

## Talking Points

of James J. Duderstadt

to: Michigan Community College Presidents

Michigan League

12:00 - 2:00 p.m.

Tuesday, September 15, 1992

Attendees: 22-25, with 22 college presidents

Length of remarks: 15-20 minutes, with 20 minutes Q&A

Background: This organization is comprised of both presidents and board members from community colleges -- 29 presidents, 29 board members from each institution. At this particular meeting, only the presidents (and staff) will be in attendance. This group meets quarterly, usually in Lansing, but this time they are meeting in Ann Arbor because the meeting coincides with the Fall Conference of the Council of North Central Community and Junior Colleges. The presidents don't dominate this group; board members have quite a bit of influence.

o Welcome to Ann Arbor. So pleased that this group is meeting at UM. This is a good opportunity, in fact, to recognize the cooperative relationship that exists among Michigan's higher education community. As past chair of the Presidents' Council, State Universities of Michigan, I know firsthand how important it is that higher education pulls together on issues of common concern.

The Context:

Michigan

You already know better than I that Michigan is experiencing the painful consequences of a profound economic transformation. Perhaps this is best illustrated by GM's recent announcement that they will eliminate yet another 9,000 jobs in our state, including

closing perhaps the greatest symbol of post-WW II industrial America, the Willow Run assembly plant.

Yet this is only one of many signs of the great challenges before our state. We all know the degree to which Michigan has slipped dramatically in the key indicators of the quality of life in our state, now ranking

- 30th in per capita income
- 37th in child well-being
- 39th in housing affordability
- 41st in overall employment
- 48th in business climate
- 48th in high school graduate rates
- 49th in return on federal tax dollars

Further, we rank

- 14th in teenage unemployment rates
- 13th in incarceration rates (and rising rapidly)
- 13th in percentage of children in poverty--with one-third of our children now classified as impoverished
- 12th in property tax burden
- 10th in infant mortality
- 4th in public aid recipients
- 1st in mortality from major diseases
- and 1st as well in smoking, I might add

In reality, this tragic litany of statistics just represents symptoms of the broader dimensions of Michigan's failing fiscal health.

The National Scene

Of course, the most immediate stress on higher education is coming from the effects of a deep and profound political-economic crisis. For one

thing, of course, universities are feeling the effects of the current recession both nationally and regionally. But current fiscal woes are not just temporary set-backs they go much deeper. Universities are suffering the consequences of the structural flaws of national and state economies--the growing imbalance between revenues and expenditures --that are undermining support for essential institutions as government struggle to meet short term demands at the expense of long term needs.

The electorate has adopted a new credo:

“ Eat dessert first. Life is uncertain.

.....and by the way, just sent the bill to the kids later

--say in a decade or two.”

Education at all levels is feeling the effects of two decades of national political failure to invest in our people and infrastructure --in our children's future.

The states are in trouble, too. For the first time in thirty years, state support for higher education is dropping. In fact, I suspect there are few areas of the country in which state support for public higher education will be even able to keep pace with inflation during the 1990s, despite the fact that enrollment pressures are now building rapidly as we bounce back from the post-war baby boom and bust cycles.

Cuts in federally supported financial aid has shattered the dream of equal educational access for many students leaving higher education to scramble to try to make up the difference while it is also are forced to increase tuition to unprecedented to make up for massive losses in other revenue. So, too, the federal government has embarked upon a massive effort to shift more of the costs of federally sponsored research to the universities through limits on overhead reimbursement rates, even though these rates are less than one-half to one-third those characterizing other federal contractors in the public and private sectors.

Hence, both public and private institutions are facing very serious financial difficulties today. While you read in the national press about the staggering budget deficits faced by relatively affluent institutions like Harvard, Yale, and the University of California, let me caution you that the situation is far more serious in those institutions who do not benefit from massive endowments or generous state support, and small private colleges are perhaps most threatened of all.

The recession will pass....so the politicians say. But we can never again take for granted our place in national priorities. If we want to survive and serve new generations we will have to build broad and deep support among our constituents--broadly defined.

### The Challenge of Change

As for what's going on, at least that is clear. A lot!

We all have to recognize that we are living in the most extraordinary of times

...the collapse of communism

...the end of the cold war

...the impact of technologies ranging from computers and telecommunication to biotechnology

...a redefinition of the world economic order

...the rapid diversification of the American population

which is making our country the first "universal" nation.

...the communications revolution

...and, of course, mankind pushing against the very limits of the planet.

American society is being transformed --our population becoming truly multicultural-- making us the first truly "world" nation. Our economy and culture are becoming internationalized. We are entering an age in which knowledge itself has become a

strategic commodity, the key to economic prosperity, national security, and social well being. And the pace of change continues to accelerate!

Indeed, many believe that we are going through a period of change in our civilization just as profound as that which occurred in earlier times such as the Renaissance or the Industrial Revolution--except that while these earlier transformations took centuries to occur, the transformations characterizing our times will occur in a decade or less! For many of our citizens these changes are at best unsettling and at worst terrifying. It is easy to understand that trust in once solid institutions such as government or corporations or universities has been shaken. Indeed, many today are looking for scapegoats to blame for the anxiety, the anguish, caused by a world in dramatic change. In fact, there are many who hold universities themselves responsible for all they don't like about our times.

### Some Comments to the Community Colleges

- o There are four points that I would like to address this afternoon, and then we'll get on with some informal discussion.
- o Autonomy. It's not news that state legislatures around the country are trying to impose more and more constraints on the way higher education manages itself. This trend began in the early 1980s and shows no sign of letting up, particularly as public resources become more constrained. When there isn't any money, the public's attention (and hence, legislators' attention) shifts to oversight and management. In Michigan, we have been quite fortunate in the very recent past that these attempts to tell us how to run our institutions have been fended off. Some of the cooperative efforts that we've been able to put together -- as colleagues -- have made a tremendous amount of difference in this regard.
- o But I believe that there is a clear and present danger that we face, both in Michigan and nationwide. Our constitutional

autonomy, the very symbol of the peoples' faith in public higher education, is constantly being rattled. One can hardly pick up a newspaper or turn on the radio or television without hearing about some new example of so-called "waste" of public resources. Our choice of curriculum is being questioned, and in some states, being dictated. Questions are being raised about how our faculty's time is being spent. The latest in a series of "Profscam" - type books appeared in August, with the publication of former Reagan Administration staffer Martin Anderson's new book "Impostors in the Temple."

- o Let's face it. Higher education isn't held in very high regard these days. At UM, we conducted a survey back in March to gauge public opinion on a range of issues. When asked to choose among spending categories such as K-12 education, health care, the environment, etc., higher education consistently came up at the bottom of the pile. With this kind of market share (or lack of it), no wonder we can barely manage a credible offense. We're on the defensive all the time.

- o It is essential that we continue to pull together to work on a collective strategy to tell our story to the public and tell it well. We're doing that, to some extent, but we can do a better job. We have to. Unless we do, we'll no longer manage ourselves. Government will do it for us.

- o Access. Community colleges are on the front line in providing accessible and affordable opportunities to higher education. You've done exceptionally well on this front, by being niche players. Your institutions are community gateways, serving a variety of regions in a highly personal way.

- o Community colleges are also a gateway to four-year colleges. Interestingly, a new UM study contradicts previous research findings that students who attend community college are at

a disadvantage in pursuing a baccalaureate degree or graduate work (author Valerie Lee, asso. professor of education). Her conclusion: Community college students who transfer to a four-year college are as likely to get a baccalaureate as students who attend four-year colleges from the start. A recent article in the Chronicle of Higher Education (September 9) cites efforts by Rockland Community College in New York to "propel gradates to the top," through an Honors program. The article notes that students can improve their academic standing, and, with help from faculty members, increase their chances of attending the college of their choice.

- o Clearly the important segue from community colleges to four-year institutions is being made. We can learn from each other by sharing information on admissions and retention rates of students, particularly minority students. Here at UM, we are in our fourth year of the Michigan Mandate, a strategic plan to make this campus more culturally diverse. We do not underestimate the challenges ahead. But we are determined to build a community in which people of different races and cultures are respected, where their efforts are rewarded, and where obstacles to their advancement are eliminated. Each of us faces these challenges, as we enter a period in American history of rapid social change.

- o I should mention also that financial aid on our own campus is increasing, despite the zero growth in state funding. \$12 million in additional student support is among the bright spots in a budget which will result in no salary program this year for no one except our lowest paid faculty and staff members. Like you, we are deeply committed to making financial aid available, even under difficult circumstances.

- o This leads me to my third point. At a time when the state's resources are constrained, we need to find ways to avoid unnecessary duplication. The Community Colleges of Michigan and the Presidents' Council are working cooperatively to find new ways

that are precious resources can be targeted to do the most good for our people. We are coordinating many of our outreach programs and I expect that we will do more of this in the future. A successful dialogue among our academic officers has been helpful in this regard. Further, Northwestern Michigan College in Traverse City and PCSUM are embarking on a self study to determine how higher education can best serve Northern Michigan in the future, under the leadership of Tim Quinn and Glenn Stevens.

- o We're all going to have to do more to improve K-12 education. I hope we can explore new opportunities for mutual cooperation. Not only does K-12 outreach and collaboration create a better "pipeline," but it is also strategically important. Simply put, the public's top spending priority is K-12 education, and we need to link ourselves with the K-12 system.

- o My final point addresses state spending priorities. There are two critical short-term issues. First, cut 'n cap. Higher education will be called upon to support the Governor's proposal. Certainly there would be some negative impact on community colleges. Thusfar, the Presidents' Council, State Universities, has not decided on a position on cut 'n cap. We have no formal position on this issue at the present time. However, we will be discussing it at our meeting in two weeks; it is obviously very important and has many implications on our funding situations. There is already a great deal of pressure on higher education because of the state's budgetary problems. I cannot say what our final position will be (PCSUM), but certainly it is difficult for all of us to try to maintain our state funding base as state revenues continue to be strained.

- o But over the longer term, we have a great opportunity to work together with the Governor and the Legislature to make our missions known. We should find every opportunity we can to work together, because along with K-12, we are creating the opportunity for everyone to achieve lifelong learning. In Michigan, public



education is a vast continuum, with each aspect of education performing separate but complimentary missions. I think that many legislators understand how important education is to our state's future, as we make the transition to a global economy. But unfortunately, many do not, or at least are unwilling to make short-term sacrifices for a more stable foundation on which we can build an unparalleled system of public education.

- o Time and again, I hear from supporters of education that we don't make our case very successfully. Many say we don't make it at all. That's a tragedy. If we do ignore this communications gap, it is at our peril. I hope that we can find new and creative ways to get the message out, and I look forward to working with you to that end.

## Concluding Remarks

Let me conclude with several observations:

### Observation #1

It is clear that our state is in the midst of a profound transition. We are leaving behind our industrial economy, once prosperous due to an abundance of natural resources, unskilled labor, and--to some degree--constrained, slowly moving domestic markets. Instead, our future is clear: Michigan will be characterized by a knowledge-based economy, characterized by intensely competitive world markets, rapid technological change, and--most important of all--its dependence upon educated people and their ideas.

This has not been--and this will not be--an easy transition to make. The truth is that the outcome is still very much in doubt. 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, fail to make the necessary investments and sacrifices today necessary for strength and prosperity tomorrow, and instead become an economic backwater in the century ahead.

It is clear that we face a fork in the road ahead. My central theme 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 human resources. Previous economic transformations were closely associated with major public investment in infrastructure such as railroads, canals, electrical networks, and highways. In the coming economic transition, an equivalent infrastructure will be an educated population. The actions we must take today, and the investments we must make, will clearly determine our capacity to respond to this future.

#### Observation #2

It is clear also that we must do everything possible to protect our public universities during this transition period, since they will not only be key to our recovery, but key to our prosperity for the long term. We all need to be reminded that it has taken the commitments and sacrifices of eight generations of Michigan citizen's to build these wonderful institutions. It would be tragic indeed if our generation--and your state government--were to drop the baton and allow the quality of these institutions to be destroyed.

However let me also acknowledge, as I am certain that we are all very painfully aware, that there is very little positive that state government can do to help higher education over the next several years. Until you complete the restructuring of state government and until Michigan's economy rebounds, you simply will not have the resources.

Hence, during this period, it will be the institutions themselves which must take internal actions necessary to preserve their quality and capacity to serve the state during a period of extreme financial hardship. They must become more efficient. They will almost certainly have to cut back, eliminating some programs, reducing enrollments, and in some cases laying off staff. And they will have to ask those more affluent families to pay a bit more of their fair share of the cost of education through higher tuitions, if they are to acquire the resources necessary for financial aid programs, which is the real key to access.

However, let me also note that while state government will not have much capacity to help us in the year ahead, it will have the capacity to do very great damage to higher education in Michigan if it should chose to constrain the options available to our institutions and to deprive us of the flexibility necessary to get through these difficult times. It must resist the tendency to intrude on the management of our institutions during these difficult times, and it must allow Michigan's universities to respond and adapt to hardship as best they can.

### Observation #3

Finally, let me urge state government to join with us in higher education, and join as well with our colleagues in the private sector, to develop a long-term strategy for our state. One which addresses the critical structural issues we have put before you this afternoon. We are pledged to work with you, to help in understanding options, and to provide our strong support for the difficult actions which must be taken if Michigan is to regain strength and prosperity once again.

Finally, let me also urge, in the strongest possible terms, that state government join us in accepting our roles of responsible stewards to protect and preserve these remarkable institutions for future generations. We will all be judged by future historians on how

wisely and effectively we protect and sustain this great resource, so critical to our future.

I would like to conclude on a more optimistic note. The good news is that Michigan has built a powerful system of higher education, and this will be a critical strength in the years ahead. As we near the twenty-first century, educated people and the ideas they produce have truly become the wealth of nations. Universities are the prime producers of that wealth. It is higher education that has become the key resource, the competitive edge, for our state and country. By any measure, Michigan has what it needs to turn things around.

We may have to endure more restructuring. The future may call for more sacrifice. But we will change; we will succeed--of that I am sure. As my colleague Paul McCracken said at a meeting recently, "Democracies always do the right thing--after they've tried everything else."

Well, I think that is where we find ourselves today. We have tried everything else.

The time has come to do the right thing.

It's up to all of us.