

Mr. Chairman and Members of the Subcommittee, I am James J. Duderstadt. On behalf of the University of Michigan, I am honored to welcome you to our Ann Arbor campus today.

These hearings on the reauthorization of the higher education act are vitally important to us in higher education and also to the future of our country. For this reason, I particularly want to applaud your effort to seek a broad range of views from across the country through your hearings and extensive gathering of opinion and recommendations. Let me add that your visit is a particularly proud moment for us as Michigan citizens and educators because it gives us the opportunity to acknowledge the vision, commitment, and leadership that you, as Chairman, along with your colleagues are providing for higher education on behalf of our nation.

Mr. Chairman, the Reauthorization of the Higher Education Act comes at a critical moment for America's colleges and universities. And I use the word "critical" in more than one sense. Never in my memory has higher education been the object of more widespread critical attention from across the political spectrum.

Yet the timing and stridency of this assault is paradoxical because it comes at a time when the university is more deeply engaged in society, a more critical actor affecting our economy, our culture, and our well being than ever before. By just about any measure, American higher education is doing an extraordinary job in terms of the numbers and diversity of the students we educate; our educational diversification; and our intellectual vitality measured in terms of productive research that creates industries, saves lives, and improves the prosperity and quality of life for the people we serve. And, let me add, that it is America's system of public higher education, of which our University of Michigan is acknowledged as the "mother" and model, that is both the glory and backbone of the system.

Our strength in higher education is critical to our future. As we near the twenty-first century, educated people and the ideas they produce have truly become the wealth of nations. It is higher education that has become the key resource, the competitive edge, for our country. In fact, I think it is probably our increasingly important role in society that explains the growing attention we have received

recently. With the future of our country at stake, it is not surprising that more people and interests should be concerned about our mission and goals.

Mr. Chairman, that is why these hearings are so significant. They offer a national forum for addressing some of the most fundamental issues before us. Let me mention some of them.

Equal Access to Quality Higher Education

In my opinion, the most critical issue before us is renewal of our nation's historic commitment to equal educational access to higher education for all those with the will and ability to achieve and benefit from it. We must give a higher priority to public-funded student aid in keeping with the practice of most of the advanced industrial nations. During the last dozen years there has been a profound but nearly silent shift in public policy at the national and the state level that has reduced public funding for student aid and post-secondary institutions to a point that threatens to undermine the very concept of publicly supported higher education.

Let me share some of my specific concerns about student financial aid:

(1) The growing grant/loan imbalance is mortgaging the future of a whole generation with increasingly unmanageable debt. Loans have become too much an ingredient of educational financing and are threatening access to higher education and affecting vocational choices in ways that may be counter to the national need for teachers and other public sector professionals.

(2) In this connection, we need to increase access to loans for middle-income families. We now find that middle-income students are having a very hard time coping with the increasing costs of tuition and other costs. We need to address their needs or force too many of them to accept less than the educational challenge for which they are qualified.

(3) Anything you can do to simplify the loan application process will serve the interests of all concerned. Here I am not advocating less accountability. But the process itself has become a costly and cumbersome barrier to fairness and access.

(4) By whatever means you attempt to refine the grant programs to reduce indebtedness, the bottom line will be dollars. Here I believe that the key is to target available dollars to students and education. To that end, I urge you to give serious attention to revising the student loan programs to take advantage of the credit reform provisions enacted as part of last year's budget act.

(5) As Chair of the Legislative Committee of the National Association of State Universities and Land Grant Colleges (NASULGC), I have worked with my colleagues in higher education to develop a proposal for direct lending to students. I believe you heard testimony on this last week in Washington, and I hope the Subcommittee will consider it with care. We believe direct lending is the most effective alternative to the Stafford Loan Program.

As you are aware, the institutional option of direct lending also has been proposed to this Subcommittee by the American Council on Education (ACE) and twelve other associations. The bill language submitted to this Subcommittee by ACE on April 8, 1991, is consistent with much of the NASULGC proposal. The Stafford loan program, as you know, uses the same family-needs test (Congressional Methodology) that is used for Perkins loans and other campus-based assistance.

In summary, we endorse three other modifications to federal loan programs: components:

- i) direct lending to supplement grants and work for students who demonstrate financial need;
- ii) increased loan limits for the existing unsubsidized Parent Loan Program for Undergraduate Students (PLUS), for which there is no family income test, to cost of education minus other student aid; and,
- iii) permission to invest collections from the Perkins Loan Program in an institutional Perkins Endowment Account so that the income could be used for student grant or work programs.

Graduate Education

Graduate education is critical for the renewal of the professoriate and the research infrastructure. Concern for graduate education can easily be lost in our preoccupation with K-12 and undergraduate education. But graduate education is the lifeblood of our nation's research infrastructure, health care, research, scientific, and technological competitiveness. Further, it is clear that we do in graduate education today will shape our colleges and universities and our society well into the middle of the next century. The graduate education programs authorized by the Higher Education Act are a key component of the Federal effort in graduate education.

Despite the importance to the nation of these postbaccalaureate programs, serious problems confront them. The proportion of Ph.D.s granted by our universities that go to U.S. students has been declining for over two decades. Minorities and women remain underrepresented in most master's and professional programs as well as in doctoral programs. Recent projects of current trends in Ph.D. supply and demand suggest substantial doctoral shortages beginning in just a few years and extending into the next century. Shortages in such high-demand fields as business, computer science, and engineering are already occurring. These shortages will affect industry as well, which has become increasingly dependent on personnel with advanced training to conduct its R&D programs.

The provision of adequate financial support for graduate and professional study is essential for ensuring the infusion of a critical mass of talented students into these programs in sufficient numbers to meet future demands for teaching, research, and scholarship; for advanced skills needed by industry and government; and for the professional and support services needed to sustain the health of our citizens and the quality of their lives. Fellowships and traineeships are a proven means to attract talented students into graduate and professional programs, increase retention rates, and reduce time-to-degree. These forms of support enhance institutions' own efforts to improve doctoral programs. The Title IX programs of the Department of Education play a key role in these efforts.

The Harris programs and support programs for minorities and under-represented groups are small but important for access. The Area of National Need and Javits Fellows Programs support vital efforts to improve the quality of

instruction and research. In general I concur with recommendations submitted to you by ACE and twelve education associations, and I believe they merit your careful consideration.

Internationalization

As we have seen in recent months, events in what were once remote regions of the world now have come to have a direct impact on the lives of every American. Our world is rapidly becoming one world--an interdependent whole--in which politics, economics, culture, ecology and many other aspects of life must increasingly be viewed as single-world systems. This is also true for academia with many implications for what and whom we teach, where we teach them, and how we interact with the international scholarly world.

The costs of internationalizing our curriculum and scholarship and our growing educational and research collaboration with counterparts throughout the world are very great and often difficult to meet out of already shrunken budgets. For this reason, from its inception, Title VI has made the critical margin of difference in helping provide the infrastructure for teaching and research on foreign languages and area studies. It has also helped to build national capacity to deal with international security, finance, and political issues that has greatly strengthened our world leadership.

As the national need for international capacity-building grows, so does the demand for specialists in foreign language, area studies, and other international fields. Continuation of the Title VI provisions for National Resource Centers and FLAS fellowships is essential to meeting this demand.

Title VI represents a highly successful partnership between the government and institutions of higher education. Since the 1960s, however, the federal investment in Title VI and Fulbright-Hays programs has been seriously eroded by inflation and extended periods of flat funding. At the same time, there has been a gradual increase in the responsibilities of these programs and heightened demand on their resources. As the nation increasingly calls upon the intellectual capacity of our foreign language and area experts, funding for the core functions of Title VI should be established at an adequate level for the 1990s before any new functions and programs are added.

Conclusion

The Higher Education Act has helped provide access and opportunity to our citizens through an affordable, quality education at all levels. Each of the major programs under your consideration contribute to a balanced program of access and quality--student aid, graduate education, international education, teacher education, libraries, TRIO--all interact on our campuses in unique ways to help achieve these goals.

Mr. Chairman, I believe higher education is addressing some of the most critical issues before our society as we approach a new century. Unlike many other institutions in American society, our colleges and universities have committed ourselves to achieving diversity so essential to our democratic and educational mission. We are internationalizing our teaching, research, public service, and our network of scholarly interactions with counterparts throughout the world. We are leading in the scholarship and research in new fields, fueling revolutionary advances in knowledge that are benefiting our people in all aspects of their lives.

Perhaps Erich Bloch, former Director of the National Science Foundation, put it the best when he noted: "The solution of virtually all of the problems with which government is concerned: health, education, environment, energy, urban development, international relationships, space, economic competitiveness, and defense and national security, all depend upon creating new knowledge--and hence upon the health of America's universities."

We can meet this challenge, play this role, only with a continuation of the remarkable partnership higher education has enjoyed with the American people and their elected leaders.

It is good to know we have knowledgeable and committed leaders such as you to look to as we proceed.

I am deeply grateful for this opportunity to speak to you today and will be glad to answer any questions you may have.