to get myself out of this, and if the rest of the thing sinks, that's somebody else's problem."

*Jeffrey Brainard contributed to this article.*