Considering the Possibility of Merging
Oregon Health & Science University and
Portland State University

A Report to
The Oregon University System
(in fulfillment of Contract #P-2006-12)

submitted by
The Learning Alliance for Higher Education
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In the beginning. . .

The proprietors of Oregon Health & Science University’s Marquam Hill Campus like to tell a story that helps explain how a nationally prominent medical school and research enterprise came to be implausibly perched atop a mountain. The year is 1880: the industrial revolution is attaining full stride, and the city is emerging from its status as an outpost in the expanse of North America’s Pacific coast to become a significant center of commerce and trade. The Oregon Railroad and Navigation Company, an enterprise dominated by men who reside somewhere other than Portland, has purchased what the Company’s map indicates is waterfront property – a location that would seem ideally suited for the railroad terminal the company needs to build.

As everyone now knows, that waterfront property was in fact a mountain rising abruptly from the waterfront to a peak 1,500 feet above sea level. Thirty-five years later, the railroad, now part of the Union Pacific, deeded its mislabeled terminal site to the University of Oregon for the purpose of establishing a physician’s college, the germ of what would become Oregon Health & Science University.

As a parable, the story of Marquam Hill teaches a pair of lessons. The first is simply that plans concocted from afar and on paper become wondrously implausible when imposed on unfriendly terrain. The second lesson is that on occasion, great achievements can result from even the most befuddled beginnings. Both lessons played important roles in our study of the plausibility of combining Oregon Health & Science University and Portland State University.
Considering the Possibility of Merging 
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In January of this year the Oregon University System (OUS) engaged The Learning Alliance for Higher Education at the University of Pennsylvania to study the possibility that a successful merging of Oregon Health & Science University (OHSU) and Portland State University (PSU) would create a major comprehensive research university centered in Portland. What OUS required, we argued in our response to the System’s Request for Proposals, was a study that could assist the State of Oregon along with the OUS to make two fundamental judgments:

• Would combining Oregon Health & Science University with Portland State University yield substantial cost savings to the taxpayers of the State of Oregon?

• Would the resulting merger likely yield a combined university that is educationally stronger as well as more agile and greater than the sum of its separate parts?

No Cost Savings

Of the two questions, the first is easiest to answer: put simply, the proposed merging of OHSU and PSU will not result in savings in the form of either educational or administrative costs. One of the more persistent myths about mergers and acquisitions is that they produce economies of scale that yield direct cost savings because a combined entity will require fewer employees and fewer production sites. In theory, those savings are available when the merging entities have overlapping lines of business. The recent merger of US Airways and America West Airlines is a case in point—the promised savings will result largely from the elimination of duplicative services wherever the formerly separate companies competed in the same markets for the same passengers.

The same cannot be said for OHSU and PSU. The two universities have complementary rather than overlapping lines of business. One is an institution dominated by patient care and the business of biomedical research; the other is an institution dominated by students and its historic mission of serving as a critical access point for postsecondary education in the greater Portland area. We found no operations within either institution that could be reduced as a result of a successful combining of the two universities. Both institutions now operate with remarkably lean administrative staffs, a characteristic that is particularly true of Portland State University.
We did find, however, that most of the financial operations and human resources tasks now performed by either the Oregon University System or the State of Oregon for Portland State University could be largely absorbed by Oregon Health & Science University with only a modest infusion of new funds.

To repeat our basic finding then: a merger of OHSU and PSU would not produce significant cost savings. However, were the State of Oregon to adopt the 30-year financing arrangements discussed below, there could be substantial savings to the State of Oregon in the out years.

Obstacles to a Merger’s Success

Even if there were a prospect of sufficient cost savings, the case against the proposed merger would likely prove overwhelming.

Our interviews with some five dozen individuals from both universities, as well as interviews with regional and State political leaders, in addition to our analysis of the finances, governance, organizational structure, and culture of both universities yield a consistent finding: that the differences between these two institutions are so pronounced that nothing short of Herculean effort could succeed in combining the two into a single university.

Differences in scale, governance, and growth. One of the striking contrasts between the two universities is simply the difference in scale. OHSU now reports annual expenditures approaching $1.4 billion, compared to the $275 million PSU currently reports. Between the years 1995 and 2005, OHSU’s revenue growth averaged a little under 10% per year for an aggregate growth of 152%. During the same period, PSU’s growth averaged 8% annually for an aggregate rate of 116%.

In accounting for differences in the financial growth of the two universities, it is important to note the fundamental difference in their status with regard to the State of Oregon. OHSU is a public corporation with its own Board of Directors and independent control of its finances. As such, it is capable of identifying and pursuing a strategic course without direct state oversight. PSU, on the other hand, is a public university under the stewardship of the Oregon University System. PSU has had neither its own governing board nor the administrative independence that would allow it to define and pursue an institutional strategy outside the context of the Oregon University System.

If an optimal time had ever existed to undertake a merger between these two institutions, that time would have been 15-20 years ago, when the two were more alike in terms of size and stature. The very term “merger” generally connotes a joining of two entities of comparable size. A transaction involving two institutions so disjointed in magnitude would be more accurately termed an acquisition.

Differences in mission. Beyond their differences in scale and growth, OHSU and PSU pursue distinctly different missions. The central pillars of OHSU’s mission are to
increase scientific knowledge in the health care fields through sponsored research, and to serve the regional community through the provision of quality health care services.

While the education of future scientists and health care professionals also figures importantly in its mission, the education mission constitutes a smaller proportion of the whole. OHSU’s student body totals 2,673—including 433 medical and 288 dental first professional students. The income gained from tuition is less than 3% of OHSU’s total revenue. In all, 88% of OHSU’s total revenue is gained from research and patient care.

In contrast, education is by far the most prominent and defining strand of PSU’s mission. The proportion of effort that PSU’s approximately 525 full-time faculty members expend in educating its 24,000 students far exceeds what OHSU faculty devote to this purpose. To be sure, education, research, and service do figure in the missions of both universities. But the differing emphasis accorded to these purposes results in two universities with very little in common.

**Differences in culture.** Our interviews with people at OHSU and PSU underscored the fact that the two universities have very different institutional cultures. While many of those interviewed appreciate the vision of creating a full-service, comprehensive university in Portland, very few think that a merger of these two institutions would succeed in attaining that vision.

We asked all those we interviewed to describe the culture both of their own university and then that of the other. The tenor of responses from OHSU depicts an institution that is focused, entrepreneurial, and very clear about its own identity: it is a public corporation, not subject to the Oregon University System in its governance. OHSU admits 120 medical students per year, and it has an ambitious plan to expand its capacity to 160 per year in the near future, in part through an agreement by which the University of Oregon and Oregon State University will provide OHSU’s students with part of their basic science education. When asked to provide one- or two-word descriptors of their University, the terms that OHSU interviewees voiced most often were “health care,” “scientific research,” “education,” “innovative,” “excellence,” “collaborative,” and “risk-taking.”

When asked to supply a simple phrase that aptly describes their University, the words used most frequently by PSU interviewees were “scrappy,” “engaged,” “urban,” “innovative,” “accessible,” and “diverse.” It is worth noting that one of these terms—“innovative”—also appears in the list of terms OHSU interviewees used most often to describe their institution. In the PSU idiom, however, the word has a significantly different connotation: innovation is the act of applying severely limited resources to achieve results that are noteworthy and exceed what anyone might reasonably expect. Innovation is the act of accomplishing a great deal with comparatively few resources. In the OHSU context, innovation more often describes the creative work that brings new resources to individual faculty members, their departments, and the University itself.

The portrait that emerges of PSU is of a university that is urban, diverse, accessible, and capable of achieving a great deal with very limited funds. Tenure is a
staple of PSU’s culture, and the University’s academic senate exerts a significant influence in governance decisions. Decision-making at OHSU tends more toward the executive mode, with the academic senate advising the President. At OHSU tenure carries far less consequence in light of the fact that faculty generate over three-quarters of their compensation through research and clinical practice.

Most members of the OHSU community we interviewed were reluctant to ascribe particular adjectives or terms to PSU. When pressed to respond, however, they portrayed an institution quite different from their own. A concern frequently voiced was that a merger would confuse the identity of both universities—and in particular, would break the stride and disrupt the trajectory OHSU has developed in its drive to become a world-class university focused on the health sciences. From this perspective it was not surprising that people at OHSU could be condescending, even dismissive about the university down the hill.

When asked for succinct impressions of OHSU, the terms that emerged most frequently from PSU interviewees were “big,” “entrepreneurial/ambitious/profit,” “nationally known/prestigious/quality,” “medicine,” “strategic/focused,” “research.” These denotations show that PSU perceives OHSU very much as OHSU’s leaders would want to be perceived—as a university that knows its strengths and applies them straightforwardly toward the achievement of goals clearly defined and pursued. To some degree, however, some of the single-phrase characterizations PSU ascribed to OHSU carry a tone of annoyance that we interpreted as counterparts to the occasionally condescending descriptions that OHSU interviewees made in regard to PSU. Together these observations suggest something of the disjunction between the cultures of the two institutions. Reflecting on these differences, all but a handful of those we interviewed expressed the conviction that a merger between the two universities would be all but impossible to achieve. Even those few who thought a merger could succeed emphasized that it would take 10 to 12 years at a minimum to accomplish. Many believe that rather than undertake a merger, the two universities should seek to encourage more of the individual collaborations that have begun to occur among faculty of OHSU and PSU on specific projects.

Differences in the business model. Directly related to the differences in mission and culture is the fact that OHSU and PSU operate with very different business models. While tuition of its various health professional and science students provides under 2.5% of its budget, by far the greatest sources of revenue derive from the patient care and sponsored research of its faculty.

The business model of OHSU is one of widely distributed financial responsibility, in which individual schools, departments, and faculty members are “tubs on their own bottoms.” Departments receive a comparatively small allocation from the University in fulfillment of the education mission; in effect that allocation provides a reference point to indicate the funding that a department collectively needs to attract from clinical practice and sponsored research to meet its operational expenses and compensation goals.
The budget model of PSU reflects its identity as a public university within the Oregon University System. PSU receives a direct allocation of some $65 million per year from the State system. The other major source of income is from the tuition paid by its 18,000 undergraduate and 6,000 graduate students. State appropriation accounts for approximately 20% and tuition for 40% of the University’s income. While PSU faculty also engage in sponsored research, this activity accounts for a much smaller share of the University’s total budget. In contrast to OHSU, PSU’s current business model is one in which the majority of revenues are centrally collected and centrally distributed to schools and departments. Faculty compensation and benefits derive almost entirely from funds the University provides in direct fulfillment of the education mission. While PSU faculty members have academic freedom associated with tenure, they are not required to be independent agents with direct responsibility for generating sufficient revenue to support their compensation and benefits package. Indeed for many academic disciplines, particularly in the humanities and social sciences, the funds available for externally sponsored research are not of a magnitude that would allow faculty to generate much of their own salary through independent activity. Recently PSU has begun talking about and believes it is ready to experiment with different budget arrangements, starting with the introduction of differential tuitions by discipline and program where the market will permit.

**Different envisioned futures.** The differences in size, growth, culture, and business models contribute to another important factor in the case against a merger: that is a divergence in the futures that each institution envisions for itself. PSU sees itself as becoming an institution of choice for a diverse population of students, attracting students of increasing academic caliber and promise to its programs. In the years ahead PSU also seeks to gain strength in its graduate programs and attract a greater number of international students. At the same time, however, PSU continues to regard itself as being primarily an engine of opportunity and advancement for students from the Portland region, a place where students gain workplace skills, and an institution that helps drive the Portland area economy.

While service to Portland and the State of Oregon occupies a central place in its mission, OHSU’s envisioned future does not focus primarily on the immediate region. Its benchmark rather is to become a major player in the realm of health science universities both nationally and internationally. This aspiration causes it to focus intently on particular goals, and to rule out as much as it rules in as it pursues its goal to achieve national and international prominence.

It is also important to note that OHSU is about to launch a major new set of strategic initiatives and accompanying fund raising efforts. A merger with PSU at this juncture would cause major disruption and would likely undermine the success of this effort.

Other, less compelling factors. In making the case against the merger of OHSU and PSU, interviewees from both institutions often cited three other factors, which frankly seem less compelling to us. One is that PSU has a unionized faculty while OHSU does not. The fact that part of a workforce is unionized does not in itself constitute an
insurmountable barrier to the combining of institutions. Our experience and observation of mergers in both corporate and higher education settings suggests that there is no inherent problem having different bargaining units in different facilities, or no bargaining unit in some facilities of the same corporate entity. The questions for the State of Oregon, as it contemplates making PSU a separate entity from the OUS, would be whether that action would trigger a change in the "employer" of people on the PSU campus, whether the existing bargaining unit definitions and contracts would carry over to the new transitional (non-government) entity, and whether the definitions and contracts would then carry over to a merged entity.

Another difference some call insurmountable is that PSU has tenure, while tenure at OHSU is far less consequential, given that more than 85% of the faculty appointments are neither tenured nor tenure track. Again, there are many higher education institutions that have developed different conceptions of the faculty role, corresponding to different expectations and means of assessing performance. Virtually any university that includes a major academic health center, for example, has a separate track for faculty members whose responsibilities center less on research and discovery than on the provision of clinical care. The aggregate portrait of a faculty member that emerges in higher education today is sufficiently robust and diversified to accommodate different emphases of responsibility, different metrics of achievement, and different terms of appointment among faculty of different fields in a single institution.

Some also described OHSU’s fragile finances as an obstacle to a merger. Our review of the institution’s finances, however, does not paint a portrait of a university in financial jeopardy. Some of its assets are highly leveraged and tied to the health care industry, which can be subject to dramatic and occasionally unforeseen changes, but OHSU has a record of squarely facing issues of this kind and succeeding. Today, OHSU has substantial cash reserves and units that consistently perform in the top quartile.

In our interviews we heard a parallel set of perceptions to the effect that PSU is having financial difficulties of its own. As best we can tell, PSU operates on a lean resource base, but it is not eating into its capital base to maintain operations; in fact PSU scarcely has a capital base of this kind.

Finally, there is a notion on both campuses that each would be required to provide funds to the other if financial difficulties were encountered. Given that both units now operate successfully without incurring operating or related deficits, were there to be a combining of the two institutions it would be both possible and expected that the negotiations leading to a combined institution would include the establishment of firewalls between the various operating units of the new enterprise. Student tuition could therefore not be diverted to offset shortfalls in patient care income; nor could the Group Practices be taxed to support the ambitions or financial shortfalls of the predominantly undergraduate and graduate programs from PSU.
Lessons from other Mergers

We were also asked as part of our study to examine other attempts to combine a stand-alone medical campus with a comprehensive undergraduate/graduate institution. Such mergers or even contemplated mergers/acquisitions are comparatively rare—and most involve a crisis. The two combinations with which we were most familiar prior to this study are good examples of how particular, even peculiar circumstances can exert disproportionate influence in the final outcome.

The first example is the successful acquisition of Hahnemann Medical College and the Medical College of Pennsylvania by Drexel University in Philadelphia. That combination resulted from the massive bankruptcy of the Allegheny Health Education and Research Foundation (AHERF), which by the 1990s had come to own both the Hahnemann Medical College and the Medical College of Pennsylvania along with their respective teaching hospitals. Faced with a possibility of the mass layoffs of hospital workers and the closing of two hospitals important for the provision of indigent care in the city, Edward Rendell, then Philadelphia’s mayor and now Pennsylvania’s governor, and the Philadelphia business community orchestrated a bailout. The California-based Tenet Healthcare Corporation acquired the two medical colleges along with their teaching hospitals as part of a larger acquisition of Philadelphia-area hospitals, clinics, and other properties belonging to AHERF. As part of the package and at Tenet’s invitation, Drexel University agreed to assume operation of the new University. In 2002, Drexel University moved from being the MCP Hahnemann University’s “operator” to being its owner. Prior to this staged acquisition, however, none of the questions posed by the possible merger of Portland State University and Oregon Health & Science University were addressed, which, as we note below, helps to explain why the merged units often seem to be working at cross purposes.

Our second example is the yet to be completed merger of Rutgers University and the University of Medicine and Dentistry of New Jersey. In 2002, a commission appointed by then Governor James E. McGreevey recommended merging the New Jersey Institute of Technology, Rutgers University, and the University of Medicine and Dentistry of New Jersey into a single, reconfigured state university system. That proposal died in the face of strong opposition from each of the separate institutions and the realization that such a combination would likely require additional state funds to be effective. Then in 2005, the idea of a merger involving just Rutgers and the University of Medicine and Dentistry of New Jersey was revived and given new impetus a year later by a growing set of financial and accounting scandals involving the health sciences university. While the idea has been publicly embraced by Jon Corzine, New Jersey’s Governor, and by Richard McCormick, President of Rutgers, it has yet to gain real traction. It is clear, however, that the University of Medicine and Dentistry of New Jersey finds itself in extremis—a circumstance that makes the proposed merger attractive to state policy makers and increasingly worrisome to key constituencies within the Rutgers community.
While their circumstances differ in several respects, these two stories of merger and acquisition offer three factors in common: first, in each case at least one of the two institutions was in serious financial and/or political trouble; second, the push for combination came from outside the two institutions; and third, the decision/recommendation to merge preceded any kind of detailed analysis.

A recent example of a promising merger between a regional public university and a health sciences university is that which occurred in 2006 between the University of Toledo and the Medical University of Ohio. In the end, the combining of these two public institutions to create a larger, more comprehensive single university occurred in a very straightforward and expeditious way, having garnered strong support in virtually every quarter. The road from initial proposal to the completed agreement, however, was not without some important lessons learned from an earlier, unsuccessful attempt to advance the idea. Reaching the final result in this case required a strategy that worked largely out of the public spotlight to develop as strong a case as possible for combining the two institutions. Possibly more than any other single example we considered, this is a story of how a comparatively small group of champions—people of strong vision and influence—created the context and helped align the forces that allowed the merger to take place.

These had been two public universities in close proximity, each providing an important range of services to the Toledo metropolitan region. Several years earlier, conversations among some board members of the respective institutions had led to a consideration of whether the region would benefit from the creation of a single university that combined the two. The idea was largely exploratory, but the fact that the question had been asked aloud before a solid case could be built allowed forces of opposition to mobilize and attack the plan.

The idea remained dead for some time until Jim Tuschman, who had served for nine years as trustee and ultimately chair of the University of Toledo’s board, was appointed to a governor’s commission to study higher education needs in Ohio. In the course of this work he spoke with the president of the Medical University of Ohio, and learned that this president had an interest in merging with the University of Toledo. Tuschman had actually hired the president of the University of Toledo during his time as chair of that board, and he was easily able to arrange for a meeting with these two presidents. The mutual interest of these leaders became a critically important motivation to combine the two institutions. The proponents of the merger undertook a due diligence study, analyzing the cost of such an action, as well as the benefits it would confer to the region and the state. The two universities worked hard to craft a letter of agreement spelling out clearly the terms of a merger.

At the same time they were forging the financial, legal, and structural agreements, the proponents worked to develop a communications plan to gain the necessary financial and political support from all constituencies. The plan made clear the range of benefits that a merged institution would create for the region and the state. By the time the plan went public, the case for a merger was so strong that there were virtually no compelling
grounds on which to dispute it. Supporters of the action included the presidents and senior leaders of the two institutions, local officials, members of the Ohio Board of Regents, members of the state legislature, and the governor. The legislative measure to create the merger passed in Columbus without a single dissent. The name of the combined institution is the University of Toledo, and the former Medical University of Ohio is now known as the University of Toledo Health Science Campus. This was the first merger of two public universities to occur in Ohio, and it created the third-largest public university operating budget in the state.

It is worth noting that among the expected benefits of this merger is a strengthening of graduate education in the combined institution. The combined university creates a structure in which Ph.D. students in the medical and life sciences take basic science in the company of students from different disciplinary backgrounds. The cross-fertilization that occurs there helps prepare students for professional environments in which research and practice are increasingly conjoined and increasingly interdisciplinary. There is a real advantage of combining elements of the science programs of the two formerly separate universities—in terms of building critical mass, as well as in creating a richer, more diversified environment for students in advanced degree programs.

Finally, we examined the merger of the Medical College of Virginia (MCV) and the Richmond Professional Institute (RPI) to create the Virginia Commonwealth University (VCU). Quite literally a 40-year work in progress, the merger process began in 1968 when the MCV was dealing with issues relating to its accreditation and RPI was facing financial difficulties. Still, for the next 20-plus years, VCU as a merged entity operated as two separate organizations, two separate campuses, and two separate administrations including separate physical plant departments that never talked to each other. What they shared was a common accounting system.

Then in the 1990s the merger took hold. New leadership came to the realization that a largely free-standing medical school had become an anachronism and that a merged institution that was functional would provide the necessary platform for launching a set of new, more vibrant programs. Since then, the new VCU has tackled three big problems: seeking a better balance between the two constituent parts of the university, thus bolstering its capacity for research; providing a more effective organization for its patient care operations; and dealing with residual issues associated with further changes to its name and branding.

One of the issues separating the two faculties from 1968 onward was the often dismissive stance of the former MCV faculty that they did “science” while the other institution did “the soft things.” Since 1990, VCU has started a School of Engineering which has developed very strong links to the School of Medicine. The “other” campus is now seen as doing “serious science.” In 1997 the University launched the Virginia Biotechnology Park, which has grown to encompass more than 1.2 million square feet of research space. Now much of the institution views the merger as a win-win, with
medical school faculty increasingly involved in the undergraduate education of VCU students.

Since 1990, the merged institutions have evolved into two separate corporations: a Virginia Commonwealth University that does teaching and research; and a VCU Health System concentrating on clinical activities and patient care. VCU itself has a 16-member Board appointed by the Governor with four new members appointed each year for four-year terms. VCU Health System consists of the hospital and clinical practices and has a 21-member board with various constituencies appointing its members. The VCU hospital was separated from VCU and the state system of higher education in 1996, at which time the Commonwealth created a health authority with its own board. The Physicians Practice Group was added to the hospital in 2000. The VCU Vice president for Health Sciences is also CEO of the Health System.

The problem that is not yet fully solved, though after 40 years it is slowly wearing away, is the name and identity of the medical school. From 1968 onwards a significant number of MCV graduates have withdrawn their support for the medical school, citing that institution’s loss of identity. The reorganizations of recent years, where the VCU label has fully replaced the MCV label, will mean eventually the issue of identity has been settled—but not without some rancor and sustained hard feelings.

Those with whom we spoke wanted us to understand that the VCU story is one of success and rebirth of the financial and academic strengths of the university, even contributing to the rejuvenation of Richmond itself. VCU now proudly claims to be a top 100 university and a place “on the move.”

More generally, however, mergers between stand-alone health science universities and comprehensive undergraduate/graduate universities are rare and have achieved mixed results. While some of these experiments have succeeded, their success has tended to derive from special sets of circumstances—most notable of which are the strong support among the leadership in both institutions, as well as support within the community and among elected officials in the state. Successful mergers require leaders and champions in several domains who are committed to the vision, and who work to advocate and expedite an agreement that allows a merger to succeed. No less important than a critical alignment of stakeholders is the commitment of the substantial resources required to bring about a conjoining of two separate institutions.

Attempted mergers that have achieved middling success or failed outright have in common a lack of a clear, compelling vision for what a merger will achieve, combined with a failure to consider in realistic terms how well a merger will likely produce the desired results. Mergers with unsatisfactory results tend to be those that gave insufficient consideration to the often substantial cultural differences that separated the potential partners; such differences may result from the fact that the institutions themselves have evolved in fulfillment of distinctly separate missions.
The proposed combining of Oregon Health & Science University with Portland State University faces each of these difficulties—differences in culture, differences in mission and prospect, and the absence of a strong set of champions on each campus willing and able to supply the necessary leadership and political muscle. Absent those champions and a sense that sufficient resources would be vested in the new enterprise, a mandated merger of the two institutions would set Portland State University adrift and so distract Oregon Health & Science University that it would likely lose its sense of discipline and focus. The result would be a wounded entity in which the sum of the new whole would be decidedly less than the sum of the enterprise’s former parts.

**Imagining a Combined Entity**

And yet, despite these difficulties and obstacles the vision of a major university in Portland remains an intriguing prospect. A nationally active, regionally prominent research university harbors the promise of advancing both the City of Portland and the surrounding region. Some might dismiss the vision outright as being analogous to that which sought to build a railroad terminal in a mountainside 130 years ago—or it might suggest that given enough time and careful perseverance, the combining of OHSU and PSU just might work, ultimately benefiting the two institutions, the Portland area, and the State of Oregon.

If one were to imagine a single major university in Portland, what would it look like? The standard benchmark for such an institution is to join the 62 leading research universities in the United States and Canada that comprise the Association of American Universities (AAU). The AAU is, in its own words, “an association of universities distinguished by the breadth and quality of their programs of research and graduate education.” While membership is by invitation, the Association has an established set of quality indicators which, taken collectively, define what it means to be a world-class research university:

- Competitively funded federal research support as reflected in data collected by the National Science Foundation.

- Memberships by faculty in the National Academy of Sciences, National Academy of Engineering, and the Institute of Medicine.

- National Research Council (NRC) faculty quality ratings: these ratings are drawn from the decennial national assessment of research-doctorate programs conducted by the NRC.

- Faculty arts and humanities awards, fellowships, and memberships (examples include Fulbright Awards, Guggenheim Fellowships, MacArthur Awards, National Academy of Education, and Nobel Prizes).
At the same time, the AAU expects member universities to be exemplary in three broad areas:

- Doctoral education, principally Ph.D., broadly distributed across the institution.
- Postdoctoral training, principally in the health sciences, physical sciences, and engineering, noting that “postdoctoral education is an increasingly important component of university research and education.”
- Undergraduate education, including an assessment of the institution’s capacity to meet its commitment to undergraduate education.

One way to imagine what a combined university might look like is to use the AAU’s criteria as a framework. For comparative purposes we selected six western universities, as displayed below in Table 1: the University of Oregon, Oregon State University, University of Washington, University of California, San Diego (UCSD), University of California, San Francisco (UCSF), and Arizona State University. Oregon State and the University of Oregon are included because of their status within the Oregon University System. The University of Washington is included because of the frequency with which both proponents and opponents of the proposed combining of OHSU and PSU cited Seattle and its university as something a combined entity could either aspire to or fall far short of. We believe a more natural comparison exists between Portland and San Diego as cities and hence the inclusion of the University of California, San Diego. UCSF is included as the nation’s leading stand-alone health and science university. Finally, we include Arizona State University because it aspires to AAU membership and is in the process of establishing a medical school as part of its strategic plan.

In our comparisons we track three basic elements: scale in terms of revenue in general and research revenue in particular; breadth of graduate academic programs as illustrated by the fields in which each awarded Doctorate Degrees in 2006; and finally scale of graduate programs in terms of numbers of students, percentage full-time, and number of post-doctoral fellows.

Taken together, these statistics illustrate several key characteristics of what a combined OHSU+PSU might look like and how it would stack up against the competition. In terms of scale, OHSU+PSU would be middle-sized—smaller than the two University of California institutions and the University of Washington but larger than the other three institutions. Indeed without any growth at all, the OHSU+PSU combination would be the largest educational entity in the State of Oregon—and by a substantial margin.
Table 1

Fiscal Year 2004-2005 Selected Revenues and Expenditures ($000)

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<th>Field</th>
<th>Oregon Health &amp; Science University</th>
<th>Portland State University</th>
<th>University of Washington</th>
<th>University of California San Francisco</th>
<th>University of California San Diego</th>
<th>University of Arizona State University</th>
<th>Oregon State University</th>
<th>University of Oregon</th>
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<td>1,951,603</td>
<td>915,663</td>
<td>565,517</td>
<td>432,119</td>
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2006 Doctorates Awarded by Field of Study

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<tr>
<th>Field</th>
<th>Oregon Health &amp; Science University</th>
<th>Portland State University</th>
<th>University of Washington</th>
<th>University of California San Francisco</th>
<th>University of California San Diego</th>
<th>University of Arizona State University</th>
<th>Oregon State University</th>
<th>University of Oregon</th>
<th>OHSU + PSU</th>
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<tr>
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<td>0</td>
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<td>56</td>
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<td>19</td>
<td>6</td>
<td>4</td>
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<td>21</td>
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<td>0</td>
<td>3</td>
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<tr>
<td>Family and consumer sciences/human sciences</td>
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<td>0</td>
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<td>0</td>
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<td>128</td>
<td>359</td>
<td>399</td>
<td>166</td>
<td>175</td>
<td>102</td>
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2005 Graduate Students and Post Doctoral Fellows

<table>
<thead>
<tr>
<th>Field</th>
<th>Oregon Health &amp; Science University</th>
<th>Portland State University</th>
<th>University of Washington</th>
<th>University of California San Francisco</th>
<th>University of California San Diego</th>
<th>University of Arizona State University</th>
<th>Oregon State University</th>
<th>University of Oregon</th>
<th>OHSU + PSU</th>
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</thead>
<tbody>
<tr>
<td>Total Number of Graduate Students</td>
<td>307</td>
<td>1824</td>
<td>5593</td>
<td>1223</td>
<td>2822</td>
<td>3739</td>
<td>1942</td>
<td>744</td>
<td>2131</td>
</tr>
<tr>
<td>% Full-time</td>
<td>83%</td>
<td>51%</td>
<td>80%</td>
<td>100%</td>
<td>94%</td>
<td>72%</td>
<td>86%</td>
<td>93%</td>
<td>56%</td>
</tr>
<tr>
<td>Number of Postdoctorates</td>
<td>104</td>
<td>5</td>
<td>953</td>
<td>1003</td>
<td>886</td>
<td>108</td>
<td>60</td>
<td>77</td>
<td>108</td>
</tr>
</tbody>
</table>
At the same time, Table 1 makes clear the extent to which both OHSU and PSU are incomplete universities and the kind of investments that would be necessary to meet the AAU’s criteria for membership. To fully meet the AAU’s standards, the combined university would require an expanded range of Ph.D. programs, additional sponsored research particularly in engineering, mathematics, and the physical sciences, and similarly expanded postdoctoral training programs. Our presumption is that a focused development strategy in these areas—a strategy that drew on the lessons OHSU learned as it built its portfolio of research programs funded by the National Institutes of Health—would be possible, would likely be centered on the Schnitzer campus, and would use the OHSU model of recruiting world-class scientists by providing excellent facilities and “start-up” funds while expecting those scientists to draw their compensation primarily from their successful competition for grant funding.

Stated more directly, our presumption is that a combined OHSU+PSU entity would be positioned to capitalize on OHSU’s national and international reputation as a center for sponsored research in the health sciences and PSU’s untapped capacity to mount new research programs.

**Operating a Combined Entity**

We believe that the major research university that would result from an imaginative combining of OHSU’s and PSU’s separate identities and programs would necessarily be best organized under OHSU’s status as a public corporation. It would need the degrees of freedom in governance and finance that OHSU currently enjoys in order to compete successfully for sponsored research and attract the most promising and accomplished faculty and students. Such a university would also build on OHSU’s administrative systems and business model to motivate the kind of faculty achievement and innovation that attracts external support, contributes to the knowledge base, and serves to enhance the well-being of the region and the State of Oregon.

How would that model work at PSU? It would represent a substantial change from its current system, through which the State accords some $65 million per year in operational support. As organizational units within the institution assume responsibility for meeting a greater share of their operational costs, it is likely that the nine Schools and Colleges that formerly comprised PSU would become, within the new university, centers of strategic initiative. As such, they would become individually responsible for balancing their revenues and expenses. Today, few ask the question, “Who is subsidizing whom at PSU?” In the new combined university, such questions would become vitally important.

As they sought to meet their new responsibilities, these schools and colleges would necessarily have to become more entrepreneurial, more focused, more disciplined in choosing which kinds of projects and efforts to pursue—in a word, more like the schools, departments, and programs at OHSU today.
Student revenue would become increasingly important as a source of income for a combined university of national stature. Raising tuition to market levels would allow the combined university to realize a level of funding commensurate with the growing quality of its undergraduate and graduate programs. Increasing the contribution that tuition makes to a combined university’s resources would yield a student body of greater potential and achievement. Student financial aid would necessarily play an increasingly important role in ensuring that students of promise would not find the cost to be an absolute barrier to enrollment. Allowing tuition to rise to market prices would likely accelerate the process by which the undergraduate programs formerly part of PSU would become more selective and hence less perceived primarily as access portals for the Portland community—a role the Community College of Portland and others have increasingly taken on for the City and region. In becoming part of a national research university of comprehensive scale, the former PSU would naturally come to regard residence halls both as a revenue source and as a factor in substantially developing the student life dimensions of its learning environment.

For OHSU, adopting the model of a comprehensive national research university would entail less of a transformation than for PSU. Most activities located on Marquam Hill would proceed much as before. OHSU’s administrative systems—including finance, human resources, and research administration—would be extended to PSU units. The OHSU business model would remain unchanged, as would the relationships between the university and its affiliated hospitals and practice groups. The most likely changes would include enhanced roles for the conjoined institution’s schools in general and its School of Medicine in particular.

The big changes for the former OHSU would be in terms of augmented challenges and opportunities. A combined as well as reconfigured university could well become a major player in the evolving, interdisciplinary domains of research and discovery, particularly within and between the sciences. For OHSU, joining forces to create a comprehensive major university would help avert the dangers of becoming aligned with too narrow a range of scientific inquiries. For example, a step of this kind could provide OHSU with a framework to create a greatly enhanced capacity in chemistry, and thus to become a stronger force in emerging, cross-disciplinary fields denoted as integrative sciences. The new configurations would allow a combined institution to develop a much stronger profile in the area of materials research, in effect breaking down the traditional barriers that separate disciplines and departments. The new entity would have substantial capacity to make key appointments and attract major figures in scientific research beyond the health sciences.

The act of combining a primarily urban university with a larger health sciences university of national stature would be painful to PSU in many respects. Many of those with whom we spoke at PSU believed a merger would result in a fundamental change of mission—away from an institution that was urban, engaged, innovative, and committed to the people of Portland. We are not so sure. That mission is already being altered by the realities of the market and the ambitions of those who seek a PSU mission that is more focused on research and graduate education. PSU’s traditional mission has proved
particularly vulnerable to reductions in State of Oregon funding. In the long run, the merger with OHSU might provide a more secure foundation to PSU’s historic commitment to community service.

If done right and patiently, the merger of OHSU and PSU might yield important opportunities that could ultimately be to the new entity’s advantage in the growing competition for research funding. Joining forces with a health sciences partner would place PSU in a stronger position to develop projects that draw faculty across what had formerly been boundaries separating disciplines and institutions. Such collaborations would accelerate the pace of key investments in the sciences that PSU has begun to make over the past five years. As collaborative explorations in new domains of science succeed in attracting funds, this work could come to have a major role in the further development of the Schnitzer campus. Finally, in aligning its talents and energies with those of OHSU, PSU would take a step toward developing a truly major graduate center.

A Missing Partner?

A combined institution would also confer a major advantage to the Portland metropolitan region. A single full-scale research university would substantially enhance the impact that the two separate institutions currently exert as educational and research engines for the community. Like the combined institution itself, the community would benefit from the creation of a full portfolio of graduate programs ranging from public health, medicine, nursing, business, engineering, and architecture to a full complement of arts and sciences disciplines. Two universities combining as a single entity would allow for a comprehensive approach to developing the Schnitzer campus in ways that draw from the greatest strengths of two formerly separate institutions to serve the region in new and expanded ways.

In many ways, however, the missing partner in considering the prospect of a combined institution has been the Portland metropolitan region. A general sense, derived both from our direct interviews and from informal interactions, is that some strands of local sentiment would find a major university in Portland to be an imposing presence—an entity that would threaten to disturb the unique flavor and culture of this setting, transforming it into something more like Seattle. There is a sentiment to keep Portland Portland, fundamentally livable, a locale that does not compromise existing values and civic commitments in pursuit of economic development. Yet there are other models besides those of Seattle that could guide a thoughtful combining of institutions to create a resource for the region. The University of California at San Diego, for example, offers a model of a research university imparting a presence that contributes to the vitality of a city without overwhelming its distinctive character. In addition, the Virginia example of VCU and the City of Richmond could yield useful ideas and strategies for linking a merged entity to its urban neighbors.
Necessary Steps to Effecting a Merger

The prevailing theme of the interviews and explorations argued against the proposition of an outright merger between OHSU and PSU. If the weight of opinion were ultimately to align in favor of conjoining these two institutions, however, a number of conditions would need to be met and actions taken to make it succeed. First, the budget model of a merged entity would necessarily be that of OHSU. It is an operational model in which individual schools and departments function in substantial degree as “tubs on their own bottoms,” and the leaders of these academic units have strong influence and leadership roles. In such an environment, the schools and departments formerly aligned with PSU would necessarily come to regard tuition much as OHSU views revenues from patients and external grants—as an enabling source of livelihood to support research and teaching.

As we have already observed in this report, essential to any successful combining of OHSU and PSU will be the emergence of a strong set of champions on each campus willing and able to supply the necessary leadership and political muscle. Equally important—and at the moment also still mostly missing—will be the emergence of strong advocates within the executive and legislative branches of State government and within the Portland metro community. Those voices will prove particularly critical in securing the financial guarantees necessary to effect a successful merger. Were those two conditions met, then we can imagine a 24-month process of combination comprising the following two principal steps.

A Transitional Governing Board for Portland State University. We believe that the first step in this process would entail the creation of a transitional governing board for PSU that is separate from the Oregon University System (as noted above, PSU currently does not have a board of trustees separate from the System board). This transitional governing body would exist for the express purpose of negotiating a merger agreement with the OHSU Board of Directors. Principally, those negotiations would center on defining the new entity’s business model, which resources would be integrated, which segregated by agreed-upon firewalls and for how long. In similar fashion the two boards would have to negotiate the form and function of the new entity’s senior leadership and the designation of those leaders who would have principal responsibility for initially leading the combined university.

Because the entity created would be a public corporation, the PSU board would need to be empowered to negotiate terms without seeking consent of the Oregon University System, and it would need the capacity to conduct due diligence in completing agreements. At the time of its formation, this transitional board would be required to commit to the purpose of undertaking a merger with OHSU; if the process of completing this task were to reach an impasse, PSU’s transitional board would be dissolved and its governance would revert to the Oregon University System.
If the two universities were to be combined, the governance of the new entity would necessarily build on the OHSU model of a public corporation, led by a President or a Chancellor, with a governing board independent from the Oregon Higher Education System. The governing board of the combined institution would include members of both formerly separate institutions. In its earliest years this board might include all members of both the OHSU Board of Directors and the PSU transitional board, though in time one would expect some reduction in total size as members of both boards complete their service. The board would come to be smaller, though the proportion of representation from the former OHSU and PSU would remain the same.

An Oregon Commitment to Financial Stability. The second necessary step is for the State of Oregon, as part of the act of enabling the combining of OHSU and PSU, to provide a stream of funding commensurate with its current appropriation to PSU. Even if it were to raise tuition significantly, PSU in itself could not expect to generate revenue on a scale that would match what that institution receives from the Oregon University System for the immediate as well as the intermediate future. For this reason there needs to be a financial mechanism that will provide a source of operating funds comparable to the annual appropriation the State provides to PSU as a public university.

One way to provide such funding would be for the State of Oregon to issue a 30-year bond for the combined institution whose annual coupon would equal the current appropriation to PSU. Assuming a taxable bond rate of 5.5% and an annual coupon of $65,000,000, the proceeds from that bond available in the first year would be $944,700,000.

We have also assumed that in each of the first five years of the combined OHSU-PSU entity, there would be a special draw down of these funds of $5,000,000 per year to serve as a transition fund to cover the special costs associated with the establishment of the combined entity. The work of combining two separate institutions will require deliberate and sustained effort in several areas. It will be necessary in human resources, for example, to negotiate employment arrangements, including issues of salary equity and changes in benefits and retirement. Targeted efforts will be required to extend the OHSU financial system, including its sponsored research management system, to the PSU environment. A combined institution will need to develop a unified student record system, using the Banner protocol. It will also need to reap the benefits that would result from combining the advancement functions of the two institutions. Throughout this process it would be necessary to provide for training of personnel to work effectively in new systems and processes in a conjoined institution.

We are aware that, working separately, both OHSU and PSU have estimated significantly higher transition costs in the short term. To a significant extent, we believe, those higher estimates result from a natural need to hedge against an uncertain future. Were the bond proposal advanced above—or a similar fixed revenue solution—to be adopted by the State of Oregon, then the need for transition funds necessary to cover revenue shortfalls in the first years of combined operations would be greatly reduced.
If we assume a conservative return on the invested funds of 5.5% per year and an average annual inflation rate of 3% per year, then for the next 16 years the combined entity would be able to draw down $65,000,000 per year in constant 2007 dollars. Were the combined entity willing to assume a greater level of risk in its investment portfolio, we believe, based on a recent Mercer study of likely rates of return for a portfolio with a well diversified 75:25 asset mix, that a 7.5% rate of return would be possible. Given that return rate, there would be sufficient funds for the combined entity to draw $65,000,000 annually (in constant 2007 dollars) for 21 years.

It is also possible that the combined entity would wish to hold its annual draw to $65,000,000 in nominal dollars. Under this assumption, and given an average annual inflation rate of 3%, a conservative annual return on investment of 5.5%, and a $5,000,000 per year transition fund for the first five years, there would be sufficient funds to sustain a $65,000,000 per year draw down for 26 years. That annual draw down of $65,000,000 would, in constant 2007 dollars, be worth 89% of the 2007 appropriation PSU is scheduled to receive in year five. In year 10, the annual draw would, again in 2007 constant dollars, be worth 77% of PSU’s current appropriation; in year 20 the annual draw would be worth 57% of PSU’s current appropriation; and in year 26, the last year in which the annual draw exceeded the value of the invested funds, it would be worth 48% of the current appropriation.

If the combined entity were willing to tolerate greater risk in its investment of the proceeds from the bond, the depreciation of the value of the draw would be the same as in the example above, but the funds would not be consumed. Assuming a 7.5% rate of return and an annual draw of $65,000,000, by year 30, the draw would be worth just 42% of the current appropriation to PSU, but the value of the investment fund itself, now converted to permanent endowment, would exceed $1.1 billion.

It should be noted that our analysis assumes current interest rates, rates of return, and inflation rates. Were interest rates to decline, the bond proceeds from an annual $65,000,000 coupon would decline proportionally. On the other hand, higher interest rates would likely be accompanied by a higher rate of return on invested funds. Were the contemplated merger to proceed and were the State of Oregon to adopt the financing strategy discussed above, the actual structure of the financing instrument or instruments would necessarily be the subject of further discussion and negotiation.

We understand that the leaders of both OHSU and PSU are wary of any plan that would reduce the value of the appropriation. We believe, however, that the combined entity would have sufficient opportunity to increase revenues through increased enrollments, tuitions, and fees on former PSU programs. These revenue increases would more than offset the 3% per year decline in the value of the draw. But no decision would have to be made in advance. The combined entity could choose how much of a draw to make each year considering its other sources of revenue and the importance it attaches to maintaining the value of the resulting investment fund.
There is a further set of options involving the nature of the bond the State of Oregon issues. If part of the proceeds were designated for capital projects, then it is possible that the State of Oregon could issue two bonds, one taxable as in the analysis above, and one tax-exempt designated for capital projects. Assuming a 7.5% rate of return, a 5.5% interest rate on the taxable bond, a 4.5% interest rate on the tax-exempt bond, and an 80-20 split in the $65,000,000 available to pay the annual coupons ($52,000,000 and $13,000,000 coupons respectively), the proceeds from the sale of the two bonds would yield $967,831, with $755,755,000 available for the fund designated to supply operating funds, and $212,097,000 available for capital projects.

PSU believes that to become an effective partner with OHSU, it would need substantial front-end investments in its sponsored research and entrepreneurial activity—including capital funds to provide the kind of research space OHSU now regularly provides its faculty entrepreneurs and senior scientists. We have great sympathy for that point of view, particularly given the under-funding of higher education in general and Portland State University in particular that has been characteristic of Oregon in recent years. All or part of the $212 million capital funds could be used for those purposes provided the combined entity could settle for a smaller operating payment.

We believe that the financial leadership of both institutions has more than sufficient acumen and experience to develop the kind of mixed financial strategy we have outlined here.

Finally, it is important to note that this 30-year financing mechanism would provide the State of Oregon substantial savings in the out years. The sum of coupon payments would equal $1.95 billion (not including the costs associated with issuing the bond). Were the appropriation provided to PSU to grow at the rate of inflation over the next 30 years and assuming an average rate of inflation of 3% per year, the sum of the necessary appropriations would exceed $3 billion, yielding an ultimate savings to the State of Oregon of at least $1 billion. Note, however, that the bulk of those savings are in the out years.

Two Catalysts

There are two additional steps that would contribute substantially to a successful combining of OHSU and PSU. First, a project to make these two institutions more of a conjoined entity would benefit substantially by attracting a naming gift in the range of $250 to $500 million. A bequest of this magnitude would attract broad visibility and interest while generating a considerable sense of momentum and progress.

Second, creating any form of combined institution would benefit substantially from the efforts of a strong public advocate—a champion who is well respected in OHSU, in PSU, as well as in the community and the State, who could help rally public support and articulate the vision of a full-scale research university in the region. Such a leader can make the difference between a project becoming mired in uncertainty and opposition, on the one hand, or making purposeful progress and reaching its goal on the
other. One of the lessons from previous mergers we examined is the need to win support of key stakeholders early on, and to communicate clearly and effectively to all parties what the combining of two institutions can achieve and what benefits it will confer. A forceful public champion would contribute greatly to the success of any proposed combination of these two institutions.

**Something Worth Talking About**

In testing the prospect of combining OHSU and PSU, our Learning Alliance team was struck—and at times even overwhelmed—by the obstacles to the idea. In summary form we found:

- The contemplated merger will not result in the desired costs savings.
- Between the two institutions there are profound differences in mission, scale, and culture, as well as in the model each uses to appropriate discretionary funds and assign fiscal responsibility.
- Within both institutions there is a persistent anxiety about the success of any attempted merger, given the levels of funding the State of Oregon has historically provided to higher education.
- While there is somewhat greater interest in the idea at PSU than at OHSU, even those at PSU who consider the idea worthwhile caution that it should be undertaken carefully and given the time required to create a combined institutional culture with unified systems and processes.

These factors in themselves could easily be judged sufficient to halt further progress in considering the creation of a merged research university in Portland. Here we need to repeat what is our most important finding:

- Were there to be a legislatively mandated merger that was without forceful champions on either campus and without sufficient guarantees of State funding over the indefinite future, the likely result would be a Portland State University that was cast adrift and an Oregon Health & Science University that was distracted to the point of stalling. The result would be an institution whose whole was less than the sum of its former parts.

On the other hand, a combining of OHSU and PSU that was pursued patiently, purposely, and persistently will likely remain of interest to those committed to the two institutions and invested in the future of the Portland metro area. Accordingly, we have identified a set of key factors that would contribute to the success of such a venture. Whether a combining of these two universities were to take the form of a complete merger or a more limited partnership focusing on particular areas of shared pursuit, a combined entity would need to build on the OHSU business model. In the course of undertaking the merger, PSU would necessarily undertake a change in status to become part of a public
corporation, and it would require, as a necessary condition, a funding mechanism to replace the direct appropriation the State of Oregon now provides. We have provided a model to demonstrate one means of ensuring a stream of funding that would largely replace what PSU would have received from the State as operating funds.

Taking even these preliminary steps to a merger of the two universities would require substantial changes in both outlook and in practice. Strong leadership would be required to accomplish the changes and create an entity that truly exceeds the sum of its two parts.

Finally, while the challenges of combining these two separate institutions to create a comprehensive major university may seem insurmountable, it should not be forgotten that the result of doing so in a way that preserves and builds on the unique strengths of each has the potential to become a nationally active, regionally prominent research university—a magnet for talent and a generator of academic and economic vitality for the City of Portland, its extended metropolitan region, and the State of Oregon. Through the next quarter-century, the presence of such an institution could be a deciding factor in helping to power the region’s continued advancement in developing areas of promise, while providing a quality higher education for students in the region and throughout the nation. As Bonnie Raitt might say, “It’s something worth talking about.”
Robert Zemsky served as Team Leader and had overall responsibility for the engagement. Dr. Zemsky is Professor and Chair of The Learning Alliance at the University of Pennsylvania. Through the 1980s he served as the University’s chief planning officer and from 1980 through 2000 as the founding director of the University’s Institute for Research on Higher Education. He directed both the Pew Higher Education Roundtable and the Knight Collaborative. Much of Professor Zemsky’s research and consulting has focused on the workings of the higher education market. He was a developer of the University of Pennsylvania’s Responsibility Center Management (RCM) budget system, and his consultancies both in this country and abroad have centered on questions of budgeting and strategic planning. In the 1990s he served as Co-Director of the National Center on the Educational Quality of the Workforce (EQW) at the University of Pennsylvania, and thereafter as a senior scholar at the National Center for Postsecondary Improvement (NCPI) at Stanford University. This last year he served as a member of the Secretary of Education’s National Commission on the Future of Higher Education. His most recent book-length publication, written in collaboration with Gregory R. Wegner and William F. Massy, is *Remaking the American University: Market-Smart and Mission-Centered* (Rutgers University Press, 2005).

William F. Massy was founding director of the Stanford Institute for Higher Education Research and served for more than a decade as Stanford's chief financial and administrative officer (earlier he had served as Vice Provost for Research and acting Provost). As Stanford’s Vice President for Business and Finance, Dr. Massy reorganized the University Hospital as an independent subsidiary corporation. For the next decade he served on the Hospital's Board of Directors and chaired its Finance Committee. He is an international expert on resource allocation and education quality audits in higher education; for the past five years he has been President of the Jackson Hole Higher Education Group (JHHEG), a consulting practice associated with The Learning Alliance. JHHEG’s current and recent clients include the Tennessee Board of Regents, the University of Missouri System, Boston College, Singapore Management University, and the National University of Singapore. Drs. Massy and Zemsky are frequent research and consulting partners and, along with Gregory Wegner, are co-authors of *Remaking the American University: Market-Smart and Mission-Centered* (Rutgers University Press, 2005). From 1996 to 2002 Dr. Massy directed the National Center for Postsecondary Improvement’s (NCPI) project on educational quality and productivity. From 1991 to 2003 he served on Hong Kong’s University Grants Committee. He was also a founding member of the Pew Higher Education Roundtable. His book with David Hopkins, *Planning Models for Colleges and Universities* (Stanford University Press, 1981), received the Operations Research Society of America’s Frederick W. Lanchester Prize for 1981, and in 1995 he received the Society for College and University Planning’s annual career award for outstanding contributions to college and university planning. Another seminal contribution to the planning literature is his book, *Honoring the Trust: Quality and Cost Containment in Higher Education* (Anker Publishing, 2003).
James F. Galbally, along with Ann Duffield, is a founding principal of The Presidential Practice, which is affiliated with The Learning Alliance and provides counsel to newly appointed first-time and transferring presidents of colleges and universities. From 1983 to 2003 Dr. Galbally served as Associate Dean at The University of Pennsylvania’s School of Dental Medicine, where he was responsible for budget planning and finances, facilities, personnel and information systems management, new business development, clinic and private practice programs, and student admissions and financial assistance. At the School of Dental Medicine he was also Adjunct Professor of Community Oral Health and has served as a member of the faculty of The Wharton School (Management Department) and Graduate School of Education (Higher Education Division). Often in partnership with Professor Zemsky, Dr. Galbally has been actively involved in higher education research and planning initiatives. He was the Principal Investigator on a major National Library of Medicine project assessing the feasibility of establishing a distributed dental education program. He also serves on the faculty of the American Dental Education Association’s Faculty Leadership Program.

Ann J. Duffield is a founding principal of The Presidential Practice, which is affiliated with The Learning Alliance and provides counsel to newly appointed first-time and transferring presidents of colleges and universities. Prior to forming this practice, she was with the fundraising firm of Marts & Lundy, Inc., from 1999 through 2004 as a senior consultant and head consultant for their new communications and strategic planning practice. Ms. Duffield spent 25 years at the University of Pennsylvania, where she was an associate vice president of university relations, and as such, was responsible for both the University’s and the Medical Center’s communications, marketing, and media needs. During the University’s $1 billion campaign in the early 1990s, she was responsible for all campaign communications strategies. A former Associate Director of the University of Pennsylvania’s Institute for Research on Higher Education (IRHE), she served as program director of the Higher Education Roundtable—a national laboratory of 165 colleges and universities (including Portland State University) involved in the development of new academic models. Ms. Duffield serves on the board of The Development Exchange, Inc., a fund-raising service for public radio stations. She is a member of the faculty for Executive Education in Higher Education, a program offered by The Wharton School’s Aresty Institute in conjunction with the Higher Education Roundtable. She joined Professors Zemsky and Massy in TLA’s recent strategic planning engagements for the Fashion Institute of Technology and the New York Institute of Technology.

Gregory R. Wegner is both Director of Program Development at the Great Lakes Colleges Association and a member of The Learning Alliance consulting staff. A Ph.D. (English) trained at the University of Pennsylvania, he regularly serves with Professor Zemsky in the conducting of institutional roundtables and has developed a national reputation as a facilitator and adviser to colleges and universities throughout the country that are engaged in processes of strategic planning and program development. From 1987 until 2002 he was a member of the University of Pennsylvania’s Institute for Research on Higher Education, in latter years as associate director. He also served as managing editor and co-author of Policy Perspectives, a journal of comment published by the Pew Higher Education Roundtable and later the Knight Collaborative, with a readership of some 20,000. He is co-author, with Robert Zemsky and William F. Massy, of Remaking the American University: Market-

Joan S. Girgus over the course of her career has served as a faculty member, department chair, and senior administrator at Princeton University and as a faculty member and senior administrator at the City College of The City University of New York (CUNY). She is currently Professor of Psychology at Princeton University and Special Assistant to the Dean of the Faculty for gender issues. In the 1990s Professor Girgus became a principal organizer of the Pew Higher Education Roundtable and the Knight Collaborative, working with a broad range of colleges and universities to identify “best practices” for academic restructuring. From 1987 to 1999, Girgus directed the Pew Science Program, a national program to improve undergraduate science education. Sponsored by the Pew Charitable Trusts, the program provided grants to consortia of colleges and universities for collaborative projects. At Princeton, as Dean of the College from 1977 to 1987, Girgus served as a member of the President’s cabinet and chaired standing faculty committees on the course of study, examinations and standing, undergraduate admission and financial aid, and other policy matters. As professor of psychology since 1987, she has chaired the Committee on Women Faculty in Science and Engineering and the Faculty Committee on Conference and Faculty Appeal. She has been a member of the Faculty Advisory Committee on Appointments and Advancements, the University Priorities Committee, the Faculty Advisory Committee on Policy, the President’s Advisory Committee on Architecture, and the Faculty Committee on Athletics. Among her TLA responsibilities, Dr. Girgus has principal responsibility for working with Michigan State University on a wide range of strategic planning and personnel issues.

Susan Shaman is the Director of Special Projects and chief analyst for The Learning Alliance. Formerly she was the first Director of Institutional Research and later Assistant Vice President for Planning at the University of Pennsylvania (a responsibility she has temporarily resumed on an interim basis). Ms. Shaman has worked closely with Professor Zemsky on a wide range of projects. She is co-author, with Dr. Zemsky and Daniel Shapiro, of Higher Education as Competitive Enterprise: When Markets Matter (Jossey-Bass, 2001). With Dr. Zemsky, Ms. Shaman developed the Enrollment Planning Service for the College Board, as well as the Penn Plan, a financing program for students at the University.