

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

Mr. Chairman, the Reauthorization of the Higher Education Act comes at a critical moment for America's colleges and universities. And I use the word "critical" in more than one sense. Never in my memory has higher education been the object of more widespread critical attention from across the political spectrum. We are accused of greed, sexism, elitism, racism. It is alleged that we neglect education for greedy professional opportunism; that we lack integrity, cost too much, care too little, are politically correct or are elitist; but also that we are betraying Western civilization.

The timing and stridency of this assault is paradoxical because it comes at a point when the American system of higher education is the envy of the world. I recently had the chance to hear some admittedly anecdotal confirmation for this claim at a meeting where a group of Japanese business leaders was asked to name America's greatest strength and our greatest weakness. Without hesitation they replied that our greatest strength was our system of higher education. They then added that our greatest weakness was our K-12 system (a depressing paradox in itself).

Many would agree with this assessment. By just about any measure, American higher education is doing an extraordinary job in terms of the numbers and diversity of the students we educate; our educational diversification; and our intellectual vitality measured in terms of productive research that creates industries, saves lives, and improves the prosperity and quality of life for the people we serve. And, let me add, that it is America's system of public higher education, of which our University of Michigan is acknowledged as the "mother" and model, that is both the glory and backbone of the system.

Our strength in higher education is critical to our future. As we near the twenty-first century, educated people and the ideas they produce have truly become the wealth of nations. It is higher education that has become the key resource, the competitive edge, for our country. In fact, I think it is our increasingly important role in society that explains the growing attention we have received recently. With the future of our country at stake, it is not surprising that more people and interests should be concerned about our mission and goals.

Indeed, we should encourage the American public and its leaders as well as educators, journalists, and opinion makers to participate with us in debate about our future direction because the choices we make in the next decade or so will have long-range implications for our economy and society. Certainly, we need to learn from our critics and be accountable for our actions. At the same time, we must be careful to recognize the ideologues and extremists of all persuasions whose passions and opportunism might--perhaps are intended to--distract us from debate over the central educational questions of our time.

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

Equal Access to Quality Higher Education

In my opinion, the most critical issue before us is renewal of our nation's historic commitment to equal educational access to higher education for all those with the will and ability to achieve and benefit from it. There is no more important public investment than in our youth, and through them, our future. This has never been more true than today when our economy and society are in the midst of a profound economic and social transformation in which a highly educated workforce has become the most critical element in economic competitiveness, social mobility, and positive social change.

Therefore the Title IV programs are of the highest importance not just to higher education, but as a vital public and long-term interest. In this connection, I have several concerns to express to you:

First, to put financial aid in a larger context, I believe the issue before us is that we must reaffirm our obligation as a society to invest in our future through public support for higher education. We must give a higher priority to public-funded student aid in keeping with the practice of most of the advanced industrial nations. During the last dozen years there has been a profound but nearly silent shift in public policy at the national and the state level that has reduced public funding for student aid and post-secondary institutions to a point that threatens to undermine the very concept of publicly supported higher education. While the lifelong monetary value of a college education for individuals clearly suggests that students should bear a reasonable part of its costs, I think the pendulum has swung too far. It is time for us in society to reassess our long- and short-term interests and direct more of our resources to long-term investments in education at all levels. If we do not, I believe the consequences will be a serious decline in our standard of living and our place in the world.

With that said, I would like to address some specific concerns about student aid as follows:

(1) The growing grant/loan imbalance is mortgaging the future of a whole generation with increasingly unmanageable debt. Loans have become too much an ingredient of educational financing--even for those from very low income backgrounds. This is threatening access to higher education and affecting vocational choices in ways that may be counter to the national need for teachers and other public sector professionals. It is also mortgaging our future prosperity, as an increasing proportion of earnings go to debt service.

(2) In this connection, we need to increase access to loans for middle-income families. It is important to note here that our University has made a commitment to achieve diversity in our student body, and we have made important strides in increasing our enrollment of underrepresented minority students and the underprivileged. We are very proud of our efforts and see them as a cornerstone of our commitment to educational excellence and equal access. Federal loans and grants have been critical in providing support for students who could not otherwise enroll. But we now find that middle- income students are having a very hard time coping with the increasing costs of tuition and other costs. We need to address their needs or force too many of them to accept less than the educational challenge for which they are qualified.

I can summarize my concerns by advocating more money for more students. But I am comfortable in doing so because I do not believe the American public can invest in anything that will have more potential for improving our individual and collective prosperity and well-being.

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

(4) By whatever means you attempt to refine the grant programs to reduce indebtedness, the bottom line will be dollars. Here I believe that the key is to target available dollars to students and education. To that end, I urge you to give serious attention to revising the student loan programs to take advantage of the credit reform provisions enacted as part of last year's budget act. Credit reform provides an excellent opportunity for the Congress to develop a rational system of student loans, simplify the student aid process, and make additional funds available to assist students.

(5) As Chair of the Legislative Committee of the National Association of State Universities and Land Grant Colleges (NASULGC), I have helped develop a proposal for direct lending to students. I believe you heard testimony on this last week in Washington, and I hope the Subcommittee will consider it with care. The NASULGC Executive Committee already has endorsed the idea. If there turn out to be serious impediments to enactment or if a better reform package comes along, we are open to changing our view. However, at this point we believe direct lending is the most effective alternative to the Stafford Loan Program.

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

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

Graduate Education

Graduate education is critical for the renewal of the professoriate and the research infrastructure. Concern for graduate education can easily be lost in our preoccupation with K-12 and undergraduate education. But at a research university of the comprehensiveness and quality of Michigan, doctoral education is central to our mission. Graduate students are the critical link between yesterday's college students and tomorrow's college and university faculties. Graduate education holds the key to educational reform at all levels. It is the lifeblood of our research establishment, health care, research, scientific, and technological competitiveness. What we do in graduate education today will shape our colleges and universities and our society well into the middle of the next century. The graduate education programs authorized by the Higher Education Act are a key component of the Federal effort in graduate education.

The Harris programs and support programs for minorities and under-represented groups are small but important for access. The Area of National Need and Javits Fellows Programs support vital efforts to improve the quality of instruction and research. It is important to note that the Javits Program is the only Federal fellowship program for students in the Arts and Humanities. In general I concur with recommendations submitted to you by ACE and twelve education associations, and I believe they merit your careful consideration.

The nation's programs of graduate and professional education produced approximately 34,000 Ph.D.s, 309,000 master's degrees, and 71,000 professional degrees in 1989. The talented students who complete these programs are a rich resource for the nation. Doctoral recipients become the scientists, teachers, and scholars responsible for the discovery and dissemination of new knowledge and the preservation and interpretation of our intellectual and cultural heritage. Master's degree students receive advanced training finely tuned to the array of skills needed by industry to help maintain our nation's competitiveness in the

global economy. Master's programs also prepare students for public service careers and, for many students, provide a stepping stone to doctoral or professional study. Because graduate and professional education serve important national needs, the federal government plays a significant role in their support.

Despite the importance to the nation of these postbaccalaureate programs, serious problems confront them. The proportion of Ph.D.s granted by our universities that go to U.S. students has been declining for over two decades. Minorities and women remain underrepresented in most master's and professional programs as well as in doctoral programs. In an analysis of the academic labor market for arts and sciences disciplines, William Bowen and Julie Ann Sosa have projected that, without intervention, current trends in Ph.D. supply and demand will result in substantial shortages of Ph.D.s beginning in just a few years and extending into the next century. According to their projections, between 1997 and 2002 there will be only eight candidates for every ten faculty vacancies across arts and sciences disciplines; over that same period, only seven candidates will be available for every ten vacancies in the humanities and social sciences. Shortages in such high-demand fields as business, computer science, and engineering are already occurring. These shortages will affect industry as well, which has become increasingly dependent on personnel with advanced training to conduct its R&D programs.

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

Internationalization

As we have seen in recent months, events in what were once remote regions of the world now have come to have a direct impact on the lives of every American. Our world is rapidly becoming one world--an interdependent whole--in which

politics, economics, culture, ecology and many other aspects of life must increasingly be viewed as single-world systems. This is also true for academia with many implications for what and whom we teach, where we teach them, and how we interact with the international scholarly world.

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

Even as the Cold War has waned, new and pressing challenges have arisen: environmental and health problems which are global in scope; concern for American prosperity as economies become more interdependent; and serious regional conflicts due to racial, religious, ethnic, economic, and cultural differences. At the same time, new opportunities are arising from the growth of democracy, free enterprise, and political freedom around the globe. In this rapidly evolving world, our nation's store of knowledge and our ability to deal with other people and regions of the world have become even more critical and so have the programs authorized under Title VI.

Over the years, the key components of Title VI have been the authorization of National Resource Centers and fellowships for Foreign Area and Language Studies. With the assistance of FLAS fellowships, the National Resource Centers have been instrumental in producing the specialists who serve the federal government, teach in the nation's colleges and universities, and staff our increasingly internationalized business enterprises. Centers also play an important role in disseminating knowledge to the government, to teachers at all levels of the education system, and to other sectors of society, including general programs for the citizenry at large. In short, Title VI has produced a relatively small, cost effective, and productive infrastructure which supports our national competence in foreign languages and international knowledge.

As the national need for international capacity-building grows, so does the demand for specialists in foreign language, area studies, and other international

fields. Continuation of the Title VI provisions for National Resource Centers and FLAS fellowships is essential to meeting this demand. Without the participation of the federal government, it is unlikely that universities alone can sustain the infrastructure developed over the past thirty years. For example, at the University of Michigan, Title VI funds account for approximately 10 percent of the library purchases for area studies collections. This 10 percent is essential if the quality of the research materials is to be preserved in our areas of specialization. Title VI provides critical support for courses in important languages such as Farsi, Turkish, or Polish. The first generation of scholars produced by Title VI in the 1960s is now retiring, and FLAS funds will be extremely important in helping to produce a new cadre of experts to help the nation face a rapidly-changing international scene.

Internationalization is affecting professional fields from social work and law to business and engineering. The National Resource Centers increasingly maintain joint programs with professional and technical fields, a trend which should be encouraged. Title VI - Part B, which authorizes international education programs related to business, is an important step towards addressing the nation's need for international expertise in the global market place. Part B should be retained and supported.

One of the most pressing needs of higher education is development of our ability to participate in the "world pool of knowledge." Linkages with universities and research institutions abroad enhance our own research and educational capacities and create important connections with future leaders and scholars in other nations; they also provide important opportunities for students and faculty to develop the solid insight which comes only with work and study in another culture. Title VI should incorporate provisions to help universities establish new linkages abroad so that the international goals of the legislation can be more effectively met. To facilitate collaboration and research abroad, the Fulbright-Hays program, which is complementary to on-going activities under Title VI, should be transferred from the Mutual Educational and Cultural Exchange Act to the Higher Education Act; both Title VI and Fulbright-Hays are administered by the Department of Education, and such a transfer would permit improved coordination and review of these complementary programs.

Title VI represents a highly successful partnership between the government and institutions of higher education. Since the 1960s, however, the federal

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

Conclusion

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

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

We face formidable challenges and extraordinary opportunities in the years ahead. We will not continue as world leaders in higher education without the continued creative partnership with our people and their elected leaders that has been so much a part of our success until now.

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

That is why your hearings are so important. I am deeply grateful for this opportunity to speak to you today and will be glad to answer any questions you may have.