

Alumni Talks--Summer 1989

Images

Most of us tend to remember in terms of images...

...and the images generated from the past year are quite extraordinary...

That feeling of impending doom, leading Miami,

the #1 team in the nation by 16 points with 5:28 left on the clock...

...particularly after that frustrating last second loss down at South Bend the week before...

The excitement of Rackham's Golden Anniversary

in which scholars from around the country came together to discuss the remarkable impact Michigan has had on the intellectual life of this country...

Of course, my inauguration...

which most others enjoyed more than I (since I viewed it more as an execution than a coronation) ...on a beautiful fall day in which the fall colors mixed with the colors of the academic robes of the 400 delegates

Toni Morrison, holding a packed audience in Rackham

spellbound for over two hours while she discussed her deeply moving novels

Leonard Bernstein, performing with the Vienna Philharmonic

to celebrate his 70th birthday...and then returning to our house hold court with a large group of music students... reminiscing, playing, singing...

Back to football again...that incredible second half

down in Columbus...with John Kolesar coming back in the final moments with a spectacular catch to beat OSU

Or my birthday...in which I began with a visit to the White

House to meet with President Elect Bush... ...and returned to host a dinner in Ann Arbor for Presidents Ford and Carter and the delegates from the world's democracies...

But, of course, the new year was even more exciting...

...Remember Leroy Hoard's breakaway 67 yard run that

sealed Michigan's exciting come-from-behind victory over USC in the Rose Bowl...

(or Bo Derek making a surprising appearance at that pep rally at the Century Plaza...)

...What about the sight of over 10,000 students and faculty

marching together, arm in arm down S. University to honor the memory of Dr. Martin Luther King, Jr. and to confirm Michigan's commitment to achieving new levels of understanding, tolerance, and mutual fulfillment for peoples of diverse racial, ethnic, and cultural backgrounds.

...or the CBS Morning News, broadcast live from

a luxury condo in East Quad!!! (and my interview with Kathleen Sullivan... ...4 minutes to blow a career)

...and who will ever be able to forget Rumeal Robinson

stepping to the line in Seattle with 3 seconds left in overtime and calmly sinking two free throws to win the national championship against Seton Hall. ...and the Cinderella story of Steve Fisher and his team "with a mission"

The Alumni Satellite Broadcast, in which Anne hosted

alumni clubs in over 50 cities to a reception in the President's House

And then the May Festival...a remarkable series of

concerts with Kurt Masur and the Leipzig Gewandhaus

Orchestra...ending that final night with Jesse Norman signing Strauss's Final Four Songs...and the magical moment of silence as the audience attempted to prolong the spell (and, once again back in the House, where we gave Miestro Masur a UM NCAA Championship sweatshirt)

And, of course, Spring Commencement, notable

not for the dignified behavior of our students, but rather to the fact that the three extraordinary individuals we honored with honorary degrees this year all happened to be Michigan graduates.

It convinces me even more that there really something very,

very special about this institution--that we seem time and time again, whether in academics, in athletics, in the performing arts,...in the achievements of our alumni.

With each passing day we have become more

and more convinced that this University is really a very special place...and a very special resource to this state and the nation because of the talents, commitments, and vision of its people.

It is clear that Michigan touches the lives of many, many

people in many, many important ways...

Introduction

A few weeks ago a student asked me what the high

points and low points were in my first year as President.

I suspect he thought I was going to answer

...the Rose Bowl victory as the high point...
...and that last second loss to Indiana as the low point.

Actually, however, I believe the high point has been more

an accumulated understanding of the extraordinary importance of your University to so very many people throughout this state, the nation, and the world.

It is clear that the University of Michigan is very, very

important in the lives of many, many people...

Not just our alumni or our students...but the citizens

of this state...and indeed, friends throughout the nation and the world.

The Many Michigans...

Of course we all see the University in our own way...

There is the Michigan of those marvelous Saturday

afternoons in the fall as 105,000 fans cram into Michigan stadium to watch the Wolverines...
...or better yet, storming from behind in the second half to beat USC in the Rose Bowl last month!!!

Then there is the Michigan of the Big Chill...

The tradition of student involvement helping to awaken the conscience of a nation...

There is also the caring Michigan as seen by the over half-million

patients a year who are treated by the UM Medical Center,

Or the Michigan as Silicon Valley East, working to build the

high-tech infrastructure necessary to create new companies and new jobs...as evidenced by the \$5 B industry in industrial automation now building up in the Ann Arbor-Detroit-Warren crescent...

Or the Michigan which attracts to our state almost

a quarter of a billion dollars of federal R&D each year...not to mention many of the world's leading scientists and engineers

And, of course, there is the Michigan as the educator,

attempting to provide, an education for Michigan citizens as good as any available in the world...

It is important to note these different perspectives of the

University because all too often we tend to think of these marvelous and complex institutions in one-dimensional images that reflect only our particular interests or needs of the moment...
...when we read about student unrest on our campus...
...or see Michigan lose at the buzzer against Indiana...
...or open the tuition bill for our son or daughter...

Possible Futures

Our universities today are at a particularly important moment

in history, since they are being called upon to educate students who will be spending most of their lives in another century...citizens of the 21st Century, if you will.

And while it is always risky to try to speculate about the

future our students will find, three themes of 21st Century America seem clear...

i) It will be future in which our nation becomes a truly

multicultural society, with a cultural, racial, and ethnic diversity that will be extraordinary in our history

In which those groups we refer to today as minorities will become the majority population of our nation in the century ahead...

In which women take their rightful place as leaders of America...

In this future, full participation of women and underrepresented minorities will not be just a matter of equity and social justice.

It will be the key to the future strength and prosperity of America, since our country cannot afford to waste the human talent represented by its minority populations.

This is probably the most serious challenge facing American society today. While it is true that universities cannot solve this problem alone, we must not use this fact as an excuse for doing nothing.

Rather we must intensify our efforts to seek full participation of underrepresented minorities among our students, faculty, staff, and leadership.

As both a reflection and leader of society at large, we have a special challenge and responsibility to develop effective models of multicultural, pluralistic communities for our nation.

We must strive to achieve new levels of understanding, tolerance, and mutual fulfillment for peoples of diverse racial and cultural backgrounds.

ii) It will be a future in which America will become "internationalized"...

in which every one of our activities must be viewed within the broader context of participation in the global community...

Whether through travel and communication, the arts and culture, the internationalization of commerce, capital, and labor, we will become increasingly interdependent on other nations and other peoples.

Further, as the destination of roughly half the world's immigrants, the United States is rapidly becoming a "world nation" with not simply economic and political but strong ethnic ties to all parts of the globe.

If our institutions are to serve America in its role as a member of the global community, we must think and act more imaginatively, more aggressively, and more strategically to strengthen our role as truly international centers of learning.

iii) The Age of Knowledge

But there are even more profound changes underway...

Looking back over history, one can identify certain abrupt changes, discontinuities, in the nature, the very fabric of our civilization...

The Renaissance, the Age of Discovery, the Industrial Revolution

There are many who contend that our society is once again undergoing such a dramatic shift in fundamental perspective and structure.

Today we are evolving rapidly to a new post-industrial, knowledge-based society, just as a century ago our agrarian society evolved through the Industrial Revolution.

In a sense, we are entering a new age, an age of knowledge, in which the key strategic resource necessary for our prosperity, security, and social well-being has become knowledge--educated people and their ideas.

New ideas and concepts are exploding forth at ever increasing rates...

In many fields, the knowledge base is doubling every few years...indeed, in some fields the knowledge taught undergraduates becomes obsolete even before they graduate!

The typical college graduate of today will likely change careers several times during a lifetime...

Hence a college education will only serve as the stepping stone to a process of lifelong education... and the ability to adapt to...indeed, to manage change...will become the most valuable skill of all.

As our society becomes ever more knowledge-intensive, and hence ever more dependent upon educated people and their ideas...

It will become ever more dependent upon our research universities as primary sources of new knowledge and those capable of applying it.

Hence our institutions will face a period of unusual responsibility, challenge, and opportunity in the years ahead.

The Challenge of Change

While it is always hazardous to speculate about the future, there is yet another theme I can predict with some certainty... and that is the challenge of change itself...

We face a future in which permanence and stability become less important than flexibility and creativity... in which the only certainty will be the presence of continual change...

Just as with other institutions in our society, those universities that will thrive will be those that are capable of not only responding to this future of change... but indeed, have the capacity to relish, stimulate, and manage change.

In a very real sense, the university as we know it today was invented to serve an America of the past... ...a nation characterized by a rather homogeneous, domestic, industrialized society.

It is becoming increasingly apparent that it is time to develop a new model of higher education--- to re-invent the university, if you will--so that it is capable of responding to the needs of the highly pluralistic, knowledge-intensive, world nation that will be the America of the 21st Century.

From this perspective, it may well be that the continual renewal of
the role, mission, values, and goals of our institutions
will become the greatest challenge of all!

To prepare us for such a future of change, I believe
our institutions should keep in mind several essential
themes...

The Commitment to Quality

Of course, one of the canonical invariants
that will allow us to respond to a future
of change is an unrelenting commitment to academic
excellence and scholarly values.

This will require that we also commit ourselves to focusing
resources to achieve excellence...since in a future
of limited resources, quality must inevitably dominate
the breadth and capacity of our programs.

The Importance of Fundamental Values

While change and renewal will be important themes of
your future, they need to be based upon a foundation
of fundamental values.

Our values give us direction, meaning, and purpose.
Without these all of our accomplishments count for nothing...
...or indeed, could turn against us.

But with them, we are capable of any greatness as individuals
and as a society.

Of course, in institutions such as this University we have focused primarily
on intellectual values...values of the mind....

The seeking of wisdom
Freedom of inquiry
Intellectual integrity
Discipline of the mind
Respect for reasoned conclusions

But there are other values that will be of great importance
in your future...

Values of moral character:

Honesty
Integrity
Courage
Tolerance and mutual respect

So too, we must bear in mind those all-important
values which characterize civilized societies:

Caring and concern and compassion
Cooperation and civility and sacrifice.

In a future characterized by rapid and unpredictable
change...

It seems clear that it will be our fundamental values...
that will hold us together as communities...
that will provide us with the foundation...the
reference point that will allow us to shape and
control change.

Concerns...

Needless to say, these same challenges of pluralism,
of globalization, and of this age of knowledge
that is our future will pose great challenges and
demand similar changes in our state.

Indeed, I am personally convinced our state and our nation
period of challenge in the decade ahead...

My central theme is that education, broadly defined, will
be the key element that determines our strength,
our prosperity, our well-being.

Indeed, I am absolutely convinced that the dominant issue of
the 1990s--both for this state and for this nation--will become

the development of our human resources.

Hence the challenge before higher education is the challenge before America...

And the actions we must take...

...and the investments we must make...
...will clearly determine our capacity to respond to this future...

The Hazards of Predicting the Future

In summary, my crystal ball suggests a future of challenge and responsibility, opportunity and excitement...

As the United States becomes a pluralistic world nation, intensely dependent upon knowledge--upon educated people and ideas--and hence intensely dependent upon these marvelous, mysterious, and complex institutions we know as research universities.

How of much of this particular vision of the future will actually come to pass?

Will the themes of pluralism, internationalization, and knowledge really dominate our future...

To be sure, change is not a predictable process..
There is always a hazard to predicting the future...

But then I always remember that old saying
"The best way to predict the future is to invent it!"..

And isn't that, after all, just the role of the University...
the job of inventing the future?...

The UM Heritage

And isn't that, after all, also just the heritage of the University of Michigan

Although Michigan was not the first of the state universities, it was the first to free itself of sectarian control and become a true public institution, governed by the people of the state.

From its founding, Michigan was identified with the most progressive forces in American higher education...

In a very real sense, it was our University
that developed the paradigm of the public university capable of responding to the needs of a rapidly changing America of the 19th century...
a paradigm that still dominates higher education today.
In a sense, we have been throughout our history the flagship of public higher education in America.

Perhaps it is time that we once again played that role...
re-inventing the nature of the university once again...
...a university capable of educating the citizens and serving the society of not the 20th, but rather the 21st Century.

Some Particular Challenges

1. The costs of excellence

We face the challenge of making the transition from the growth era of the 1950s, 1960s, 1970s, characterized by increasing populations, resources, and prestige, to a limited-growth era of the 1980s and beyond.

We know all too well the impact of demographics...
The decline in the number of high school graduates...
The aging of our faculty...and the challenge with educating and recruiting the next generation of the scholars and teachers.

The effort and ability of more and more institutions to compete for the same pool of resources...

State and federal support
Private support
Students

Faculty

HTS Theorem 1:

There has never been enough money to satisfy the legitimate aspirations of a truly enterprising faculty or administration.

HTS Theorem 2:

The cost of quality in teaching and research will rise faster than the total resource base of most institutions

DEVH Theorem:

Over a sufficiently long time span, none of our constraints are rigid. They can be managed or changed.

Instead of accepting resource limits as constraints on planning, we should instead view them as challenges to be overcome.

It is certainly the case that to achieve excellence in such a future, it will be necessary for institutions to focus their resources... to not try to be all things to all people... to stress quality over breadth and capacity... and to build, as Fred Terman of Stanford put it, "spires of excellence"

But I believe that something else will happen to many of our institutions. A case study may illustrate a possible evolutionary track for many of us...

A Case Study: Brave, New World

Last month our Regents approved our budget for the year ahead. In that budget,

State appropriation = \$225 M

Tuition and fees = \$217 M

Federal Support = \$220 M

(Also gifts were = \$70 M)

(Auxiliaries = \$700 M

...Medical Center

...Housing

...Intercollegiate Athletics)

Next year, we will find that

Tuition will exceed state appropriation

...becoming a **private** public university

Federal will exceed state appropriation

...becoming a **national** state university

And now if only our Development staff can increase private fund-raising to a similar share of the total...roughly \$230 M per year, we should be in pretty good shape...

While this "well-balanced" portfolio has certain advantages, such as resilience to the whims of state and federal government, it also increases dramatically the importance of our ability to interact effectively with a remarkably broad array of constituencies...and this, in itself, is a very major challenge...

2. Michigan's Underinvestment

Perhaps the most ominous dark cloud on the horizon of all is the increasing evidence that we as a people we have not yet recognized either the nature or the magnitude of the investments we must make to achieve prosperity in an age of knowledge.

The situation is somewhat different yet no less acute for higher education in our state.

While the quality of Michigan higher education today is very high, the long term prognosis remains guarded...

The Investment in Higher Education

Our state has dropped from 6th in

the nation in its support of higher

education to 35th over the past two decades...
 into the bottom third!!!

Indeed, we have dropped to 32nd in
 tax revenue for higher ed--7.8%
 compared to 11.4% for California!

We are being outspent by 30 - 40%
 in state support per student...
 Not simply by prosperous states like
 California...but by neighbors such as
 Indiana and Ohio!

Indeed, one measure of the importance of higher education in
 the state budget is the ratio of tax dollars per enrollment ratio...
 a measure by which Michigan ranks 47th in the nation!

It seems clear that higher education faces a serious challenge
 in Michigan. Our present level of public support is clearly
 inadequate to maintain a system that is competitive on a
 national basis.

Whether measured in terms of state appropriation per student or
 fraction of our tax dollars directed toward higher ed,
 it is clear that in comparison with other states,
 our present level of public support is simply inadequate to
 maintain over the long run a system of higher education that is
 competitive on a national basis.

We are attempting to compete in this knowledge-intensive future
 with an underfunded public system of higher education...

Only the autonomy granted to our public universities have allowed
 them to "overachieve" their public support through higher tuition
 and other sources of financial support...

And even this autonomy is now under attack in a burst
 of political opportunism...

6. Prisons

In fact, the only area where we now lead
 the nation is in our prison system...
 We are now investing more in prisons than
 in higher ed...that is, we spend more money
 putting people into jail than we do in
 keeping them out of jail!

Over the past 5 years, the Corrections budget has
 increased by 141%, compared to a 25% increase
 for higher education.

Michigan has now embarked on yet another program
 to build 26 new prisons by 1991. Portion of state GF
 budget allocated to corrections has risen from 2.8% to 6.9%
 over past decade (now approaching \$800 M per year).
 At the same time, human services fell from 53.2% to 49.6%
 while K-12 education fell from 36.6% to 20.0%.

Corrections will be \$633 in FY88-89 (compared to
 \$1,137 M for higher ed and \$2,144 M for social
 services), but projected to grow to \$2 B in 1990s.

Each of 25,000 inmates require \$22,000 per year...
 Furthermore, we have spent over \$1.3 B to build new
 prisons...every penny of new construction funds...
 and now appear prepared to launch a second wave
 of prison construction, even though demographics
 suggest that many of these prisons will remain empty.

Further, while state revenues are projected to increase 5%
 in the year ahead, the exploding corrections budget
 (\$140 M additional just to operate the new prisons)
 will eat up this growth, thereby crippling other state
 priorities such as education and social services.

Recent study by Joan Abbey and Ira Schwarz:

"Spending on prison construction and operation will have serious consequences on efforts to reduce infant mortality, treat drug dependence, monitor child care facilities, and care for the mentally ill...not to mention education."

Michigan's corrections policies are threatening the state's future by inadequately financing the educational, medical, social, and other efforts needed to raise the living conditions of poor people in Michigan.

While prison construction has been politically popular, these investments will lock Michigan into a vicious cycle wherein limited state resources will be consumed for the operations and maintenance costs of these buildings."

"Strategic investments in programs for children, including schools, child care, and health care, will pay valuable dividends in the future."

"Studies show that high-quality preschool programs for at-risk children resulted in higher literacy, employment and educational attainment, and lower levels of school dropouts, public assistance dependence, and arrests."

7. Gimmicks

One of the curses of the American people has been their gullibility...in our rush to find quick fixes, simple solutions to complex problems, we are frequently sold placebos which actually aggravate the problem.

Example 1: The Michigan Lottery

Instead, we continue to rely on gimmicks...such as the State Lottery, which in effect robs from those most in need of state assistance...

Furthermore, since these Lottery funds flow into the General Fund, and since state support of education has clearly not tracked the increase in lottery revenues, it is clear that lottery revenues are, in effect, going to build and operate more prisons (the only part of the state budget which has growth at this pace).

Some irony here, since the Lottery, in effect, is transferring funds from the deprived components of our population..

Example 2: The Michigan Education Trust

Good Intent...but in serious need of modification

i) Seriously underfunded...

- Impact of tax rulings
- Requires long term real return of over 15%!
- First round of contracts will cause \$100 million shortfall
...who will pay? The taxpayer or the institutions?
- Indiana model: Redeemable SCH

ii) Highly regressive social income transfer program:

- Takes both tax dollars and financial aid dollars from those who can least afford higher ed and transfers them, in effect, to high income families (Note Zip Code information)

iii) Convey false perception of real costs of education

- Not tuition (\$12,000 per year less than car...)
- Rather room, board, books, supplies
- E.G. At UM, budget is \$8,500
Tuition is \$3,000 (or 35%)

3. The Business Plan

Shifting portfolios...some constraints...

State appropriation: CPI or less

...and possibility of an economic downturn...

Federal support: holding our own...but federal budget deficit
...possible sequestering...student financial aid...

Tuition and Fees:

Nonresident moving up against market limits

Resident...an incredible bargain...particularly with our
financial aid system...but political limitations

This year...probably in the 8% to 10% range...

...next year...an election year...will be very
strong pressures

Auxiliary enterprises:

Dangers: Hospitals, Intercollegiate Athletics, Housing

Hospital...\$4-5 M operating deficit...

IC Athletics...\$2 M operating deficit...

Private Support: \$70 M/y...much better, but still very
far from where we need it...

Endowment: \$375 M...29th in US (5th among publics)

Concerns:

General: A "business as usual" approach to private
fundraising in years ahead will not be sufficient...
(e.g., \$450 M over 5 years)

Calibration: We just finished a campaign in which we
raised \$375 M over 5 years...hence our goal is
far too modest...

Alternative: Instead, we should consider mounting a
major capital campaign throughout the 1990s!!!

What do we mean by major?

Since we raised \$375 over previous 5 years...

1990-95: \$600 M "cash over the doorstep"

1996-2000: \$1 B

Real Target:

Recall that next year:

State appropriation = \$250 M

Tuition Revenue = \$250 M

Federal Support = \$250 M

**An interesting target: To get the sum of
private giving and endowment income
to a level comparable to state appropriation
(\$250 M/year, in present terms)**

Gifts + Endow Inc = \$250 M...

This implies targets:

Annual gifts: \$150 M per year

Endowment: \$2 B...

(in 1990 dollars...)

Motivating Factors:

i) The 1990s is the time the University will be
taking the steps necessary to position it
for the 21st Century...hence very compatible
with our themes.

ii) Essentially every other institution will be
launching a similar campaign during this
period and we run the risk of being left
behind.

iii) We will need a "campaign" level of commitment
in order to excite our volunteer network.

iv) We must get private giving AND endowment income
to much higher levels.

Some Observations:

1. Volunteer Network: We will need a far stronger volunteer network that
we now have...we need folks that will be prepared to "kill for
mother Michigan"...

2. Megagifts:

To raise \$1 B, we will need several VERY large gifts...in the \$50 M range...

3. Leadership Commitment:

Needless to say, such an effort will require a great deal of effort on the part of the University leadership...President, deans, AND REGENTS!!!

It may also require alternative development structures...

Note: Unlike private institutions, we do not have a Board of Trustees that can be selected, in part, for their capacity to raise funds.

4. The Campaign must be tightly coordinated with other University outreach activities...state, federal, and community relations; alumni relations; public relations; etc...

5. Case Statement: We will need a truly compelling case statement...

You simply cannot raise \$1 B for the usual wish list (new buildings, faculty chairs, scholarships).

The strategy of the earlier campaign, of simply taking ongoing efforts (football building, cancer center, aerospace building) and adding in some "unrestricted" programs like faculty chairs or financial aid will not work...

Instead, we need new, exciting, and compelling programmatic elements.

The Role of Alumni and Friends

And that is where you come in...

A university achieves greatness through its people...

through their talents and abilities...

their involvement and commitment...

But it is important to recognize that the "community" that

comprises a university extends far beyond its students, faculty, and staff...

Rather this community extends outward...

beyond our ivy-covered walls to embrace our alumni and friends...

it also extends backward in time...to include that long line of maize and blue that have build and sustained the distinction of this University...

I might even suggest that this community extends into the future...through those families...many of them already associated with the University.. that will produce the students and faculty for this institution in years to come

A key factory in the strength of the University...

active involvement by alumni

Not just for financial support...

although you can expect to hear from us even more frequently

Not just for your efforts in directing outstanding

students to Ann Arbor -- many of them your own children or grandchildren...

Not just for influence...

although since Michigan produces leaders, many of alumni have the opportunity to have major impact on UM through their roles as leaders of government or industry

But beyond that, through your active involvement...

to provide to our students a sense of potential, what the future holds in store for them...

for our faculty, since by buying in to what we are trying to do, you provide them with strong evidence of the profound importance of their activities

In a sense, our alumni and friends play the key role

in passing the torch...

in passing from one generation to the next the

Michigan tradition...the tradition of excellence

which we all cherish so deeply.

Concluding remarks

I cannot stress strongly enough the importance

of active involvement...particularly in the years to come

For we at Michigan believe that the next decade

will be a time of extraordinary opportunity, responsibility, and challenge for the University as it prepares to enter the 21st century.

I and my colleagues have met with students

faculty and staff, with alumni and friends throughout the state and the nation, to listen and to learn about their views of how we should chart a course for the University into this future of opportunity, challenge, and responsibility.

We sense the extraordinary quality and

excitement "out in the trenches"...among the faculty staff, and students of this University...individuals deeply committed to teaching, scholarship, and serving this state and the nation...

We began to understand more clearly the

very special nature of the University--of the extraordinary intellectual breadth and diversity of teaching and research on the Ann Arbor campus... of the deep commitments of our Flint and Dearborn campuses to serve their regional communities, even as they respond to the needs of the state.

With each passing day we have become more

and more convinced that this University is really a very special place...and a very special resource to this state and the nation because of the talents, commitments, and vision of its people.

As I and my colleagues have become ever more

deeply involved in this process over the past two years, we have become ever more convinced that the University today faces a pivotal moment in its history... a fork in the road...

Taking the path in one direction will, with dedication

and commitment, preserve the University as a distinguished--indeed, a great--university, but only one among many such institutions.

However there is another path...a path that would

require great vision and courage in addition to dedication and commitment...in which the University would seek not only to sustain its quality and distinction, but it would seek to achieve leadership as well.

I believe that the 1990s and beyond can be a time

similar to the late 19th century when the University of Michigan was a primary source for much of the innovation and leadership in higher education in this nation.

And what more exciting mission could we have than to accept

this challenge by striving to develop a new model of the research university capable of responding to the changing needs of our state and our nation...

The challenge of making the University of Michigan the model

for the University of the 21st Century.