

**Presidents Council Forums
Saginaw, Michigan
January 23, 1990**

**"Michigan at the Crossroads:
The Future of Public
Higher Education in Michigan"**

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In recent years, there have been many concerns raised about the future of public higher education in Michigan:

1. How to provide the best possible education for the sons and daughters of Michigan citizens?
2. How to keep tuition affordable?
3. How to provide adequate financial aid to meet the needs of all Michigan residents?
4. How to increase the productivity and efficiency of our programs?
5. How to assess the impact of new programs such as the Michigan Education Trust on the quality of our institutions?

Because our public universities will play such a vital role in determining the future of our state, my colleagues and I have come together in this and other forums across the state to focus public attention on the most fundamental issue facing higher education as we enter an election year: How to continue to provide broad access to quality higher education in Michigan in the face of the serious erosion in public support which has occurred in our state in recent years.

The Public Challenge

As many of you know, in December several of our institutions took the unprecedented action of announcing our intention to hold the line on undergraduate tuition levels for Michigan residents for the year ahead by committing to limit increases to the inflation rate. Believe me, this was not an easy action to take, particularly in the face of the serious needs of our institutions.

To make this commitment so far in advance of legislative action on appropriations for higher education, we understand all too well that it will be necessary to implement a series of budget cuts and reallocations to allow us to make it through what is certain to be a difficult year. Most of us have been reallocation, cutting, and keeping a lid on developing critical new programs for a decade or more. There isn't much fat left to cut. Furthermore, if state appropriations continue to fall far short of our needs, as they have during the past several years, the action of limiting tuition increases to the inflation rate will be very difficult for our institutions.

Then why did we take this difficult and unprecedented action? Because we believe it to be in the public interest! Because we believe it to be critical to our future and our children's future. And, because we hope that by this action, we can more effectively issue a challenge to state government--and to all those aspiring to political office--a challenge to join with us in the development and implementation of a strategy that addresses the real crisis in higher education in Michigan today: How to restore adequate public support of higher education in Michigan--and thereby provide the access to high quality public education so necessary to the citizens of this state. We want to work with state leaders to develop a plan that accomplishes the following objectives:

1. To reverse the steady erosion in public support of higher education in Michigan which has seen our state slide from being a national leader to a position now among the lowest in the nation (ranking 45th among the states in support increase over the past decade).

2. To address the real issue facing education in Michigan: the silent shift of public policy that has, in just a few years, undermined the public principle of higher education, that is, the support of higher education by public tax dollars rather than student tuition. We want to put "public" back in public education. We simply cannot let either the quality of or the access to higher education in Michigan deteriorate any further.

3. To address in a thoughtful and timely manner the impact of new programs such as MET on the quality of our institutions and on the financial aid offered by our universities to the less advantaged, particularly from our minority populations.

It is clear that our effort to keep tuition so far below the level that would be required to meet our true needs can only last for a limited period of time without seriously harming both the quality of and access to our universities. If, working together with leaders of State government over the next year, we are unable to develop a public policy which addresses the serious underfunding of higher education in Michigan, it is clear that our institutions will have no recourse but to continue the shift of the true costs of quality education from the taxpayer to the parents through increased tuition and fees--or face the tragic prospect of destroying the quality of a system of higher education built by the commitments and sacrifices of eight generations of Michigan citizens.

We are firmly committed to protecting the quality of our institutions and to provide access through strong financial aid programs to all Michigan citizens, regardless of ability to pay. We challenge leaders of state government to uphold their end of this partnership by developing both a plan and a public policy aimed at restoring adequate support of public higher education in our state, a resource of extraordinary importance to Michigan's future.

I believe that most state leaders understand these issues. They really want to support education. The problem is that they do not feel they have public support! And can you blame them, with the massive defeat of Propositions A and B, with the tax recalls of the early 1980s, with the calls for other social priorities such as health care, social services, and corrections? Our elected public officials are really caught in a bind: how to face the urgent problems of the moment and to balance these with investments in the future that, as a public, we have yet to understand and support.

As leaders of higher education in this state, we do appreciate the efforts of state government thus far, but it is clear that far more is needed. If the State of Michigan is to survive as an economic force in our nation, it is clear that we must do far more to restore adequate public support of higher education.

The Challenge of Change

In our institutions, we are preparing to meet the greatest challenge of our time: the ever accelerating pace of change in our society, in our state, in our nation, and in our world. We are changing dramatically as a people as we become ever more diverse and pluralistic. Indeed,

almost ninety percent of the new entrants into our workforce during the 1990s will be people of color, women, or immigrants. We are changing in our relationships to other nations and other peoples as our economy and our commerce become ever more interdependent with other nations, as the United States becomes a "world nation," a member of the global community. And we are changing rapidly in the nature of our activities as we evolve into a new post-industrial society. Indeed, the key strategic resource necessary for prosperity and social well being has already become knowledge itself, that is, educated people and their ideas.

In the pluralistic, knowledge-intensive, global future that is our destiny, it is clear that the quality of and access to education in general, higher education in particular, and great research universities such as the University of Michigan and its sister institutions most specifically of all, are rapidly becoming the key determinants of the strength and prosperity of our state.

The good news is that Michigan is well positioned from this perspective, since over the decades we have built not only one of the finest systems of public higher education in the world, but we now possess several of the world's leading research universities. The bad news is that a lack of public understanding and support threatens to permanently cripple Michigan's universities. Worse, this failure comes at just that moment in our history when we are becoming more and more dependent on these same universities to lead our state into a competitive and a complex future.

Michigan at the Crossroads

Needless to say, the pluralism, the globalization, and the age of knowledge that comprise our future will pose great challenges and demand profound changes in our state and in our nation. The impact of these changes are already painfully apparent to Michigan's workers and industries. In fact, it is here in Michigan, in the heart of the "rust belt," that the impact of these extraordinary changes are most clearly seen.

We all know that the past decade was a period of great difficulty for our state. Industries of great economic importance to our nation, such as steel and automobiles, fell victim to intense competition from abroad. Plants have closed. We still have many people chronically unemployed, or under employed. Indeed, Michigan's per capita income has now dropped below the national average. Yet our unemployment rate consistently is at the top, and soon, if we continue on our present course, our prison population will be as well.

It is clear that our state is in the midst of a profound transition from an industrial economy based upon the abundance of natural resources, unskilled labor, and to some degree constrained and slowly moving domestic markets, to a knowledge-based economy, characterized by intensely competitive world markets, rapid change, and--most important of all--educated people and their ideas.

This has not been--and will not be--an easy transition to make. The truth is that the outcome is still very much in doubt! We have come to a critical turning point. Will we emerge from this transition as a world economic leader once again with a strong, prosperous--albeit new--economy producing jobs and improving our quality of life? Or will we fail to heed the warnings, to make the necessary investments and sacrifices today necessary for strength and prosperity tomorrow and become an economic backwater in the century ahead?

My central point is that education, broadly defined, will be the pivotal issue in determining which of these two alternative futures will be Michigan's...and America's. Indeed, I am absolutely convinced that the dominant issue of the 1990s will be the development of our people and the education of our youth. Previous economic transformations were closely associated with major public investment in infrastructures such as railroads, electric networks, and highways. But in the coming economic transition, the key infrastructure will be an educated population and hence the investment we must make will be in public education. We simply must dedicate ourselves to improving education for every child in Michigan--in our universities, in our secondary schools, and in our primary schools. Our people are our strength, and our children are our future.

Hence the challenge before Michigan 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.

Clouds on the Horizon

But here there are dark clouds on the horizon, because there is increasing evidence that we as a people have not yet recognized either the nature or the magnitude of the investments we must make to achieve prosperity in the intensely competitive global community. While we all give the "age of knowledge" lip service, the evidence suggests that in reality, many of us cling to the past,

wanting to return to the agricultural and manufacturing economies that once made us rich. Yet we simply cannot continue any longer in this dream state. We have to face reality.

Numerous studies over the past several years have suggested that Michigan is seriously underinvesting in its "knowledge infrastructure" by as much as thirty to forty percent relative to other states. The challenges faced by K-12 education are apparent to all of us. Unfortunately, what is also apparent is our inability to agree on actions and policies needed to improve the quality of our schools and to achieve adequate and equitable financing.

The situation is somewhat different, yet no less acute, for higher education in our state. While the quality of Michigan higher education today is still very high, the long-term prognosis is poor if we continue down the path that we have been in recent years. Over the past two decades the State of Michigan has dropped from the position of a national leader (ranked 6th in 1965) in its public support of higher education to among the lowest in the nation.

Let us look at the comparisons for a moment: Among the states Michigan currently ranks:

1. **33rd** in appropriations per student
2. **37th** in appropriations as a percentage of personal income
3. **35th** in appropriations as a percent of tax revenue.

Further, we not only fall significantly below the national average in our support, but it is clear that we are slipping even further behind with each passing year. In fact, the increases we have provided in our support to higher education over the last several years now rank:

4. **42nd** over the past two years
5. **45th** over the past decade, nearly dead-last among the states.

Hence, no matter how you slice it, our state now ranks among the lowest in the nation in its support of public higher education. As a highly industrialized state undergoing a dramatic change to a knowledge-based economy, Michigan is critically dependent upon quality higher education for well-educated citizens, for engineers, scientists, and other professionals, and for creative ideas that will fuel economic growth and create new jobs. Yet Michigan has now fallen into the bottom ranks of industrialized states in its support of these critical resources. We are being outspent by thirty to forty percent in state support per student, not simply by prosperous states such as California, but by neighbors such as Indiana and Ohio. They understand what we have yet to grasp, the world is changing rapidly, and we have to prepare ourselves for tough competition.

Until now we have been able to sustain the quality of public higher education in this state in the face of the catastrophic loss of state support because of our traditional autonomy, so wisely granted almost 150 years ago by the authors of our state constitution. This autonomy allowed Michigan's universities to take strong internal actions, by reallocating resources, redefining priorities, and increasing tuition levels to partially compensate for reduced public support. But in recent years, even this autonomy has been threatened through efforts from Lansing.

Michigan's 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 recognize that the choices before Michigan are not easy. We must address pressing social issues of employment, health, social welfare, and crime in an effort to meet the important needs of our citizens for today. But we must also balance these more immediate needs with the investments necessary for our future. We simply cannot continue to address the symptoms of our problems of the moment without addressing their causes. If we don't invest in cures, our symptoms will in time become fatal.

For generations the people of Michigan sacrificed so their children could have a better life. They had faith in education. We must now rekindle that faith and that commitment to the future. We must care for our children's future as much as we attempt to address our present needs and desires.

The Governor's Commission on Higher Education

The alarming situation for higher education in Michigan has not gone unnoticed by public leaders. A loud warning was voiced back in 1985 by the Governor's Commission on the Future of Higher Education in Michigan. The Commission clearly identified the fact that "public higher education in Michigan is at a crossroads."

It noted the per capita support of higher education had fallen from a position of national leadership to one of the lowest levels in the nation. Further, it noted that Executive Order cuts had played havoc with planning, resulting in maintenance deferrals, equipment purchase cuts, and eroded support for fundamental activities--all at a time when other states were rapidly increasing support for their systems of higher education. It credited Michigan's universities with launching a systematic process of improving efficiency and redirecting the system. In particular, it noted that from 1980 to 1984, over one hundred programs were eliminated, thereby indicating the discipline, good management, and commitment of leaders of higher education to use public funds responsibly and frugally.

The report concluded that if nothing was done, higher education in Michigan was likely to face a future in which mediocrity was coupled with inaccessibility, a totally unacceptable result for Michigan's citizens. To quote the conclusion of the report, "To provide wide access to a higher education system of mediocre quality is to perpetuate a hoax of Michigan's citizens."

Concluding Remarks

I would like to conclude my remarks by challenging the state, its people, and its leadership.

A Challenge to Higher Education

In a very real sense, our state has entrusted to us its most valuable resources, its youth and its future. To be responsible stewards of the public trust, it is clear that we must strive to achieve greater cost effectiveness in our use of public funds. I can assure you that we are doing just that, and we will do more.

But even beyond this, we must become staunch guardians for the quality of our institutions. For in education, as in every other aspect of American life, quality will be the key to our future. We need to give our children the best education and chance for the future that we can. We

should be willing to pass to them what we ourselves have received: an opportunity for a better life. Hence, to us falls the responsibility of taking the forceful and courageous actions necessary to sustain and enhance this quality. In the long run the people of this state both demand and deserve nothing less!

A Challenge to the People of Michigan

Higher education represents one of the most important investments a society can make in its future, since it is an investment in its people. It is indeed the case that our state and our nation have developed the finest systems of higher education in the world. But we also remember this has resulted from the willingness of past generations to look beyond the needs and desires of the present and to invest in the future by building and sustaining educational institutions of exceptional quality, institutions that have provided those of us in this gathering today with unsurpassed educational opportunities.

We have inherited these marvelous institutions because of the commitments and the sacrifices of previous generations. It is our obligation as responsible stewards--not to mention as responsible parents--to sustain these institutions to serve our children and our grandchildren. It seems clear that if we are to honor this responsibility to future generations, we must reestablish the priority of both our personal and our public investments in education, in the future of our children, and hence in the future of our state and our nation.

A Challenge to our Elected Leaders and to those Aspiring to Public Office

First, I ask you to work with us to develop and implement a strategy to bring Michigan from the very bottom among the states to a position once again of national leadership in our support of public higher education. Second, it is critical that we end the present freeze on capital outlay appropriations for higher education, now entering its fourth year, and begin to deal with the seriously deteriorating facilities on our campus. Third, let us respect the constitutional autonomy of our institutions, and preserve this for generations to follow as the best safeguard for maintaining quality public education accessible to all. Fourth, it is important to remember that we are all guardians for the moment of an extraordinary resource for our state, one of the world's finest systems of higher education, a system that has resulted from the commitment and the sacrifices of eight generations of Michigan citizens. Let us work together to serve the people of Michigan, to educate new generations, and to provide the ideas and the discoveries to build and sustain our quality of life.

A Challenge to Us All

Today the State of Michigan faces serious challenges that will clearly determine its future prosperity and well being: the challenge of pluralism, the challenge of participation in a global community, the challenge of the age of knowledge, and the challenge of change itself. As we approach a new century, our state--just as our nation--is undergoing a profound and difficult transition to a new economic order. Our fabulously prosperous industrial economy, an economy that allowed us to build some of the world's greatest institutions, including some of its finest universities, is rapidly disappearing. Our challenge for the decade ahead is to take the steps necessary to build a new knowledge-based economy that will be competitive in a world marketplace.

Let there be no mistake about it. This will not be an easy transition. And the outcome is still very much in doubt.

In my frequent interactions with leaders in the public and private sector throughout this nation I detect an increasing sense of pessimism about Michigan's--indeed America's--will and capacity to take the actions necessary for our future. Indeed, many now believe that our nation is well down the road to "outsourcing" its knowledge resources, just as we have been with our labor, our manufacturing, and our products.

American industry is rapidly losing its confidence that it can depend on domestic knowledge resources, that is, on a well-educated labor force, on adequate domestic supplies of scientists, engineers, and other professionals. There is increasing pessimism about our ability to deal with the staggering problems facing K-12 education on a time scale necessary to preserve our economic strength. Further, despite the fact that most other nations regard higher education as America's greatest strength, there is little sign that this view is shared either by our elected political leaders or the public-at-large. Indeed, it has become fashionable to attack our universities, even as we continue to seriously underfund them.

The rapid growth of "transnational" companies which seek resources, whether they be labor, processes, or knowledge, wherever they can get them at the highest quality and lowest price, suggests that outsourcing of knowledge from other parts of the world will become increasingly common as the quality of American education deteriorates. This is truly a frightening prospect.

Industry has already outsourced labor and manufacturing. Can Michigan afford to lose its competitive capacity to produce knowledge as well?

Let's face the facts. We are not going to be rich and prosperous if all we do is mow one another's lawns. We have to bring something to the table of the international marketplace. We have to generate our wealth, through our people, through their knowledge and their skills.

I, for one, do not share the pessimism of many of my colleagues. I believe that we can meet the challenge of the knowledge-based, global society that is our future. But it is also clear that to do so will require sacrifices on all of our parts. It will take a renewed commitment to that most fundamental of all characteristics in the new economic order: quality. And it will take a renewed investment of that most critical of all resources for our future, our system of public education.

A Partnership for the Future

Today, Michigan's public universities are undertaking a series of initiatives in an effort to do our part in helping the state and its people prepare for that future. We call on our colleagues in state government, and the citizens of this state, to join us in a partnership for the future, a partnership that restores both our public and our personal investments in education, in our people and their ideas, in our children, and in our future.