

Campaign Kickoff 2.3 (9/13/91)

Introduction

Thanks, Mike.

Welcome and thanks to all of you for coming today.

It means everything to us

that you care so much about Michigan.

that you want to help us make

the Michigan dream for quality public education

a continuing reality serving new generations.

Today I'd like to share with you

some thoughts about why this historic dream

is more powerful in these turbulent times

than ever before in its history.

----a dream that has sustained Michigan

as a beacon of opportunity,

an engine of progress,

as the leader, the "model", the "mother"

of American public higher education----

Today, I want to ask for your help

to keep Michigan a leader for the 21st century.

The Role of a President

Before launching into today's activities,

I would like to make a few comments on another issues,

one that has captured the headlines this week...

...and I don't mean the upcoming Notre Dame game...

You know, while being president of one of

the world's great universities is both exciting and rewarding,

I must also confess that, at times, it can also be quite frustrating.

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 a western movie,

who each day has to strap on his guns and go out to meet the

gunslingers who've come to shoot up the town.

The American research university is clearly under attack...

...by parents and students

...by Governors and State Legislatures

...by Congress and Government bureaucrats

...by the media and the public at large

We are perceived as

...big, self-centered, and greedy...

...with spoiled misbehaving students

...and even more spoiled faculty

...plagued by a long list of "isms"...

...racism, sexism, elitism,...and extremism

...and even for the deterioration of intellectual values

...scientific fraud

...political correctness

...lack of concern for undergraduate education

...gouging parents with high tuition

...and the government with inappropriate

charges for research

And yet the seeming paradox is that the extraordinary broad attention and criticism of academia comes at a time when the university is more deeply engaged in society, a more critical actor affecting the economy, culture, technology, etc. than ever before.

One of my colleagues, Erich Bloch, former Director of the National Science Foundation, states it well:

"The solution of virtually all 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 on creating new knowledge---and hence upon the health of America's research universities."

But, then again, perhaps it is not not so paradoxical.

We have reached an era when
educated people and the ideas they produce
have truly become the wealth of nations
and universities are the prime producers of that wealth.
As a result, more and more people realize they have
a stake in higher education...more and more want to
harness it to their own ends.
We have become more visible, more vulnerable.
We attract more constituents and support
...and more opponents.
We have become a prime target for
media attention and exploitation.
We are more a focus of concern for the powerful
...and an arena for concerns of the powerless.
Thus we shouldn't be surprised by critics
or by assaults on the academy
because society has an increasingly vital stake
in what we do and how we do it.
And yet the assault continues...and more and more of
our time and energy is spent defending the University...
...and its fundamental qualities of
...knowledge and wisdom
...truth and freedom
...academic excellence and public service
against the forces of darkness which rage outside
its ivy covered walls.

The UM Situation

This past week we've been subjected
to yet another round of such attacks,
this time triggered by the unauthorized release
of an embargoed preliminary audit of Michigan's expenditures
associated with our negotiations for 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 bear little resemblance to reality, and we've spent much of this week in a "truth squad" mode. Since this is such a high visibility issue, I believe it very important to brief you on this matter before we head into today's agenda.

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 draft government audit...and other similar audits that have recently been concluded..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.

Let me remind you than the audit process is one of interaction and negotiation. The audit team prepares a preliminary draft identifying those areas where they have questions. We then respond, and working together in such an interative fashion eventually arrive at a final audit report.

Since the preliminary audit draft generally contains many mistakes, it is kept confidential to allow a university response and corrections.

Unfortunately, it was this preliminary--and incorrect--audit report that was leaked in Washington in an effort to attack the University. Fortunately, however, the audit report makes is quite clear that the University has done very well in its management of both public and private resources.

Let me be more specific:

Out of

...a total expenditure base of \$1.57 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 \$300,000 of
charges that might affect future indirect cost negotiation rates.
Note that it did NOT suggest any impropriety, nor did it suggest that
we “pay the government back”, since, of course, the audit was
designed to examine the appropriateness of our overhead rate
for future research contracts.

Since this was a preliminary audit report it does contain some errors.
(An example was the so-called “ornaments for the President’s
Christmas tree” item...which was, in fact, a artificial tree that
office staff in the Fleming Building purchased along with other
University holiday decorations, and charged to an account that
the audit team confused with the President’s House.)

There were many other errors as well, and we intend to have the
audit team correct these, so that the amount of expenditures
in question will drop considerably below the present number.

But think about it for a moment: We disagree on less than
...\$300,000 out of \$1.57 billion of expenditures
...3-one thousandth’s of one percent of our expenditures,
In a process that is clearly highly judgmental in any event.
This is all that is in question in determining our future overhead
rates.

In fact, the audit team itself ran up expenses that were
several times this amount in their exhaustive,
four month exercise of pawing through our books.

It’s pretty hard to imagine any other university...or corporation...
...or federal agency...with a record that good!

Needless to say, the process of auditing expenditures and
negotiating government overhead rates is both complex and difficult.

And this complexity provides ample opportunity for those seeking
political gain...or cheap headlines...to sweep truth aside and
launch attacks against the integrity of even institutions with a
long tradition of public service such as Michigan.

Since this is such a highly visible issue, I have asked Farris Womack our chief financial officer and Walt Harrison, our public affairs officer, to be available to answer any questions you may have.

There is one final comment I would like to make:

At Michigan we believe there is only one way to do things...
and that is the right way...

...whether it is in financial operations

...in academics

...or in athletics

You have my commitment that as long as I remain president,
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 political 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 actions against us.

We will demand the same honesty, truthfulness, and integrity
of those who criticize us that we demand of ourselves.

And you can take that commitment to the bank!

World Transformed

You have all heard me talk often about the themes of this change

....changing population, globalization, age of knowledge.

But this change is more than just talk...

...it has never been more clear that continual change
is the only true constant of our age.

Suppose that a couple of years ago I had stood here and predicted that

...the Berlin Wall would be torn down and Germany reunited

...that the winds of freedom would blow across Eastern Europe

...that communism would be rejected around the world
...and that the Soviet Union would fly apart from the
centrifical forces of freedom and nationalism

You would have thought I was absolutely crazy...

...then suppose I had predicted that Bo Schembechler would
be at the helm of the Detroit Tigers rather than the
Michigan Football Wolverines...

You would have had me committed!

Yet all of these things have actually happened...along
with so many, many other events that have changed
our state, our nation, and our world.

We leave in a time of breathtaking change

...at a pace that continue to accelerate even as I speak.

The reality is that we have entered the 21st Century a
decade early...

The 21st Century is here today, in 1991, and we must be
prepared to face a world of extraordinary change
driven by the explosion of knowledge itself...

that is, by educated people...and the ideas they generate.

Yet what remains unchanged in this age of transformation,
as in the great revolutionary ones that preceded it,
is the need to for us to learn and understand ourselves and our world,
to draw on the wisdom and humane values of our cultures and
traditions.

to apply reason to human affairs,

And, of course, this is the job of education

--of our universities--especially of the University of Michigan.

But the role of the University goes beyond this...

it is characterized by something beyond education
...beyond research, beyond service.

The unique character and role of your University,

the University of Michigan, can be captured in a single word...

...the word "leadership".

...leadership through outstanding teaching and research
...leadership through the achievements of our faculty and staff
our students, and most important of all,
...leadership through the remarkable achievements of our alumni

Heritage of Leadership

Leadership has been both our University's heritage and our destiny.
How could it be otherwise?

The University of Michigan was founded
to lead and to serve a society in constant change.
Michigan, a state rich in natural resources
fur, timber, iron, copper--most of all, hardy and resilient people

The University...their university...was
founded by people with unbounded faith in
the power of education to bring progress
and willing to sacrifice for the sake of the future.

Their spirit was captured forever in the words
of the Northwest Ordinance chiseled above Angell Hall:
"Religion, morality, and knowledge being necessary to good
government and the happiness of mankind, schools
and the means of education shall forever be encouraged."

More than eight generations of citizens, alumni and friends
have built a University known around the world
as the model the prototype of America's great public universities.

It is at Michigan that the very concept
of comprehensive public universities developed and flourished--
--- one of the most powerful and original
of American social inventions--
joining for the first time a commitment to public service
to the traditional academic mission of excellence
in teaching and research
opening the door of opportunity to every person
---regardless of belief, wealth, nationality, race,
or anything else except the will and ability to achieve.

From the beginning, Michigan has been identified
with the most progressive forces in American life.

Making history is another Michigan tradition.

For while the University of Michigan was not the first of the state
universities, it was the first to free itself from sectarian control,
to be responsible and response to the needs
the true public university, responsible and responsive to
the needs of the people who founded and supported it,
even as it sought to achieve quality equal to that of the
most distinguished private institutions.

It was the first major university to enroll women...

...to enroll African Americans...

...to embrace students from every race, creed, and nationality.

In fact, Michigan is perhaps the best realization of the
Jeffersonian ideal of the public university...

...an institution committed to providing,

in the words of President Angell

..."an uncommon education for the common man"

This history and tradition are cause for celebration

--they give us strength

But we are not leaders because we focus on the past

We are leaders because we keep our eyes

fixed firmly on the needs of the future.

In fact, that is what brings us here.

That Go Blue Spirit is Alive and Well...

That extraordinary energy and vitality that has characterized
your University is very much alive today...

As manifested in

...those extraordinary Michigan students who built and
raced the Sunrunner solar car to the national championships
last year and then went on to finish 3rd in the world in the
races in the outback of Australia last year...

...or in the work of Francis Collins and his colleagues blazing

a path in the exciting new field of genetic medicine...
...achieving the discoveries destined to eliminate tragic
diseases such as cystic fibrosis and breast cancer from our
world

...or the team of Michigan scientists and engineers that built
and manage the National Research and Education Network,
the principal computer networks managed from Ann Arbor
that now link together over 3 million users throughout the world.

...or the scores of Michigan business students now serving
in Eastern Europe and the Soviet Union, helping those peoples
to make the transition to a free market economy.

...or the faculty of our School of Education who have recently
embarked upon a path breaking teaching certification program
aimed at facilitating those who wish to change careers and
move into primary and secondary teaching.

...or the quiet yet effective effort of several Michigan alumni to
take over the New York sports scene...Niederlander of the
Yankees, Fred Wilpon of the Mets, and Bob Tisch of the Giants...
...all here this weekend, I might add.

...or, of course, our two newest alumni
President George Bush and his wife Barbara...

Clearly that "Go Blue", spirit is alive and well
and stronger than ever.

Changes in University Financing

Yet while the spirit of the maize and blue is
as strong as ever, there are some very important
changes in another aspect of your University.

When most of you attended UM,
state taxes paid 80% of the cost of your education.

Today the state pays less than 25% of the tap for Michigan residents
...and, of course, nothing for students from out of state.

Indeed, in the past two decades, the State of Michigan
has fallen from from 6th to 37th place

in state funding for higher education.

And, while federal support has increased for research, albeit sometimes accompanied by a good deal of grief, federal support for student financial aid has all but disappeared except for the most severely underprivileged because of the near silent but historic shift of public policy in which education has come to be regarded as just another consumer item rather than as an essential investment in our country's future. This has forced us along with most other public institutions to rely increasingly on tuition for revenue.

In fact, as many of you know we made history two years ago (not the kind we prefer to make)

When, for the first time in our history, tuition revenue exceeded our state appropriation. our state appropriation as a percentage of our budget. Ironically enough, in that same year, again for the first time federal support exceeded state support as well.

In a strange sense, two years ago Michigan became the first of ...the great public universities to become privately financed ...and the first of

...the great state universities to become federally financed

More specifically, state support has fallen to the point today where the revenue portfolio for the University's academic programs is now

...25% state appropriation

...30% tuition and fees

...30% federal support

...15% private support and income on endowment

In one sense this is a somewhat better balanced portfolio than the 80% state, 20% tuition and other...balance of your times But, unfortunately, it has arisen more from the erosion of state support than from growth in the other areas.

So, what to do?

What to do?

In this brave new fiscal world,

the University has had to face up to some difficult realities.

A business as usual approach would not do.

We will have to compensate, rebalance our resources.

We have already begun to put our management house in order.

Cost Containment

We have been aggressively pursuing

very difficult reforms of “corporate culture”--reducing costs and improving quality, productivity, efficiency, service orientation implementing a massive program of “total quality management” throughout the institution.

Many of you heard about some of these efforts in June

So I will just note here that,

thanks to the efforts of Gil Whitaker, and his colleagues,

we have received national recognition as a leader

in this arena.

Increased Revenues

And thanks to Farris Womack’s leadership

and the wise counsel of some of you in this room,

our investment and management performance

have improved dramatically.

We are clearly getting far more bang for the buck.

Jon Cosovich and his colleagues have helped increase

our private giving to new highs.

Meanwhile, Vice President Kelly has led a highly successful effort

to help faculty increase external support for research

Public Affairs Agenda

We have also developed a broad strategic plan

for public affairs and communications to make sure

we increase public understanding and support

and to re-establish public education as a policy priority.

Dick Kennedy, Walt Harrison, Lisa Baker, and others
in close collaboration with Bob Forman
and our Alumni Association leaders
are reinvigorating and expanding our efforts
to reach out to our constituents.

All these improvements are beginning to pay off
and not just for the short term ...
as the heroic efforts in responding to this past weeks
sneak attack from Washington has demonstrated.

Positioning Ourselves for the 21st Century

The leadership team and the processes we have put in place
will, as Bo might put it,
keep us “lean and mean” for the long term.

In the opinion of many, there is no better
structured or deployed university --
no stronger University--in America today.

Michigan today has unique vision to contribute
to a long overdue national renaissance.

Michigan, more than any other institution
has what it takes to lead the way.

Key Challenge for 1990s

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.

True we face a period as challenging as any in our history,
as the past week has demonstrated.

But paradoxically, these are also times
that present the most extraordinary opportunity
for us to renew our mission of leadership
and to make critically needed contributions
to our state, the nation and, indeed, the world.

As Alfred Lord Whitehead has said,
“The great ages are unstable ages.”

But to play our destined role,
to sustain our academic leadership,
to renew our academic and service mission
to meet the challenges of a new age,
to be faithful stewards of the exceptional trust placed in us,
to seize the day,

it has become essential that we raise
private funding on a scale
unprecedented for a public institution.

We must build up the 4th leg of support...
to a level comparable to our other sources of support.

More specifically, we have set a goal for 1990s
of doubling our annual gifts
...from their present level of \$95 M/y to
\$200 M per year by 2000
...and building our endowment from its
present level of \$500 M to \$2 B

Ambitious? Perhaps.

But it also is 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 we asked you, too.

The answer was 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
...indeed, in the history of public higher education!

Today and tomorrow, you will be hearing
first hand and in very personal terms
about our Campaign goals and what they mean

to the people of our University
to the faculty, students, and campaign volunteers themselves.
You will also hear from experts about how you can help
the Campaign succeed.
But it seemed appropriate before we go into these details,
for me to share with you a few observations about
the nature and importance of this extraordinary challenge.

Campaign for the 1990s

We have approached the Campaign in a typical Michigan spirit
...with vision, boldness, and commitment
Like most campaigns, this one will focus on the support of
...people
...facilities
.. 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
...in which all components of the University will participate
...and all contributions to the University during the Campaign
period will be counted.

While there will be many components,
I would like to mention two to illustrate both
the themes and the impact.

People Support

To be sure, Michigan's nature as a public university
has been key to its character...and public support...
at least in the past...has been key to its capacity and quality.
Because, let's face it,
even in the most optimistic times,
we could never be leaders if we relied only on public sources.

Government committees and legislative bodies
are rarely visionary or innovative.

Politicians can't often gamble on a person
or act on faith in an idea
and Lord knows, however well intentioned,
they can't act swiftly, let alone serendipitously.

No, when it comes to forging new directions
or dreaming new dreams,
to seizing fleeting opportunities,
we must turn to our alumni and friends for help.

And you have never failed us.

It is you who have so often provided
the imagination and wisdom and the resources
to help transform dreams and opportunities
into magnificent and enduring reality.

And nothing could better illustrate the creative force
of private support than in the ways you help us
attract, develop and keep outstanding faculty and students.

Because we should never forget
that some of our most critical human questions
are still addressed, not by groups, not by institutional innovations,
but by individual scholars and students
whose special genius can spark
a quantum leap forward in our human comprehension.

It is private donors who often guide us
to build new centers of strength,
step in to help us attract scholarly stars of brilliant magnitude,

It is private individuals who support professorial chairs,
innovative new programs, postdoctoral grants,
establish interdisciplinary programs and centers,

It is private donors who so often provide
creative incentives and challenges that call forth our best efforts.

And is private giving

significant for our students?

You'd better believe it!

First and foremost, the best students are attracted

by the quality of our faculty, programs and fellow students
all strongly influenced by private support.

But, in addition, put quite simply, many of our most able students
both from Michigan and outstate
could not be here if it were not for private support

Private giving keeps opportunity alive--

providing scholarships and grants--

for the most scholastically meritorious,

as well as for the low and middle income students at all levels,

now that state and federal financial aid

have about disappeared for all but the most needy

We also serve growing numbers

of non traditional students.

They need innovative programs and aid

only available from private donations--

--continuing education for professionals,

retooling programs for career changers,

underprivileged whose needs exceed available financial aid,

subsidies for new ventures

such as study abroad, internships, off campus programs.

Thus private donors account for the Michigan difference

that helps us to meet the financial needs

of all Michigan undergraduates.

as well as much of the aid

that keeps us competitive outside of Michigan.

In fact, one of the most critical goals of our Campaign

is to increase our financial aid

for outstanding out of state students

who bring us so much talent and vitality

making Michigan a truly national public university.

The Gateway Campus

The recipe for a great undergraduate education is surprisingly simple:

- ...ambitious and inspired students working with
- ...expert and dedicated faculty
- ...in a setting, curricular and physical
- ...that brings out the best in both.

The University excels in many of these characteristics

- ...the study body is of the first quality,
 - motivated and dedicated to a complete educational experience
- ...the faculty are world-renowned as scholars and teachers
 - in their disciplines
- ...the setting is complex in both its physical layout and in its diversity
 - of offerings for students

But something is missing

- ...an entrance to this vast and rich educational setting.

As students enter the University for their UG experience,
they are immediately thrown into the complexity of
a large and decentralized learning environment.

They do not pass through a self-contained physical environment
or program that introduces them to the resources of the University
and to the potential they have to explore the world of ideas
and knowledge.

Hence, a key priority of the campaign will be a new campus...

- ...the Gateway Campus...

aimed at enhancing the quality of the first two years of the
undergraduate experience.

The Gateway Campus offers an opportunity to create an undergraduate
faculty that spans the disciplinary units that will teach in it.

The Center for Undergraduate Education, to be housed in the
Gateway Campus, is meant to break the barriers separating the
disciplines and to encourage courses and interaction among students
and faculty that will contribute to a student's general education
not to disciplinary specialization.

The buildings that house this function will not only enable such courses in classroom facilities, they will also emphasize the totality of the educational experience, utilizing classrooms surrounding by study areas, work spaces, and varied programs and services that are both attractive to and needed by younger students.

A unique feature of the Gateway Campus will be its objective of introducing students at the earliest opportunity to the University's rich resources of cultural and physical collections. To this end, we intend to integrate the present Kelsy Museum of Archaeology and the Museum of Art into a structure that will be the center of the Gateway Campus, thereby exposing students to important collections of cultural artifacts and works of art. These resources, coupled with the collections of the adjacent Museum of Natural History, will provide an intellectual gateway symbolizing the wholeness of knowledge to entering students. Further, this unique integration of our principal exhibit museums with the focal point of undergraduate education will provide unusual resources to the University and the broader community by virtue of the accessible location and design.

As a cornerstone of the Campaign, the Gateway Campus is not only a set of structures and programs, but it will become a vital passageway inviting both students and community members to experience and enjoy the resources of a great teaching and research university.

Conclusion

The task we have set ourselves is immense--
both the academic renewal we envision
and the Campaign to support it we set in motion today--
but when in all of its history
have this University or its friends ever shrunk from leadership
whatever the burdens or obstacles?

We must summon the vision and the determination
to prepare the people and produce the ideas
that will help revitalize our national life.
But we cannot do the job alone.

Never have we needed our alumni and friends more than now.
No one can know your loyalty, generosity,
 sense of responsibility to the University better than I do.
I am privileged to have seen and experienced it first hand.
 on so many occasions.
I have seen your loyalty and caring,
 your imagination and vision.
I have seen you find so many ways to give something back
 to your University
I have heard you search for ways to provide a legacy to the future.
I believe that right now Michigan has unique strengths to contribute
 to a long overdue American renaissance.
 We have what it takes to lead the way.
 We know where we want to go.
 We have taken the first steps.
But only with your help and support can we hope to reach our destination.
We need each one of you--your all-out best effort... and then more--
Isn't that the Michigan way always?
Every time we have turned to you for help over the years,
 you have been there.
And here you are again.
With you at our side
 I have no doubts that we will achieve our goals
 and emerge with leadership for a new century assured
 Maize and Blue banners flying high.
We are so grateful.
I have talked long enough.
Blame it on my enthusiasm for what I see in our future --
 and you all know that I just plain love this exceptional place.
You will be hearing from
 many more Michigan fanatics today and tomorrow.
It's an epidemic around here.
And then, just when you think

you can't summon another ounce of Michigan spirit,
we are turning you loose in the Stadium tomorrow
to help us us trounce Notre Dame!

(While we've won three Big Ten championships in the three years
of my presidency, we've never beaten Notre Dame...
...and I am determined to break the jinx!)

Introduce Bo

The man who speaks next
will fire up that winning Michigan team spirit to the limit if anyone can.
We will need that spirit in abundance tomorrow against Notre Dame
and even more in this Campaign that will be so critical to our future.
So let's go all the way to our goal together ...and let's Go Blue!
Thank you.