OREGON HEALTH SCIENCES UNIVERSITY HISTORY PROGRAM

ORAL HISTORY PROJECT

INTERVIEW

WITH

Robert Peterson

Interview conducted May 22, 1998

by

Joan Ash

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SUMMARY

Robert A. “Bob” Peterson served as Budget Officer and later Vice President for Finance and Administration during the period 1973-1978. In this interview, Peterson discusses the organization and administration of the institution in those early years of university consolidation, focusing primarily on the financial management of the institution.

Peterson begins by talking about the path that led him to Portland State University in the late 1960’s, where he worked in the budget office while completing his master’s degree in business administration. Peterson joined the University of Oregon Medical School as Budget Officer in 1973, just as plans for consolidation of the three schools into a university were getting underway. He talks about that process and the resulting changes in institutional administration, as well as the first priorities that were established under Dr. Bluemle’s presidency.

For the majority of the interview, Peterson discusses the evolving relationships between the University, the Chancellor’s Office of the Oregon State System of Higher Education, and the Oregon State Legislature. He recounts several anecdotes illustrating the bureaucratic complexity and “legislative arrogance” he faced during his tenure as financial officer. He notes that budget constraints led to tension between academic and clinical units, and faculty lost faith in an administration that could not find the funds to replace rotted window frames in Mackenzie Hall. He singles out one legislative staffer for particular mention, and tells a few stories about Richard Burke’s dealings with UOHS administration.

Looking back, Peterson comments on the strange serendipity that led him from Oregon to the University of Arizona: he struck up a friendship with an “unsuccessful” candidate for the UOHS presidency, Merwin “Monty” DuVal, who wound up hiring him away from Oregon in 1978. Peterson notes that he has many fond memories of his time here and that he is gratified to see that the financial administration of the institution has been released from some of the bureaucratic tangles of its early years.
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Interviewed by Joan Ash  
May 22, 1998  
Site: Thomas Jefferson University  
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ASH: It’s May 22nd, 1998, and I’m in Bob Peterson’s office interviewing him. This is Joan Ash.

I’d like to start way back and ask you about where you were born and raised.

PETERSON: I was born in Moscow, Idaho and raised in Moscow. Attended high school and the University of Idaho in Moscow before going in the Navy.

ASH: So you graduated from the University of Idaho?

PETERSON: Yes. Which is in Moscow.

ASH: And then in the Navy, what were you doing?

PETERSON: I was in training for an assignment with what I would call the Admiral Rickover nuclear submarine service and was involved in that for a couple of years before having to leave the service on a medical disability.

ASH: And then what?

PETERSON: Then, because I had always imagined that the Navy would be my career and I had no fall-back plan, I went back to the University of Idaho and took business administration courses for a year while I decided what I wanted to do with the rest of my life. I had majored in math and the sciences as an undergraduate because that was the Navy’s preference, but I had no undergraduate work in business and wanted to do that in anticipation of getting a master’s degree someplace.

ASH: And I saw on your C.V. that you worked for a bank. Was that in Portland?

PETERSON: In Portland. I worked for U.S. National Bank as my initial employment in Portland. After I did a year’s worth of undergraduate business courses at the University of Idaho, I accepted a job with U.S. Bank and worked in the trust department in Portland for approximately three years, and during that time began an MBA program at Portland State. In fact, it was from a fellow graduate student of Portland State that I learned of the job at the Health Sciences Center, what was then the University of Oregon Medical School, and was always grateful for that networking opportunity with a fellow student, or I might still be a banker, God forbid.
ASH: [Laughs] But in the meantime you were working at Portland State, weren’t you?

PETERSON: Well, yes. I jumped one step there. It was an employment opportunity in the State System, is what I should have said. It was an employment opportunity at Portland State, and then I later went to the Medical School. [Laughing] You see how foggy my recollection is already.

ASH: That’s why we have the résumés. So were you working at PSU in accounts at the same time you were getting your MBA?

PETERSON: Yes. I had about a year in toward my MBA at the bank, and then finished up the balance of the MBA work as an employee in the budget office at Portland State.

ASH: I have an MBA from Portland State, also.

PETERSON: Oh, good.

ASH: Was Lou Goslin there?

PETERSON: Oh, yes.

ASH: Really? He was my adviser for my doctorate.

PETERSON: Lou Goslin gave me my only B. If it weren’t for Lou Goslin, I would have had a 4.0 in graduate school.

ASH: [Laughing] Rest assured; I got a B in his class, and he took me on as a doctoral student after that, so apparently a lot of people—it’s the best people who get B’s, right?

PETERSON: I thought it gave my grade point credibility to be able to say I had a 3.96.

ASH: That’s an incredible grade point in the MBA program.

Then you were working still at Portland State when you had your MBA, and you heard somehow that the University of Oregon Medical School had an opening?

PETERSON: Correct. The position of Budget Director at the Medical School became open, and I interviewed successfully for that and was the Budget Director at the Medical School, before the Health Sciences Center, or Health Sciences University, as it’s now known, was formed. I’m not recalling the fellow I followed, but it was a nice advancement for me
because I had been the number two person at Portland State, and I could be the Budget Director at the Medical School.

ASH: So it was a promotion?

PETERSON: Yes.

ASH: Still within the State System?

PETERSON: Correct.

ASH: Were the systems pretty similar?

PETERSON: Entirely similar, because the financial management of all institutions was coordinated out of the Chancellor’s Office in Eugene or the Controller’s Office in Corvallis; and so I was very familiar with the process, the format of the documents and how to interact with both Eugene and Corvallis. It was a very easy transition.

ASH: What about the hospital at that time?

PETERSON: The hospital was an integral part of the University of Oregon Medical School. It was the case then that Multnomah County Hospital was separate, though obviously at the campus location. The Dental School, of course, was a separate institution among the institutions of the State System; so Dr. Terkla, as Dean of the University of Oregon Dental School, was a separate and distinct institutional head from Dr. Charles Holman, who was the Dean of the University of Oregon Medical School, both of whom reported to the Chancellor. Though the degrees of both institutions were granted by the University of Oregon in Eugene, their reporting relationship was directly to Chancellor Lieuallen. Looks a little strange on paper to describe it, deans reporting to the Chancellor, but that was the case.

ASH: And the School of Nursing was part of the Medical School?

PETERSON: That’s correct. The Dean of the Nursing School reported to Dean Holman.

ASH: One of the reasons I so much wanted to talk to you was that you were there at a really critical point in that you were there a couple of years before we became a university, and then you were there when we were a university. Do you recall what led up to our becoming a university?

PETERSON: Well, I think there were a variety of things, or a number of things, one of which was that, as my earlier comment suggests, there was a kind of curious circumstance of having deans of institutions bearing the University of Oregon’s name reporting directly to the Chancellor without the University of Oregon president having any jurisdiction over those;
and at the same time the adjacency of the two institutions on what for all practical purposes is a single campus made it logical to consider how that might be restructured at the time of Dr. Holman’s retirement.

Bear in mind that Dr. Holman must have been in his early sixties at that time, or approximating that age, and so a number of factors converged. Charles Holman’s retirement was probably the milestone that was being looked to as an opportunity to consolidate the administration of the two institutions under a president; and you had to call it something. ‘Oregon Health Sciences Center’ really fit the bill of encompassing the programmatic elements of both the dental school and the medical school, including nursing, under a single institutional name when the administration was consolidated.

Dr. Terkla, of course, was not approaching retirement, but on the other hand his succession planning was not a current issue because it was seen that he could continue on as Dean of the Dental School. And perhaps it was the case that he was even considered for the presidency of the institution; I don’t recall.

ASH: And the School of Nursing, how did it come about that at that time they decided to make it a school?

PETERSON: Well, in the old structure it was a school with its own dean, but once again you had the curious circumstance of a dean reporting to a dean. I’m not recalling the name of the dean at that time; I can see her. But the Dean of the Nursing School reported not so much to the Dean of the Medical School, but to Charles Holman in his capacity as the institutional chief executive, if I could characterize it that way.

So while once again on paper it looked like the Nursing School was subservient to the Medical School, her reporting relationship to Dr. Holman gave her a reporting relationship to the de facto CEO of that institution. That really wasn’t changed by the advent of the university and the appointment of a president because, once again, the Dean of the Nursing School reported to the de facto CEO of that institution.

ASH: Jean Boyle? Was that Jean Boyle?

PETERSON: Jean Boyle. Thank you. I can see in my mind’s eye her white hair and her smile, but I couldn’t think of her name at the moment.

But that was more a change in theory than in real substance. The nursing school really had its own autonomous academic standing, even in the old administration—autonomous in the sense that it had reported directly to the institution head. Here at Jefferson, by contrast, there is no school or college of nursing, but rather nursing is simply a department in a larger entity called the College of Health Professions, so the head of the Department of Nursing here, though equivalent to a dean at other places, reports to a dean for a more comprehensive college; and I would submit that the Dean of Nursing at Oregon, then, has a structurally stronger position in the overall hierarchy of things.
ASH: I have to tell you that when I interviewed Dean Lindeman, she told me an anecdote. She said that she noticed when she first went there that their clinical skills lab for nursing was so weak and so underfunded that the students were learning to give shots with make-believe needles and syringes, and you were completely amazed when she told you this.

PETERSON: Horrified might have been the word [laughs].

ASH: Horrified—because the School of Nursing year after year had been giving money back. And the students went to the media then, and finally the Legislature, and they were able to beef up the clinical skills lab; and she said that there were eight new School of Nursing faculty slots that came out of that situation. And she said you guarded the money then to keep it with the School of Nursing, and to quote her, “So he’s right up there with my favorite people from this campus.”

PETERSON: Well, Carol Lindeman was certainly somebody that I enjoyed working with very much because she, in her capacity as Dean, was very skilled in working with us in what I’ll call for this purpose financial administration and working through the bureaucracy of the State of Oregon.

On the face of it, one might think, “My gosh, why didn’t the chief financial officer just allocate some money so they could buy what they needed?” But the truth is that the bureaucracy of the Oregon System was so rigid and so inflexible in things like that that it almost literally required legislative action to allocate a few dollars from one category to another in order to buy what she needed for the clinical lab. That is simply, in my mind, a little vignette, a little anecdote of the kind of frustration we had in trying to assert appropriate management at an institutional level and why people who were there at that time are so pleased to know now that those bureaucratic ties with the State in particular, and presumably the Chancellor’s Office, also, have been cut and the institution can manage itself.

ASH: Back in those days, then, you had to deal with both the Legislature and the State Board of Higher Education?

PETERSON: And a body called the Coordinating Council, I believe, that a man named Dr. Olson headed. But yes. And that in and of itself wasn’t so unmanageable, but the access to the Board of Higher Education was only through the bureaucracy of the State System staff. That is to say the institutions, as a general rule, were not authorized to bring business matters to the Board of Higher Education without clearing those matters, what I’ll call agenda items, through the appropriate officials in Eugene. And similarly, in parallel to that, the presidents and senior officers of what I’ll call the senior institutions—University of Oregon and Oregon State and Portland State—similarly couldn’t present matters on their own behalf without this extraordinary coordination by the Chancellor’s staff in Eugene.

So between the bureaucracy of the Chancellor’s organization in accessing the Board and the detailed oversight of the Joint Ways and Means Committee of the Legislature, people
like Bill Bluemle and I spent literally half our time in either Salem or Eugene, with occasional visits to Corvallis and the Controller’s Office, cutting through the red tape.

For example, once the budget was set there wasn’t really anything you could do about moving saved money into areas of need. For example, I remember very clearly that we had a problem of the windows—window glass literally falling out of the frames in Mackenzie Hall. And even though we had budgetary savings in other categories by virtue of vacant positions and so on, we didn’t have the authority without going through the Board of Higher Education and the Legislature to allocate money to make those repairs even though they were, by any reasonable person’s judgment, an emergency. And needless to say, this not only created a lot of frustration for people in administrative positions such as myself—I mean, who’s going to say no to replacing window frames that are completely rotted?—but furthermore, it created a kind of discrediting of the administration in the eyes of the faculty, because the faculty rightly looked at this and thought it was utterly stupid and that reasonable people shouldn’t have to behave this way, and it must be something that we created. And that was a source of enormous frustration for me as a financial officer.

More fundamentally, more philosophically, there was no incentive to save money. There was no incentive for me to recommend to the President measures that would save money in personnel, for example, in hopes that we could use those saved dollars to do something else, because we would simply lose them. So the incentives were cockeyed, and we couldn’t even promote a clerical position from Clerk I to Clerk II, if those were the categories, without taking it to the legislative Emergency Board at its semiannual meetings.

Well, that’s utterly absurd. And I remember—and I’m sorry to wax on about this, but it is a very important part of my experience in Oregon—I remember visiting Dr. Baldwin Lampson [?] at UCLA with John D’Aprix, as a matter of fact; and we spent a day at UCLA trying to learn about ways they were doing certain things. And in the course of talking to him, at the end of our time there we were describing to him some of the frustrations we were experiencing of this sort, having to take every nickel and dime for approval to the Legislature and so on, and I remember very clearly when I asked Dr. Lampson what would be the impact of that kind of bureaucracy on the management of UCLA Medical Center, and he said, “I’d lose all my best people.”

That has stuck in my mind over the years because that, I think, to some extent is what happened in Oregon at that time of its history, and why I’m so pleased now to know that the management has been rationalized and made more reasonable by the separation of the Health Sciences University from the rest of that.

Dr. Bluemle and I did score a bit of a coup, which was that we persuaded Freeman Holmer and Chancellor Lieuallen that the needs of the Health Sciences Center were literally unique within the framework of the State System of Higher Education, which we felt we could best talk about directly with the Legislative Emergency Board and the legislative hearing committees when the Legislature was in session, and even with the Board of Higher Education.
And so Dr. Lieuallen, in an extraordinary move that I think haunted him a bit in later years, allowed Dr. Bluemle and me and others, Dr. Kassebaum for example, personally to address issues related to the Health Sciences Center when we had meetings with those various bodies. And Dr. MacVicar and others who were very senior and important members of the State System heading their own institutions weren’t accorded that courtesy and understandably complained about it. But it allowed the Chancellor’s staff to not have to learn a whole heck of a lot about patient care and medical education and biomedical research issues and rely on the institutional management to do that, but it cost us some collegial points with our friends at the other institutions when we gained that advantage.

ASH: We talked a little bit about Dean Lindeman and Dean Holman. Dean Stone was recruited shortly after Dr. Bluemle came, as I understand it.

PETERSON: Correct. Dr. Stone was the successor to Dr. Holman in Dr. Holman’s capacity as Dean of the Medical School, whereas Dr. Bluemle was Dr. Holman’s successor, in a way, as CEO of the institution.

ASH: And so Dr. Stone became Dean of Medicine, and Don Kassebaum became Vice President for Hospitals and Clinics?

PETERSON: That’s correct.

ASH: Do you remember how that all came about?

PETERSON: There’s nothing noteworthy that comes to mind other than the fact that my promotion to Vice President for Administration and Finance coincided with Dr. Kassebaum’s appointment as Vice President for Hospitals and Clinics. I remember our pictures appeared side by side in The Oregonian one morning, to the amazement of a lot of our friends and colleagues that that move had been made. I think there were pretty tight wraps on that; rumors didn’t get out in advance the way they sometimes do.

I remember very clearly that the recruitment of Dr. Stone—who of course was not in Oregon at the time, he came from elsewhere; he had been the head of the National Institutes of Health but had an interim position with the National Library of Medicine—that was all done as part of a formal recruitment search process, as was Dr. Bluemle’s recruitment, for that matter. I’m sure I participated in at least some of the interviews, but to tell you the truth, I don’t recall much about that other than to recall that it was a formal search process and Dr. Stone was the successful candidate for the position when it was all said and done. But he moved from D.C., I believe, it must have been D.C., to Portland to take that job.

ASH: And I understand that the relationship between Dr. Stone and Dr. Kassebaum was not always a friendly one?
PETERSON: That’s correct. I think that was true because Dr. Kassebaum, much like Dean Lindeman as you described before, inherited a situation that required immediate, decisive action to get the hospital on its feet. I think there is a kind of natural tension at times between medical deans and hospital CEOs, but it was an understandable tension, if I can use that word, in that there were times when the things that Dr. Kassebaum had to do were not necessarily the most desirable solutions from the point of view of the academic side of the institution.

Bear in mind also that Dr. Stone in his own way had some housecleaning to do—that’s too emotional a term, and I didn’t intend that to mean that there was a mess; but as is often the case, the clinical faculty and the practice plan that was in place was in somewhat of a turmoil, so that where they really were at loggerheads was at the point of interface between clinical operations in the hospital and the impact of important changes in the clinical practice plan for the clinical physicians under Dr. Stone’s leadership.

And of course then are all the usual things: competing for scarce capital resources and so on. But that always happens. The finite nature of money and the always greater demand for what are perceived by the cognizant executives as their highest priority and the institution’s highest priority for capital needs was also a source of irritation. But I thought it was a fairly healthy tension, and maybe I’ve been around long enough now at three or four institutions that—three of the four institutions where I’ve been are either exclusively medical institutions or have a substantial health sciences component, in the case of the University of Arizona—and that tension has always been there in the cast of characters that I’ve worked with.

But you’re exactly right: it was a difficult time. People who were both strong leaders. I think Dr. Stone, in truth, probably saw himself as occupying a position that didn’t utilize his full capability, full potential. Here is a man, a very senior ranking physician in the United States who had been literally the head of the National Institutes of Health, who was relegated, in a way, to a mere deanship when he might have otherwise hoped to have been an institutional head in his own right. I don’t know the details of his own career path, why that was the case, why he would have accepted a deanship if he aspired to something greater, but clearly Dr. Stone, to use the vernacular, was overqualified for the job. He could have been the president of the Oregon Health Sciences Center if it hadn’t already had one in Dr. Bluemle.

But it’s—and I don’t mean to be entirely simple-minded about it, but it is the case that between strong hospital CEOs and strong medical deans, I have observed the same tension at other places. And it was exacerbated in Oregon at that time in its history because of the time we were passing through and the need for difficult, quick decisions in the face of an absolutely suffocating bureaucracy, where there was the expectation on the one hand of getting the house in order, but exacerbated by competing interests, competing priorities, and then just stifling bureaucracy.
ASH: I understand that at the time when the schools were pulled together as a university, the Legislature said, “Well, fine, you’ll become a university, but there is no additional funding for administrative staff for either the School of Nursing or the President’s Office.” Is that true?

PETERSON: Right.

ASH: Well, how did you and Dr. Bluemle go about organizing all this?

PETERSON: Oh, we scrounged up the funding and buried some bones in the budget that we could dredge up and use appropriately. But that’s absolutely right, and I remember very clearly not only was there that admonition from the Legislature, supported by the Chancellor’s Office—and it was politically necessary to pull it off; it was necessary to commit to that, I suppose—but even the issue of Dr. Bluemle’s title and pay was a very contentious thing that was talked about openly.

I don’t know if he’s still around, but the House-side co-chair of Ways and Means was a man named Jack Ripper [laughter]; and Representative Ripper was particularly outspoken on this point, said that as far as he was concerned, he would never refer to the head of the new institution as “president,” he thought “director” was more than adequate, and that he had every reason to believe that there were non-physicians who would be fully capable of running this relatively small operation up in Portland, and furthermore, that he had very competent friends who were fully capable of running the place at a salary on the order of $15,000 a year.

[End Tape 1, Side 1/Begin Tape 1, Side 2]

PETERSON: So there was some kind of a committee meeting in Portland, and I can’t even remember what we called the conference room, but it had a magnificent—probably still does have a magnificent view to the east, and Mt. Hood on a clear day can be seen through a large picture window. And Ripper, with great fanfare and drama, stood up at his place at the table and waved his left hand toward Mt. Hood—when he was talking on this same issue of director and $15,000 a year—and he said, “Why, that view alone is worth $10,000 a year.”

And so that became kind of a joke that, gee, if we didn’t have such a nice view up there on Marquam Hill of Mt. Hood, Bill Bluemle might have a higher salary, that that view is worth ten grand in the eyes of Representative Ripper.

Vera Katz never expressed her opinion on the matter, but she certainly didn’t object to all of this; and gee, we spent a lot of time in front of Ripper and Katz in subsequent months and years, and I don’t think Ripper ever bought into the idea. He was always polite but sort of testy about what had been created there. I don’t know what he thought the alternative should be; maybe just leaving well enough alone and having the respective deans report to the Chancellor, but I’ll never forget him talking about the title and the salary.
ASH: There was someone named [Edward] Fadeley at that time, too. Does that name ring a bell? Fadeley and Vera Katz, someone told me, were pretty obstinate about dealing with UOHSC.

PETERSON: I don’t remember that name at all. The other people who are sort of off the charts in a sense in that they’re part of the bureaucracy and not the Legislature per se, were the various analysts. There was a guy named Rick Burke who was extraordinarily powerful. He was the senior legislative staff person for the Joint Ways and Means Committee.

Rick Burke is one of those people that you never hear about in a social studies class when you’re growing up as a kid, but the influence of Rick Burke was enormous. He, through very subtle and sometimes not so subtle ways, dictated a lot of what happened, not only for the Health Sciences Center but for the State System of Higher Education in those days. He worked for the Legislature. His corresponding entity on the executive side of state government is a guy named Bernie Saalfeld. Saalfeld and Burke, then, were sort of the two counterbalancing elements at a staff level in the legislative and executive branches of government. And those two people, really more than Ripper, may have influenced such things as no new funding for the consolidated institution and that sort of stuff, because they had such a strong voice, probably literally in the smoke-filled rooms and in the corridors of power with people like Ripper and Katz and so on, who were out front when the hearings took place but were oftentimes reflecting the advice of their paid staff. But I don’t remember a legislator by that name.

ASH: I thought he had something to do with Ways and Means, but it might have been later.

PETERSON: Could be. Could be. I remember very clearly—and I’m sorry to give you so many of these kind of oddball anecdotes—

ASH: That’s what we’re here for. That’s why I traveled three thousand miles to talk to you.

PETERSON: [Laughter] Okay. I remember very clearly, Dr. Bluemle and I were called from on high, and it was a typical situation: we received a call at about 4:15 one afternoon to be at the hearing room in Salem at eight o’clock sharp the next day, and of course poor Dr. Bluemle would have to juggle all his appointments and reorient his day, and we would meet someplace along I-5 and get in one car and talk our way down to Salem, trying to anticipate what we were being called on the carpet for that time.

We got there, and reflective of the arrogance of particularly these paid staff people, we cooled our heels for about thirty-five minutes, and they sauntered in with coffee mugs in hand. And Burke had a huge book; oh, gosh, it was two Manhattan phone books in a single binder, perhaps as much as six or seven inches thick, a huge binder. And he led off by saying
that he had asked us to come down to Salem because he had been reviewing the budget and the Controller’s report of the prior biennium, and several things were of concern to him.

And with that, he opened up this enormous book and put it on one knee, and then had what I recognized as the budget book on his other knee and called Dr. Bluemle to the stand and said something like, “Dr. Bluemle, I note here in the Controller’s report that the student financial aid office at the Health Sciences Center had budgeted $800 for office supplies, but in the Controller’s report it’s reported that for the second year of the biennium they spent $956.38. How do you account for this gross over-expenditure?”

Dr. Bluemle lost it [laughter]—but even then was polite about it and said, in effect, “I don’t have the foggiest idea. This is trivia, and I’m offended you called me down here with a major disruption of my calendar this morning to talk about minutiae of this level.”

It was an example of one of the most outrageous demonstrations of legislative arrogance that we saw because it was so absurd. For that question to have been posed to the CEO of that institution and not taken as a routine matter through staff channels is in itself an outrage. But for the senior legislative analyst to wonder about 150 bucks of overspending in the prior biennium for office supplies in financial aid is absolutely ludicrous. But it’s reflective of that mindset that might tritely be described as “if you watch the pennies, the dollars will take care of themselves.” And yet there was this constant nitpicking intrusion into day-to-day management that distracted us from the more fundamental issues, the real strategic issues, like what—and Dr. Bluemle undoubtedly will talk about this, but—what is the future relationship of the Veterans Administration Hospital and its complex to the Health Sciences University right next door? But he was too busy running down to Salem at eight o’clock in the morning answering these asinine questions of the legislative analyst.

Anyway.

ASH: Well, I was going to ask about the V.A. and the Shriners because I saw somewhere that actually it was during Dr. Bluemle’s days that the first negotiations were happening about the new V.A. and Shriners coming up to the Hill.

PETE: That’s correct. I wasn’t as personally involved in the V.A. situation as I might have been, or you might think I was. But Dr. Bluemle was intimately involved in all that and will undoubtedly remember the pertinent points.

The Shriners, on the other hand, was something that I was involved with, and in the interim—I can’t recall the dates off the top of my head, but in the meantime the State had in effect bought Multnomah County Hospital for a dollar.

ASH: Do you recall the anecdote about that?
PETERSON: Well, Dr. Bluemle later said we paid too much. [Laughter] I don’t know if that’s the anecdote you were looking for, but he did say that, and I think he only had his tongue in his cheek about halfway when he said it.

It was the purchase of the County Hospital and the addition of that building and land to the campus that allowed us to offer to the Shriners what would otherwise have been an unusable tract of land for them to put the Shriners Hospital on. I don’t recall the particulars of that in terms of dollars and cents, but it turned out to be a kind of mixed blessing, I guess. I had left by the time the Shriners Hospital had formally opened and began operation.

But we were hopeful that that would create a real major addition for pediatric orthopedics on the campus and so on that apparently didn’t materialize, at least not at first. I later heard stories about doors being chained closed and so on that I found disturbing, because certainly that wasn’t what we had been led to believe or what we had in mind when we consented to throw our lot in with the Shriners and in effect give them the ground on which they built the hospital.

[Pause.]

ASH: I wanted to ask you, when the university became a university, what the priorities were that you and Dr. Bluemle and John D’Aprix set.

PETERSON: Well, I think from a financial perspective, which was of course my perspective, it was to wean ourselves as much as possible from state support. And the key to that was to put the hospital on a self-supporting basis financially.

As you can imagine, and this was not unique to Oregon, but certainly in those days where hospital costs were simply reimbursed by third parties without regard to any kind of accountability for those costs as a practical matter, the hospital in particular was sort of self-perpetuating, and if there was any breakage between revenue and expense, the state appropriation just plugged it.

And what we were trying to do was to create a stronger position for ourselves politically by making the hospital self-supporting and diverting that considerable state appropriation that subsidized the hospital to the academic side of the house and create a significant research effort, strengthen academic programs in ways that we’ve already sort of brushed against, in the case of Nursing, for example; but to use the hospital, then, as the financial engine to drive the rest of the place, without having to ask the State for more money—ideally, to be able to ask the State for less.

And to some extent that came about, but some curious things happened. For example, nobody had ever really paid attention to what bills might exist for hospital services, and so Witter and I—Dave Witter and I, incidentally, came from Portland State at about the same time; I think there was only three weeks separating us—but Dave Witter and I resolved
that we would account for the accounts receivable, the patient accounts of the hospital, in some businesslike way.

Well, it turned out that once Dave got his arms around that, we realized how much money was owing to the hospital, and therefore the State and the institution; that this was something we had to more vigorously manage and pursue collection of those things on a timely basis in order to accomplish this financial objective.

So the whole issue of hospital billing and hospital accounts receivable surfaced as an issue with the Chancellor’s staff and the Board of Higher Education, and I remember Dr. Lieuallen saying once that, “Accounts receivable had never before been a problem and only had become a problem when Peterson and Witter figured out what they were.” And we were horrified that somebody would find this as bad news, this source of potential new non-appropriated money; and we were mildly castigated for having reckoned what the accounts receivable were and that was a sleeping dog that we probably shouldn’t have kicked [laughter].

But our objective was as I described it, and that was to—and I think it was resting on a more fundamental principal, and that was to really get ahead, we had to find a better way to identify non-appropriated money that would advance the institution qualitatively without asking the Legislature to appropriate more. Because as my remarks have already suggested, we weren’t going to get much sympathy from the likes of Bob MacVicar by taking bigger appropriation requests to the Chancellor and then to the Legislature.

The Chancellor and his staff were in a bind with the presidents of the other institutions that they would show favoritism to the Health Sciences Center, and they’d already let us talk to the Board and the legislative committees directly, much to the dismay of the presidents.

So in order to keep peace in the family and in order to have any chance of succeeding, we created a plan to use the sheer size of hospital operations to solve this financial puzzle. I’ll never forget—it’s funny the things you remember sometimes—Dr. Bluemle and I had come up with an approach to this. Of course Dave Witter was intimately involved and Dr. Kassebaum, head of the hospital. So we took a revised budget for the hospital through channels and ultimately to the Joint Ways and Means Committee. It very near to the end of the session, and it was an extraordinary thing we were asking them to do. We were asking them to in effect modify the existing budget by budgeting an additional amount of patient revenue income for us that we then could spend, and in effect give us the—I think the cognizant term then was ‘expenditure authority’ on that additional revenue. And it was millions of dollars we had identified.

And I made that presentation at about 3:30 to 4:30 one afternoon, and Dr. Bluemle was in the audience, obviously. He had introduced the topic, but I had made the presentation, and he had a pressing commitment in Portland—we had come separately to Salem, separate cars—and had to excuse himself as I was wrapping up. And I felt very good about the way it had gone, and the committee in its wisdom approved our request.
And when I got back to my car there was a business card under the wiper blade on my car, and it’s was Dr. Bluemle’s business card, and he’d handwritten, “You done good. Bill.” I wish I’d saved that card.

ASH: [Laughing] You did do good. That was a major, major milestone.

PETERSON: It was almost literally unprecedented, at least in anybody’s memory. That was an exciting moment because not only had we been given the opportunity to talk directly to the Joint Ways and Means Committee on a very extraordinary item, but we came away with a success; we didn’t get beaten down.

There was a man in the Chancellor’s Office whom I greatly admired who was in charge of facilities: Jack—I can’t think of his name [Hunderup]. But he remarked very favorably about the presentation we’d made. I always appreciated Jack’s willingness to compliment us on that because there wasn’t anything in it for him, and I think he recognized that we’d sort of turned a corner in a sense in putting the Health Sciences Center on its own feet, its own bottom. And to some extent that, then, set the stage for doing what I have described, where appropriated dollars then could be concentrated on academic priorities. The hospital began to have a life and sustenance of its own without depending on that extraordinary subsidy from the State; and I think that in its own way may have been the greatest contribution I made to the place in my time there.

But that was a milestone day, I can tell you, and I remember that afternoon as clearly as if it were last year instead of whatever, twenty-five years ago, twenty-three years ago.

ASH: Were there any other instances that you would call a really good time during your years at the institution?

PETERSON: Oh, yeah.

ASH: What are your fond memories?

PETERSON: Well, certainly that was one. You’re catching me unprepared. There were many. I don’t mean to suggest by my comments about bureaucracy and layers of management and so on that there weren’t rewarding moments. I would have to think about that. I’d be reluctant to describe one over another, but there were good times.

ASH: Sounds like you did a lot of traveling?

PETERSON: Well, up and down the Willamette Valley, certainly. Fortunately I lived in Lake Oswego, so I was about twenty percent of the way to Salem when I got up in the morning, and sometimes, as I said, the president would call me at home in the evening and say that we’d just been called to Salem, and I’d either meet him down there or we would
meet someplace on the way because it always helped to talk in the car before we got down there. If nothing else, we could commiserate about it.

When the Legislature was in session, there would be weeks at a time when we were down there every day, literally weeks at a time. And then in the off season, when the so-called Emergency Board would meet, we would have to be down there with our laundry list of things we wanted them to housekeep and houseclean for us. But even in the intervening months, we would have to be down there for meetings with the likes of Mr. Burke or Mr. Saalfeld to take care of a variety of things, and they would seldom come up to Portland.

I remember—you know, here we are sitting here having this nice conversation on the Friday before Memorial Day weekend. And one of the things that Burke liked to do—and I don’t think he picked on me on this one, but it would have been typical of Burke to call my office at, say, 4:35 on such a Friday before a three-day weekend, just to see if anybody was around. And so I would make a special point to stick around on those pre-holiday weekends, and I’d say, “Rick, I’m so glad you called. We’re just working on blah, blah, blah, and I was going to wait till Tuesday to call you on this,” and I’d sort of throw it back at him.

But Burke would never come—Saalfeld occasionally came to the campus; Burke never would. I remember clearly getting a call from him once he said, “Bob, I just thought you’d want to know I saw the movie about your place last night.”

I said, “What are you talking about?”

And he said, “Just saw George C. Scott in the movie Hospital.” Do you remember that one? I think the title was Hospital. Horrible thing of this stereotypical urban hospital; it was ER and Chicago Hope and the Vietnam war, all thrown into one [laughter], and he said, “I always knew that’s what your place was like.”

That was his idea of a good joke or good humor, but he would never come up and see it for himself. I think he in his role as the legislative fiscal analyst found it easier to imagine that the stereotype was real when he made hard decisions about our budgets and so on, rather than being up there and having to see patients and students and the reality of it. But he said, “I saw the movie about your place.”

ASH: [Laughing] Did your MBA prepare you for all this?

PETERSON: No, not particularly well. It did to some extent because my area of interest was finance, but I’m not sure it prepared me particularly well. I think my work experience at Portland State prepared me better than my educational experience. That’s not to say that I regret at all getting an MBA at Portland State.

An anecdote I’ll tell about that is that so many of us—and I don’t know what it’s like now, but so many of us were working people who took the majority of our courses at night. I’ll never forget in one class, it was a marketing class—I don’t recall the name of the teacher,
but it was an evening class. And a question arose about some aspect of international marketing, and the teacher, who was a relatively young guy, one of the many fresh doctors of business administration from the University of Washington who had come down to the faculty, made some comment about how in the literature we would be interested to know that such-and-such was handled in a particular way.

And this one fellow’s hand just shot up, and he said, “Why in the world do you think that’s the case?” and took great exception to what the rather pompous young faculty member had said.

And the faculty member, in an effort to protect his position, said, in effect, “Well, who do you think you are, taking exception to what I describe as being in the current literature?”

And this guy said, “I am the vice president for international marketing for Georgia Pacific Corporation.” [Laughter] And it was just like popping a balloon to see the faculty member put back in his place.

But the point I’m making is part of the wonderful experience of Portland State as a graduate student was the association with fellow students of that kind; all of us being working people had our own perspective on what real-life workplace experiences were like.

I wrote my research work, not a thesis per se, but my research, on an area that I became interested in at the bank, which was the valuation of closely-held corporations. And that has served me well, and I always appreciated that Portland State really sort of went the extra mile to make its new fledgling MBA program, new at that time, credible by not only having rigorous course work and having a comprehensive examination at the end, but requiring us to do a thesis, or quasi-thesis, as part of that overall curriculum; because I think it was all valuable, it all had a synergy that worked well together that made us proud of having completed the experience successfully.

ASH: It sounds like the way your career progressed was very logical in that you had the experience at Portland State in the MBA program, and then moving into the medical school environment, and the medical school environment expanded around you, and you expanded with it to this university environment.

PETERTON: Right. Though I missed the concentration of the medical environment when I was at Arizona. As interesting as it was to be at a very large comprehensive university, I think my heart was over at the Health Sciences Center all the time.

It’s interesting how life takes its twists and turns, because if it weren’t for the recruitment of Dr. Bluemle, I might never have wound up at Arizona, in an interesting way: and that is that one of the very strong candidates for the presidency in Oregon at the time the University was created was a Dr. Monty DuVal from the University of Arizona. Dr. DuVal, who was a very dynamic personality, was the equivalent of Dr. Bluemle, in a sense, in that he was the Vice President for Health Sciences at the University of Arizona campus, and in that
role was the CEO of all the medical, pharmacy—there’s no dental school there, but medical, pharmacy and nursing academic programs, as well as the new teaching hospital.

And Dr. DuVal and I really hit it off when he was in Portland interviewing for this job. So it was in part because of my acquaintance with Dr. Monty DuVal, the unsuccessful, in the sense of not having gained the job, but the unsuccessful candidate for Dr. Bluemle’s job that I had an inside track in the job at Arizona, where I think, if memory serves, there were 1,084 candidates, and I’m sure I would have been relegated to the cutting room floor if Monty DuVal and I hadn’t hit it off, and he said, “Hey, pull that guy’s résumé out of the stack. Let’s get him down here and talk.”

But Monty DuVal would have been a very interesting choice when I contrast his style and personality to Dr. Bluemle, and I think DuVal probably wouldn’t have lasted too long in Oregon because he was much more impatient, much less diplomatic and polite; where Dr. Bluemle’s more formal style I think served him well in that difficult environment. But what a pair of great people they are. I presume Monty’s still alive and well.

ASH: Well, it’s always interesting during an oral history to ask about the road not taken, too, and so in this particular case he was at Arizona and then stayed at Arizona, and then you ended up at Arizona?

PETERSON: Exactly. As my comments imply, I might have been happier at Arizona if I were over working for Monty.

[End Tape 1, Side 2/Begin Tape 2, Side 1]

PETERSON: …kidney transplants.

ASH: Not Clarence Hodges? He was older.

PETERSON: No. Once again I can see this guy’s face in my mind’s eye, but I can’t recall his name.

I don’t recall the details, but here was a case in point where by restructuring a budget and presenting a program in a different way, we were able to take a finite amount of money and get more procedures out of it. And I always felt that if we had been less creative, there might have been people then who wouldn’t have been able to have kidney transplants in Portland in that period of time. And it was extraordinarily rewarding to think that even we, pushing our pencils and using our calculators, had some rather direct input, not just on the quality of things, but literally on the number of people who passed through that transplant program those two or three years.

And it was doubly rewarding because the physician, whose name I’m not recalling, gave us credit for that, and that was really great because his pride allowed him to do that. He was getting enough personal satisfaction out of the clinical side of it, and when he realized
how we could help him get more bang for the buck on the financial side, he was willing to share that. But there’s a case in point where it enormously rewarding to think we’d made that kind of a difference. Wish I could remember his name.

ASH: Now, you also worked with Dick Jones –

PETERSON: Yes.

ASH: —in the interim between Dr. Bluemle and Dr. Laster. We did a long interview with Dick Jones because his history with the institution, starting with his father on up, covers a lot of years; and he said you were just incredibly helpful, that he couldn’t have done his job as Acting President without you. I wanted you to know that.

ASH: I appreciate hearing that. He and I worked together very well. You know, if he—it’s conceivable, I suppose, that I might have been more interested in staying in Oregon if Dick had been made the permanent President. I don’t recall much of all of that, other than the fact that his interim presidency was really quite long. I don’t know how many months it was, but it must have been twelve, fifteen months.

ASH: It was over a year.

PETERSON: Yeah. And so rather than being just a caretaker, there were a lot of substantive things and important decisions that he had to deal with just because of the duration of his service.

We worked together very well, and I’m glad that he feels that way. I knew he felt positively about it, but that was a very happy period, even though Dr. Bluemle was gone. Dick and I worked together very nicely.

ASH: I believe that was the time when the V.A. hospital decision was definitely made, and he said that was quite a battle because Neil Goldschmidt wanted it down near Emanuel, but the battle was won.

PETERSON: Yeah, and for some reason my memory isn’t as clear on the whole matter of V.A. stuff. I don’t know why that is, but Dick certainly would remember that better than I.

ASH: You were fighting other battles at the time, probably. [Laughing] Continuing with the Legislature.

PETERSON: Yeah, I guess. I was covering the left flank while he was fighting that battle.

ASH: Well, the interesting thing about Dick was that he didn’t have the administrative experience, and so one thing he said was that you were behind him and
assisting in something he had never done before, having been in a department head position
and then being thrust into the acting presidency. He needed somebody like you.

PETERTSON: That’s true. I could help him with the Salem and Eugene problems, as
well.

ASH: [Laughing] You had lots of experience with that.

Well, I believe I’m at the end of my list of questions. Do you have any questions for
me or any final words?

PETERTSON: No, I don’t think so. When I drove in this morning, I thought, “My
gosh, I can hardly remember a month ago or a year ago, let alone back to Oregon,” but this
conversation has jogged my memory in a fun way.

I think you’re going to enjoy very much talking to Dr. Bluemle, who will remember
many of the same things but even more important, fundamental issues. I think, for example,
his having created—I don’t even remember what we called it, but the board that Ira Keller
chaired, where there were local business leaders brought in to—

ASH: Edith Green was on that.

PETERTSON: Yeah. That was an important part of the Bluemle administration and
the change that was brought about at that time in the institution’s history.

Those were very happy times for me. My wife was from Portland, though we met in
Idaho; both our kids were born in Oregon; and even though I’ve commented very lovingly
about Philadelphia and it’s home to us now, we’ve always regarded Oregon as home. I think
it’s highly likely that Vickie and I will retire in Oregon. That’s where our real sense of home
is.

ASH: Thank you so much for doing this interview.

PETERTSON: Glad to do it.

[End of interview]
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