



A Presentation by

JAMES J. DUDERSTADT, PRESIDENT

The University of Michigan

The External Environment of the University

An address to the
University Senate Assembly
The University of Michigan
November 18, 1991

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Introduction

Today I would like to talk to you about a subject of vital importance to the state of our University: the state of our relations with the world around us—our community, our state, our national government, our extended family of alumni and friends, our multiple constituencies—those increasing numbers of people and institutions that depend on us in one way or another and on whom we, in turn, depend in order to carry out our mission.

The environment outside our ivy-covered walls is very different than it was even a decade ago. I have often talked with you about the changes underway in our society, driven by a change of demography, by internationalization, and by our transition to a knowledge-based society. These changes are reflected in very real, very practical ways in our political and economic framework.

Change has brought hard times economically to our nation and especially to our state. These are difficult times politically. This is having a very direct impact on our University, on its support, on its future direction, and on each one of us. I know this isn't exactly hot news. Change in our society has become the rule. And heaven knows, we cannot help but see the effects of hard times all around us.

In the past the change in our external relations, although rapid, has been incremental, and its broader implications are sometimes difficult to see in context. We see a headline here about overhead charges, a story there about cuts in state revenue, or a hitherto unheard of 40 percent increase in tuition at California's institutions—and even larger increases in states such as New York and Massachusetts. But we haven't had a chance to talk together about how these things relate; about how they affect the University and my own priorities; about what I see is the present state of

our external relations; and about what the University is doing and can do in the future to sustain its commitment to excellence in teaching, research, and service. Thus, it seemed to me this might be a good opportunity to pause and reflect a bit, to share my perspectives on where we are in relation to our constituents, and what we are doing to improve the way we interact with the world around us.

If ever there were ivied walls around universities protecting us against the intrusions of politics or the economy, these walls have long since tumbled down. We are not protected. We are very much engaged and exposed in the world. If you doubt it, you have only to read the headlines. Hardly a day passes without some bad news story on higher education or some legislative committee out to regulate, legislate, or fact-find in areas that were once privileged academic territory or state budget cuts and college closings.

An Abundance of Clients . . . and of Critics

The American research university is very much on the mind of a lot of folks besides those in the media:

- Parents and students
- Governors and state legislators
- Congress and government bureaucrats, and
- The public-at-large

Too many see us as:

- Being big, self-centered, and greedy
- Having spoiled, badly behaved students and even more spoiled faculty
- Being plagued by a long list of “isms”—racism, sexism, elitism, and extremism
- Suffering the deterioration of intellectual values—scientific fraud, political correctness, a lack of concern for undergraduate education
- Gouging parents with high tuition and the government with inappropriate charges for research

Of course, we all know that as a leader in American higher education we have not been immune to critical assault. While there are those who define the modern university president as a person who lives in a large house and begs for money, there are times when I feel instead like the sheriff in an old western movie. Each morning I have to get up, strap on my guns, and go out to meet the gunslingers who have arrived to shoot up the town:

- Political officials after short-term political gain
- Members of the media seeking cheap headlines
- Special interest groups seeking to distract the University from its fundamental missions of teaching and research and focus our attention instead on their own political agenda

In a sense, the president has become the defender of the university and its fundamental qualities of knowledge and wisdom, truth and freedom, academic excellence, and public service against the forces of darkness that rage outside our ivy-covered walls.

This afternoon I would like to share with you a strategic view of the external environment in which higher education must function these days.

The Irony

As I said to you last spring, it is paradoxical that the extraordinarily broad public attention and criticism of academia comes at a time when the American university is more deeply engaged in society—when it has become a more critical actor affecting our economy, our culture, and our well-being than ever before. But, then again, perhaps it is not so paradoxical that just as the university is becoming a key player in our society, it should come under much closer scrutiny and be subjected to greater accountability.

When you get right down to it, perhaps we are victims of our own success. We have entered an era in which educated people and the ideas they produce have truly become the wealth of nations, and universities are clearly identified as the prime producers of that wealth. This central role means that more people today have a stake in higher education. More people want to harness it to their own ends. We have become more visible and more vulnerable as institutions. We attract more constituents and support, but we also attract more opponents.

In the process, the American university has become for many just another arena for the exercise of political power, an arena for the conflict of fragmented interests, a bone of contention for proliferating constituencies. We are increasingly the focus of concern for both the powerful and the powerless.

Little wonder that universities are prime targets for media attention and exploitation. We should not be surprised to hear from our critics. They are a sign that society has an increasingly vital stake in what we do and in how well we do it. Hence, far from decrying public attention, I think it is important that we attend to it, that we welcome it.

The Importance of the Research University

The great public research universities, for which the University of Michigan is both the prototype and also the flagship, touch the lives of a great many people in a great many different ways. Since World War II our society has assigned to the research university an increasing number of roles—broadening its research mission and increasing participation of scholars as experts deeply engaged in public affairs and the world of commerce and industry.

The modern research university daily becomes more complex and multi-dimensional.

Beyond the classical triad of education, research, and service, society has assigned to us an array of other roles: health care, economic development, entertainment (intercollegiate athletics), enabling social mobility and change, sustaining national security, even as we attempt to explore the far reaches of space or the depths of the ocean or the fundamental nature of matter or life itself. Further, today's society is asking us to assume additional roles such as revitalizing K-12 education, securing economic competitiveness, providing models for multicultural society, rebuilding our cities, and preparing the way for internationalization.

Our University has traveled a great distance in the last half century. Perhaps part of the problem is that we have taken on too much, that we have tried to be too many things to too many people. I would certainly agree with those who argue that we must look more closely at what we do. We must renew our mission, redefine our priorities, make hard choices, and eliminate any activities and services that, however desirable, are not central.

But even if we do that, for better and for worse, we must also accept that higher education is evolving along with the rest of our society just as it has done through our history. We can anticipate and shape change, but we cannot stand still or go backwards. Like it or not, I do not think there is any turning back to some simpler time when the expectations and demands on us were less.

We have entered a time when we must look ahead; we must recognize the forces of change that are at work. We cannot take our position for granted. We have definitely come to a point when we cannot passively wait for salvation from others. We must stand up for ourselves and reach out to all of those who can help us on our way.

Many Things to Many People

The relationship between the modern university and its many constituencies is a bit like the parable of the elephant and the blind men. Constituents perceive us in vastly different ways depending on their vantage point and their needs. The only thing they have in common is they all expect a great deal from us. Students and parents are concerned both with the quality and the cost of education. Business and industry seek high-quality graduates, useful research, and service. Patients in our hospitals seek the best and most compassionate care. Federal, state, and local governments have complex and varied agendas that can both sustain and constrain us. And the public itself sometimes seems to have a love/hate relationship with higher education. They take pride in our quality, revel in our athletic accomplishments, but they also harbor old suspicions about our costs, our integrity, and even about our intellectual standards, aspirations, and commitments.

As all of these constituents and publics diversify, they also organize. Increasingly they influence local, state, and national priorities and resource allocations for higher education. When frustrated, they seek to impose sanctions and punishments.

As we become ever more dependent upon a broad range of constituencies, we face increasing pressures to establish our relevance and credibility to this array of interests while, at the same time, sustaining our fundamental values and purposes. Yet this balancing act poses several serious problems:

1. The diversity—indeed, incompatibility—of the values, needs, and expectations of these various constituencies who all view higher education through quite different lenses

2. The tension between such responsiveness and the University's role as the center of learning where all ideas can be freely questioned in light of reason

3. The increasing narrowness of the public's support for higher education: "What have you done for me lately?"

4. An increasing sense of competitiveness with other interests and sectors and other urgent social needs for a decreasing pool of public and private dollars

Needless to say, balancing our relationships with these many different constituencies has proven to be quite a feat.

Changes in University Financing

Let me illustrate this complexity in practical terms. In the 1960s, state taxes paid roughly 80 percent of the cost of a Michigan education. Today, that participation has dropped to the point at which it covers less than 25 percent of the cost for Michigan residents—and, of course, provides essentially no support for students from out of state and very little support for graduate and professional students. During the past three decades the State of Michigan has fallen from sixth to thirty-seventh place in state funds for higher education. And, while federal support has increased for research, the support available for student financial aid has all but disappeared, except for the most severely underprivileged, because of the silent but historic shift of public policy that sees education as just another consumer item rather than as an essential investment in our nation's future.

These shifts in public support have forced us, along with most other public institutions, to rely increasingly on tuition for revenue. Of course, we are not alone. Higher education throughout the nation has experienced unprecedented cuts

and has been forced to implement major tuition increases; the past year has seen the University of California increase tuition by 40 percent—with New York, Massachusetts, and North Carolina following similar patterns.

A clear sign of this shifting nature of the university's portfolio of support was provided two years ago when—for the first time in our history—our tuition revenue exceeded our state appropriation. Ironically enough, in that same year, again for the first time, federal support exceeded state support. In a sense, two years ago the University of Michigan became not only the first of the “privately supported public universities” but also the first of the “federally supported state universities.”

More specifically, state support has fallen to the point today where the revenues from the University's academic programs now consist of the following:

- 25 percent state appropriation
- 30 percent tuition and fees
- 30 percent federal support
- 50 percent private support and income on endowment

This stands in sharp contrast to the situation of several decades ago in which the state provided 80 percent of our academic budget. In a sense, the resource portfolio of the 1990s represents an improvement in our overall balance. Unfortunately, this has arisen more from the erosion of state support than from growth in other areas.

What To Do?

In this brave new fiscal and political world, the University has had to face up to some difficult realities. When I became president, I gave a very high priority to getting people in place who would provide the strongest possible leadership

for building a durable fiscal foundation for the University's future. I recognized from the outset that strengthening and diversifying our base of support would have to be among my highest priorities, in terms of my planning, team-building, and in terms of my direct personal responsibility and involvement.

It was clear that we could no longer afford a business-as-usual approach, either in terms of management or in terms of sustaining our external support. We were at risk on several fronts. We had to compensate for losses of state revenue while increasing and rebalancing our sources of revenue for the long term.

We have also made real strides in putting our administrative house in order, because it is critical that we make the best possible use of the resources we have. This is not only essential from a fiscal point-of-view, but it is also important in terms of our accountability and credibility to public and private supporters. In these tough times we cannot ask for additional resources unless we can demonstrate sound stewardship of the resources we have.

Let me digress a moment to note some of the steps we have taken internally as part of this agenda.

Cost Containment

We have been aggressively pursuing some difficult internal reforms: reducing costs and improving quality, productivity, efficiency, and service orientation, while implementing a massive program of "total quality management" throughout the institution. Many of you have heard about these efforts over the past couple of years. Here I will just note that, thanks to the efforts of Gil Whitaker and his colleagues, we have received national recognition as a leader in this arena; and I believe this will result in many improvements in the support we provide to you and your students.

Increased Revenues

Thanks to Vice President Farris Womack's leadership, our investment and management performance has improved dramatically. We are clearly getting far more return on our investments, and this has made a big difference providing flexibility for innovation and special needs. At the same time, Jon Cosovich and his colleagues in Development have helped increase our private giving to new highs, up over 30 percent over the past three years to roughly \$95 million per year. Meanwhile, Vice President Kelly has led a highly successful effort to help faculty increase external support for research, so that for the first time we ranked number one among public universities in the volume of support for research last year— attracting over \$312 million.

Thanks to the leadership and teamwork of officers, deans, faculty, and staff, we have come a great distance over the last several years. But improving the acquisition and management of resources is only part of the challenge we face. As president, I have also given a very high priority to strengthening our external relations with our multiple constituencies because they are key to sustaining and building our resource base. We have sought to repair ties to old friends and allies, to build bridges and alliances with new and diverse groups, to serve our publics—both old and new—to the best of our ability, to improve public understanding of the University, and to re-establish public higher education as a policy priority.

A Strategic Approach to External Relations

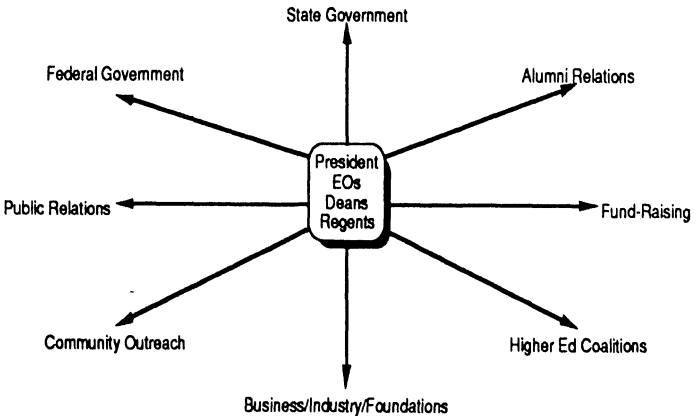
The world we faced as I became president was a very different place than that of even a decade ago. In earlier times, when the state provided the bulk of our budget, we enjoyed a privileged position in Michigan. Many of our alumni were in the legislature and in key positions in government and communities across the state.

Political parties were disciplined in the economic, ethnic, and other divisions; and special interests had not yet splintered party solidarity.

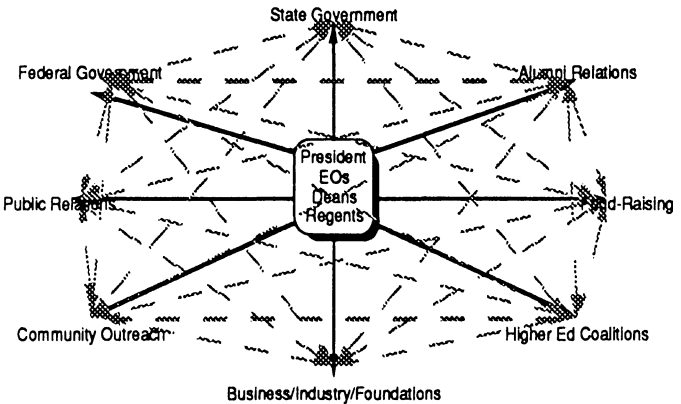
In that environment the University had little need to cultivate public understanding or political leaders. A few leaders from the University met with the governor and leaders of the legislature to negotiate our appropriation. That was it. We were valued and appreciated. There was a historic and intense public commitment to the support of public higher education that characterized our founders and the generations of immigrants who followed, who sacrificed to provide quality public education as the key to their children's future.

But gradually that world has disappeared. Michigan began experiencing a profound economic transformation. The University's state support began to decline. Political parties declined in influence. Special interest and constituencies proliferated and organized to make their needs known and influence felt. Even as the University became more central, it was also held more accountable to its many publics.

The situation by 1990 can perhaps best be illustrated by a diagram which depicts the various interactions between the leadership of the University and our multiple constituencies.



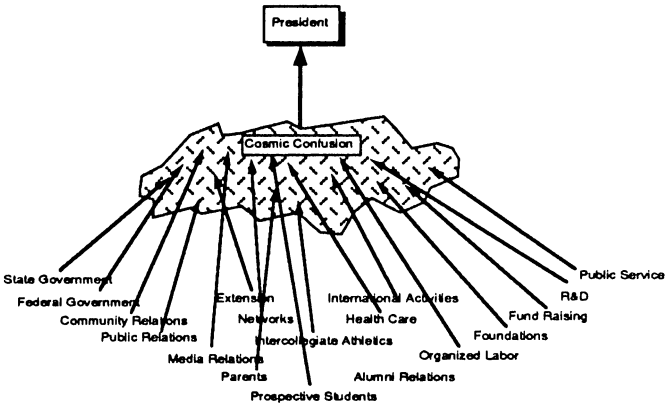
Actually, this particular diagram is too simplistic since it ignores the strong coupling among the agendas characterizing the various constituencies. For example, increasingly our relationships with the state government involve as well interactions with Washington, with alumni, and with the public-at-large through public relations.



The University had made significant progress in building and strengthening some of these relationships. For example, over the years it has built and maintained an exceptionally strong alumni organization. However, rarely did we ask alumni for their involvement in public affairs. Further, under President Harold Shapiro's leadership, the University built an effective private fund-raising program in the 1980s, at a time when these activities were nearly unheard of in public institutions. This was an important step at the time in addressing the disastrous budget shortfalls resulting from cuts in our appropriations.

However, by the time I came to office it was clear that the University needed to pay far more attention to a broad-based, external relations effort capable of addressing the radically changed circumstances in which we found ourselves. We simply had not appreciated the importance of the sophisticated and effective operations necessary to strengthen our relationships to the range of constituencies characterizing such a complex and

critical enterprise as the modern research university. In particular, while the internal activities of the University were organized along the well-defined lines of schools, colleges, and other operating units, the organization of our external relations can best be characterized by the diagram below.



State Relations

Key to our effort was the objective of building effective mechanisms to interact more broadly both with state government and the people of Michigan. In many ways, the University's approach to state government had been frozen in the 1960s philosophy, relying almost entirely on the President and Vice President for Government Relations to handle the complex interactions for this increasingly diverse set of players and agendas. It was clear that this rather obsolete approach was simply inappropriate for the world of the 1980s and beyond, as evidenced by the fact that the University fared very poorly relative to other institutions during that period.

Fortunately, we had access to a good deal of experience in our efforts to rebuild an effective state-relations effort. For example, Farris Womack brought an important perspective from his former

roles as State Budget Director in both Arkansas and North Carolina. Further, we were able to draw on the advice and counsel of many friends in designing and implementing a multiple-year plan aimed at building a strong, sophisticated state-relations operation appropriate for the 1990s and beyond. And, of course, we relied heavily on numerous interactions with experienced Lansing hands, some of whom were our own alumni.

A very important aspect of this strategy has been to build a new state-wide outreach effort based on a network of committed alumni and friends to help build grass-roots understanding and support for the University. With the help of this network we will be able to increase the interaction of students, faculty, and leaders with people in communities across the state. This network is helping rebuild our ties to schools and to civic and professional groups.

It is important to realize here the remarkable resource represented by alumni of this University. Their loyalty and love for the University is truly extraordinary. They have committed themselves to working very hard in these outreach programs. Further, now that this program is up and running, I hope that from time to time we can call on you and other faculty to help us build bridges to people in communities. As you are probably aware, I have spent a great deal of time traveling across the state, and I think we are beginning to see real improvements in people's understanding of what we do.

Our alumni are also working hard to make their support for the University known to leaders in Lansing, Detroit, and their own communities. Here I would like to acknowledge in particular our debt to Bob Forman and the University of Michigan Alumni Association, as well as to Lisa Baker, Director of Public Affairs, who have been instrumental in helping to launch this important effort.

As another key part of our state-relations effort we have pulled together a strong coalition of Michigan's public universities. Together we are working to improve educational access and quality of opportunity for all students of the state. I have been fortunate to serve as chair of the Presidents Council of State Universities of Michigan this past year, and I am proud of the progress we are making in working together to better serve our state.

We have also been working over the past couple of years to build a Michigan Business-Higher Education Roundtable consisting of the state's top industrial CEOs; the presidents of the University of Michigan, Michigan State University, and Wayne State University; and the Governor. Although the University of Michigan hosts semi-annual meetings of this group, Frank Popoff, CEO of Dow and I co-chair the group. While much of the attention of the group thus far has been focused first on K-12 education, and most recently on the state's business climate, I believe that we are building a very important long-term network capable of having significant impact on public policy concerning higher education in Michigan. The group lays the groundwork for a critically needed partnership of government, business, and education.

Finally, the University has a strong and proven team working in Lansing: Dick Kennedy, Keith Molin, and their colleagues. They may need more support for their efforts, but we can thank them for helping to bring significant improvements in our relations with state leaders of both parties.

Of course, a great deal is at stake here. For example, during the past year most state agencies took a 12 percent cut in state appropriations and may face an additional 5 percent later this year. Thus far, we have been able to protect higher education from such drastic budget cuts, but it is clear that we are not out of the woods yet. We will likely see little growth in state appropria-

tions for the near future. We are entering our sixth year of total freeze on funds for capital outlay, including both new construction and renovation. Hence, we face some real challenges.

Although we have made real progress, it is clear that we must look elsewhere for additional sources of revenue to compensate for the overall erosion in our state support, since we cannot expect a turnaround for the foreseeable future.

Federal Relations

As you may have noticed, our relationship with the federal government has been very much in the headlines recently. Part of the reason, of course, is that the University of Michigan has increasingly been looked to for leadership in shaping the federal agenda concerning higher education.

The University has been fortunate to have assembled one of the most effective federal relation teams in Washington, headed by Tom Butts and supported by our Washington office. Furthermore, we benefit from the effort of many of our friends in the Michigan Congressional delegation.

The University has other assets including, most particularly, the efforts of our faculty who play leadership roles across the whole spectrum of federal activities. In particular, my own recent election as Chairman of the National Science Board will provide the University with an opportunity to influence the future of federal science policy.

There are many aspects of the University's success on the federal front. For example, earlier this month the most recent national rankings of R&D expenditures were released and reveal that Michigan—at \$310 million per year—has now moved up to first among public universities and second only behind MIT in

research expenditures. The University has become far more effective in its efforts to go after large projects such as the Human Genome Project, the National Research and Education Network, and CIESIN. Further, the University is playing an important role in broader higher education issues. For example, we have been working very hard on the reauthorization of the higher education act, including the development of a new direct student loan program that we hope will be an important mechanism for the support of middle-income students during the 1990s. We have been instrumental in putting into place a new \$23 million NSF graduate traineeship program. Just as we are building coalitions of cooperation with sister institutions here in Michigan, we are strengthening alliances and coalitions with other institutions and national associations to strengthen the collective voice of higher education in Michigan.

Yet, as we become more visible in Washington, we also become more vulnerable to political attack. This almost goes with the territory. Because of the headlines triggered earlier this fall by a politically motivated attack on the University's negotiation of indirect costs, it seemed appropriate to make some specific comments about this issue. The particular incident involved an unauthorized release from Washington of an embargoed preliminary audit of the University's expenditures associated with negotiations for the recovery of indirect costs for federally sponsored research. As is typical of such politically motivated attacks, the leak was accompanied by a carefully orchestrated effort to generate headlines that bore little relationship to reality.

Let me first assure you without qualification that the University of Michigan today, as always, has conducted its business according to the highest standard of public accountability. The fact is that the final government audit and other similar audits that have been conducted over the past several years suggest no wrongdoing whatsoever. Rather, they have established what we have known all along: that the University is a wise and

faithful steward of public funds and deserving of the public trust.

In this regard, however, let me remind you that the audit process is one of interaction and negotiation. The audit team prepares a preliminary draft identifying those areas where it has questions. We then respond, and working together with the team, eventually arrive at a final statement. Since preliminary audit drafts generally contain many mistakes, they are kept confidential in order to allow a university response and to make corrections. Unfortunately, it was this preliminary—and incorrect—audit report that was leaked in Washington in an effort to attack the University. Nevertheless, even this preliminary audit made it quite clear that the University had done well in its management of public and private resources.

Let me be more specific. Out of a total expenditure base of \$1.6 billion for the year in question, including over \$425 million in indirect costs and \$177 million in federal R&D support, the audit report raised questions about less than \$197,000 of charges that might affect future indirect cost rates. The audit report did not suggest any improprieties but rather suggested that we might wish to examine the way that we assigned expenditures to various cost pools. For example, it argued that we should not charge any of the expenses associated with the University bus service to the research overhead pool—even though audit team members later realized that they themselves had traveled on this bus system during their audit activities on the campus. There were a number of such issues that arose during the audit process; and one by one, we have clarified these and reduced the amount under question to less than \$90,000. If you think about it for a moment, you realize that the audit disagreement at this point is now less than one one-thousandth of 1 percent of our expenditures. Indeed, the audit team acknowledged that it ran up expenses that were considerably larger than the amount that it ended up questioning in the exhaustive four-

month exercise of going through the books. It is pretty hard to imagine any other university or corporation or public body—such as Congress—with a record that good.

Needless to say, however, the process of auditing expenditures and negotiating government overhead rates is both complex and difficult. And this complexity provides ample opportunities for those seeking political gain—or cheap headlines—to sweep truth aside and launch attacks against the integrity even of institutions with a long tradition of public trust such as Michigan.

At Michigan, let me state in the strongest possible terms our belief that there is only one way to do things, and that is the right way, whether it is in financial operations or in athletics or in academics. You have my commitment that as long as I remain President of this University, we will continue this long tradition of public trust and accountability. We will strive to do things the right way. And if we make a mistake, we will admit it, correct it, and make sure it doesn't happen again.

But you also have my commitment that, as long as I remain President, I will not allow the integrity of this University to come under attack by those who seek personal gain, public visibility, or simply sensational headlines. Those who attack Michigan unfairly will, in turn, be challenged. They will be held fully accountable for the irresponsibility of their accusations and their actions against us. We will demand the same honesty, truthfulness, and integrity of those who criticize us that we demand of ourselves.

Community Relations

Our relations with our own community of Ann Arbor have not been what they should have been for some time. Of course, if you look back in the history books or at similar relations elsewhere in the United States, town-and-gown relationships

have long been characterized by some common tensions: rowdy students, traffic, competition for housing, taxes. But I think that our relations with Ann Arbor were also soured a bit because we had come to take each other for granted. It was a situation not unlike an unhappy marriage. We may have been sharing the same space and have been linked economically and socially, but the spark was gone. Communications were miserable; resentments had been building. We each had begun to go our own way without consulting one another.

It was clear, however, that we simply could not afford to neglect each other any more. Fortunately, I think both parties have recognized the problem. Both want this marriage to work. And we are trying to rebuild our relationship and to improve our communications and cooperation.

Happily, there was never a complete breakup even in the worst of times. The Executive Officers of the University have been meeting once each term with Ann Arbor leaders, including the Mayor, City Manager, and Superintendent of Schools. Over the last decade a number of us in the administration and on the faculty have been deeply involved in economic development activities in the community. But it was also clear that despite the best of intentions, we simply had not thought carefully about developing a strategic relationship with the city that was capable of dealing with the interests and concerns we held in common with our community and its people.

In recent months we have worked closely with city leaders to put together a plan that would establish a number of working groups to address our common agenda:

1. A group involving key Executive Officers (Kennedy, Womack, Harrison) and key city officials (Mayor, City Council leadership, City Manager)

2. Another group working on more detailed issues (Krumm, Heatley, City Manager, Police Chief, etc.)

3. A less formal group consisting of Farris Womack, a number of business leaders, and me meets on a monthly basis to discuss strategic issues concerning the community

4. Periodic meetings involving both the City Council and the University leadership to discuss a wide range of issues of mutual concern

We are increasing the interactions of our students with city leaders as well, in order to reduce neighborhood tensions as well as encourage communications, service, and outreach. Further, Dick Kennedy is leading efforts to improve communication with city leaders. Faculty, too, have a leading role, including Ned Gramlich, Paul Courant, and their colleagues in IPPS who are providing the city with ongoing support in key areas of public policy, such as taxation.

We are hopeful that this broad range of strategic efforts will improve relationships with the local community. Of course, there will always be issues on which we just disagree with the city, but we are determined to be good citizens, to work together with the city to improve the future quality of life for everyone. After all, we have to get along; divorce is not an option.

In a similar spirit I should note that our outreach efforts with other Michigan communities continue to move ahead. Detroit continues to be at the top of the list. I am committing a good deal of my personal time to interacting with various city leaders and working closely with a number of faculty who have close relationships with the city. Further, our Schools of Education, Public Health, and Social Work have intensified their activities with the metropolitan Detroit area. Many other units and individual faculty are engaged in research and service in Detroit, and we are

working to strengthen relations with the city's leadership.

Our efforts in other cities are also gaining momentum. Of particular note here are the efforts of UM-Flint and UM-Ann Arbor to work closely with city government, industry, labor, private foundations, and private leadership to address a wide range of issues facing the City of Flint, including education, public health, and economic development. Larry Crockett has been working directly on behalf of my office to assist in planning and coordinating this effort. Earlier this fall we received notice that, largely through his efforts, Flint will be provided with major federal funding for a new economic development initiative beginning at the level of \$650,000 for the year ahead. We hope to extend these community outreach efforts to western Michigan in the months ahead with an initial focus on the Battle Creek/Kalamazoo and Grand Rapids areas.

Communications and University Relations

As a public university we are accountable. We have an obligation to communicate with the people who support us—to be open and accessible. For many years the University was not the object of much public or media interest—aside from Michigan athletics. Throughout most of the 1980s the University essentially ignored the development of strong relationships with the media. Indeed, our communications effort was combined with development and focused on supporting fund raising rather than media relations.

But, as I have already noted, things are different now. People want to know what we are doing, where we are going. We have an obligation to be forthcoming.

Communication with the public, especially via the media, doesn't always come easily to academics. We are not always comfortable when

we try to reach a broader audience. We speak a highly specialized and more exacting language among ourselves, and it can be difficult to explain ourselves to others. But we need to communicate to the public to explain our mission, to convey the findings of our research, to share our learning. The University must communicate systematically with its many constituents.

Thanks to Walt Harrison, our Executive Director for University Relations, we have built a strong communications program that is supporting all of our external relations activities. Further, Walt will be taking on additional responsibilities in the months ahead to direct our federal relations program, since we believe that there is an intimate relationship between public affairs and our Washington outreach. Walt and Lisa Baker are building a strong national media-relations effort, working closely with colleagues at other universities. In fact, we have recently reassigned one of our News and Information staff members to work in our Washington office full-time on national media-relations activities.

The National Agenda

A comment about the national agenda is appropriate here. As I noted earlier, higher education has come under increasing attack from many quarters. Public trust and confidence in the American university is threatened at just that time when our society is becoming increasingly dependent upon these vital institutions.

The fundamental problem here is the degree to which the universities have allowed others to set the agenda, to determine the issues concerning higher education. It is clear that as long as higher education allows others to determine and control the agenda, it will continue to find itself on the defensive, responding to first one negative issue and then another. This ongoing siege of the academy will continue to erode public confidence and trust in the American university at

just that moment in our history when the need for these institutions is most critical.

It is clear that higher education must take steps to regain control of the agenda, to begin to control the public debate, to change and reshape the context of the debate to achieve a more positive emphasis. Key will be a well-conceived campaign to turn people's attention to what higher education is really all about: educating the young people of our nation for the challenges ahead, doing the research that will determine our prosperity and quality of life, and providing the leadership necessary for our nation in a rapidly changing world.

In a sense, we must undertake a strategic marketing process, beginning with an effort to develop key themes and objectives, while simultaneously determining both the nature and views of key constituencies, and finally attempting to better shape these views and align them with the objectives of higher education. Here we must work on multiple levels:

1. The national effort dealing with the American public at large (and the national media)

2. A broad, outreach effort across the state of Michigan dealing with public perception, the media, as well as with a more focused political agenda, and

3. Local efforts, aimed both at the various constituencies on campus (students, faculty, staff) and those in the surrounding communities (Ann Arbor, Washtenaw County, southeastern Michigan)

The basic approach at all three levels will be similar, but implemented by different groups:

1. We must first take some highly visible action to respond to the criticisms and concerns since they do contain some truth. Our public

credibility requires that we demonstrate that we take criticism quite seriously. Here, however, we need to choose the battlefield carefully, responding only to a few of the more critical issues and neutralizing others of less relevance or importance.

2. At the same time, we need to launch a parallel effort to push several positive themes relating to how the university is needed by our society in the 1990s and beyond. Examples might include the education pipeline, economic competitiveness, and health care.

3. We need to take steps to build more permanent structures and organizations capable of continuing this effort for the long term. For example, at the national level it is clear that One Dupont Circle associations (AAU, NASULGC, ACE) must be overhauled to make them more capable of addressing public concerns and more responsive to the higher education community.

Fund Raising: The Campaign for Michigan

We believe the coming decade will be a critical turning point, not only for higher education in America, but for the University of Michigan in particular. Since there is not much prospect for large increases in our state and federal support, we must look elsewhere for funds. It is clear that we must raise private funding on a scale unprecedented for a public institution. In a sense, we must build private funding, as the fourth leg of support for the institution, to a level comparable to our other sources of support: state appropriation, federal support, and tuition. More specifically, we have set as our goal for the 1990s that of doubling our annual gifts from their present level of \$95 million per year to \$200 million per year by the end of this decade. Further, we believe that we must increase our endowment from its present level of \$500 million to the level of \$2 billion by the year 2000.

Ambitious? Perhaps. But is also clear that we have no choice if we are to sustain the quality and accessibility of this great institution.

How can we do this? We asked ourselves this question, and then we asked our friends, alumni, and the campus community. The answer was loud, clear, and unanimous. The only way to build the level of excitement and commitment necessary to achieve this goal was to mount the largest fund-raising campaign in the University's history.

Like most campaigns, this one will focus on the support of people, facilities, and programs through contributions to expendable funds, endowment, and the support of facilities. But unlike our earlier campaigns, this will be an all-unit, all-funds campaign. All components of the University will participate. And all contributions to the University during the campaign period will be counted. The campaign will call for an enormous effort from everyone, including many faculty. But if the meeting we had with volunteers and leaders last September is any measure, we are well on our way to success.

Concluding Remarks

I have been rather detailed in these remarks concerning our external relations. But I am conscious of the great stake you have in these matters. Where do we stand now? What are our prospects for the future? I believe we have turned the corner. The steps we have taken thus far have brought improvement and understanding and support for the University and its mission. If we stick with it, we will be strong and fiscally sound as we move through the 1990s.

Of course, a great deal depends on forces and events beyond our control. But we are doing our best to control those things we can so that the University will continue to prosper and serve the public good.

It is clear that things will never again be as

It is clear that things will never again be as they once were. We have entered a new and quite different world. But discipline, confidence, self-reliance, and determination to serve the public interest—all those qualities that have served us so well in the past 175 years—will see us through now as we prepare for the future.

