

## **LA Major Gifts Luncheon**

### **Major Gifts Committee of LA and SF/About 30 guests**

Chair of LA Committee, Dick Riordan will not be present but you may want to extend thanks to him.  
In his place is Frank Tranzow who will introduce you for remarks.

Remarks of 10-15 minutes

Format: All guests seated at one large rectangular table with you in center of long side.

So you can be informal and intimate in approach.

Let them in on the inside dope.

### **Possible Futures**

Our universities today are at a particularly important moment in history, since they are being called upon to educate students who will be spending most of their lives in another century...citizens of the 21st Century, if you will.

And while it is always risky to try to speculate about the future our students will find, three themes of 21st Century America seem clear...

i) It will be future in which our nation becomes a truly multicultural society, with a cultural, racial, and ethnic diversity that will be extraordinary in our history

In which those groups we refer to today as minorities will become the majority population of our nation in the century ahead...

In which women take their rightful place as leaders of America...

In this future, full participation of women and underrepresented minorities will not be just a matter of equity and social justice.

It will be the key to the future strength and prosperity of America, since our country cannot afford to waste the human talent represented by its minority populations.

This is probably the most serious challenge facing American society today. While it is true that universities cannot solve this problem alone, we must not use this fact as an excuse for doing nothing.

Rather we must intensify our efforts to seek full participation of underrepresented minorities among our students, faculty, staff, and leadership.

As both a reflection and leader of society at large, we have a special challenge and responsibility to develop effective models of multicultural, pluralistic communities for our nation.

We must strive to achieve new levels of understanding, tolerance, and mutual fulfillment for peoples of diverse racial and cultural backgrounds.

ii) It will be a future in which America will become "internationalized"... in which every one of our activities must be viewed within the broader context of participation in the global community...

Whether through travel and communication, the arts and culture, the internationalization of commerce, capital, and labor, we will become increasingly interdependent on other nations and other peoples.

Further, as the destination of roughly half the world's immigrants, the United States is rapidly becoming a "world nation" with not simply economic and political but strong ethnic ties to all parts of the globe.

If our institutions are to serve America in its role as a member of the global community, we must think and act more

imaginatively, more aggressively, and more strategically  
to strengthen our role as truly international centers of learning.

iii) The Age of Knowledge

But there are even more profound changes underway...

Looking back over history, one can identify certain  
abrupt changes, discontinuities, in the nature,  
the very fabric of our civilization...

The Renaissance, the Age  
of Discovery, the Industrial Revolution

There are many who contend that our society is  
once again undergoing such a dramatic shift in  
fundamental perspective and structure.

Today we are evolving rapidly to a new post-industrial,  
knowledge-based society, just as a century ago our  
agrarian society evolved through the Industrial Revolution.

In a sense, we are entering a new age, an age of knowledge,  
in which the key strategic resource necessary for our  
prosperity, security, and social well-being has become  
knowledge--educated people and their ideas.

New ideas and concepts are exploding forth  
at ever increasing rates...

In many fields, the knowledge base is doubling every  
few years...indeed, in some fields the knowledge  
taught undergraduates becomes obsolete even  
before they graduate!

The typical college graduate of today will  
likely change careers several times during a  
lifetime...

Hence a college education will only serve as  
the stepping stone to a process of lifelong education...  
and the ability to adapt to...indeed, to manage  
change...will become the most valuable skill of all.

As our society becomes ever more knowledge-intensive,  
and hence ever more dependent upon educated  
people and their ideas...

It will become ever more dependent upon our research  
universities as primary sources of new knowledge  
and those capable of applying it.

Hence our institutions will face a period of unusual  
responsibility, challenge, and opportunity in the years ahead.

**Concerns...**

Needless to say, these same challenges of pluralism,  
of globalization, and of this age of knowledge  
that is our future will pose great challenges and  
demand similar changes in our state.

Indeed, I am personally convinced our state and our nation  
period of challenge in the decade ahead...

My central theme is that education, broadly defined, will  
be the key element that determines our strength,  
our prosperity, our well-being.

Indeed, I am absolutely convinced that the dominant issue of  
the 1990s--both for this state and for this nation--will become  
the development of our human resources.

Hence the challenge before higher education is the  
challenge before America...

And the actions we must take...

...and the investments we must make...

...will clearly determine our capacity to  
respond to this future...

**The Challenge of Change**

While it is always hazardous to speculate about

the future, there is yet another theme I can predict with some certainty... and that is the challenge of change itself... We face a future in which permanence and stability become less important than flexibility and creativity... in which the only certainty will be the presence of continual change... Just as with other institutions in our society, those universities that will thrive will be those that are capable of not only responding to this future of change... but indeed, have the capacity to relish, stimulate, and manage change. In a very real sense, the university as we know it today was invented to serve an America of the past... ...a nation characterized by a rather homogeneous, domestic, industrialized society. It is becoming increasingly apparent that it is time to develop a new model of higher education--- to re-invent the university, if you will--so that it is capable of responding to the needs of the highly pluralistic, knowledge-intensive, world nation that will be the America of the 21st Century. From this perspective, it may well be that the continual renewal of the role, mission, values, and goals of our institutions will become the greatest challenge of all! To prepare us for such a future of change, I believe our institutions should keep in mind several essential themes...

#### **The UM Heritage**

And isn't that, after all, also just the heritage of the University of Michigan Although Michigan was not the first of the state universities, it was the first to free itself of sectarian control and become a true public institution, governed by the people of the state. From its founding, Michigan was identified with the most progressive forces in American higher education... In a very real sense, it was our University that developed the paradigm of the public university capable of responding to the needs of a rapidly changing America of the 19th century... a paradigm that still dominates higher education today. In a sense, we have been throughout our history the flagship of public higher education in America. Perhaps it is time that we once again played that role... re-inventing the nature of the university once again... ...a university capable of educating the citizens and serving the society of not the 20th, but rather the 21st Century.

#### **The Business Plan**

Shifting portfolios...some constraints... State appropriation: CPI or less ...and possibility of an economic downturn... Federal support: holding our own...but federal budget deficit ...possible sequestering...student financial aid... Tuition and Fees: Nonresident moving up against market limits Resident...an incredible bargain...particularly with our financial aid system...but political limitations This year...probably in the 8% to 10% range... ...next year...an election year...will be very strong pressures

Auxiliary enterprises:

Dangers: Hospitals, Intercollegiate Athletics, Housing  
Hospital...\$4-5 M operating deficit...  
IC Athletics...\$2 M operating deficit...

Private Support: \$70 M/y...much better, but still very  
far from where we need it...

Endowment: \$375 M...29th in US (5th among publics)

Concerns:

General: A "business as usual" approach to private  
fundraising in years ahead will not be sufficient...  
(e.g., \$450 M over 5 years)

Calibration: We just finished a campaign in which we  
raised \$375 M over 5 years...hence our goal is  
far too modest...

Alternative: Instead, we should consider mounting a  
major capital campaign throughout the 1990s!!!

What do we mean by major?

Since we raised \$375 over previous 5 years...  
1990-95: \$600 M "cash over the doorstep"  
1996-2000: \$1 B

Real Target:

Recall that next year:

State appropriation = \$250 M  
Tuition Revenue = \$250 M  
Federal Support = \$250 M

**An interesting target: To get the sum of  
private giving and endowment income  
to a level comparable to state appropriation  
(\$250 M/year, in present terms)**

Gifts + Endow Inc = \$250 M...

This implies targets:

Annual gifts: \$150 M per year  
Endowment: \$2 B...  
(in 1990 dollars...)

Motivating Factors:

- i) The 1990s is the time the University will be  
taking the steps necessary to position it  
for the 21st Century...hence very compatible  
with our themes.
- ii) Essentially every other institution will be  
launching a similar campaign during this  
period and we run the risk of being left  
behind.
- iii) We will need a "campaign" level of commitment  
in order to excite our volunteer network.
- iv) We must get private giving AND endowment income  
to much higher levels.

Some Observations:

1. Volunteer Network: We will need a far stronger volunteer network that  
we now have...we need folks that will be prepared to "kill for  
mother Michigan"...
2. Megagifts:  
To raise \$1 B, we will need several VERY large gifts...in the  
\$50 M range...
3. Leadership Commitment:  
Needless to say, such an effort will require a great deal of effort  
on the part of the University leadership...President, deans,  
AND REGENTS!!!  
It may also require alternative development structures...  
Note: Unlike private institutions, we do not have a Board  
of Trustees that can be selected, in part, for their

- capacity to raise funds.
4. The Campaign must be tightly coordinated with other University outreach activities...state, federal, and community relations; alumni relations; public relations; etc...
  5. Case Statement: We will need a truly compelling case statement... You simply cannot raise \$1 B for the usual wish list (new buildings, faculty chairs, scholarships).  
The strategy of the earlier campaign, of simply taking ongoing efforts (football building, cancer center, aerospace building) and adding in some "unrestricted" programs like faculty chairs or financial aid will not work...  
Instead, we need new, exciting, and compelling programmatic elements.

### **The Role of Alumni and Friends**

And that is where you come in...  
A university achieves greatness through its people...  
through their talents and abilities...  
their involvement and commitment...  
But it is important to recognize that the "community" that comprises a university extends far beyond its students, faculty, and staff...  
Rather this community extends outward...  
beyond our ivy-covered walls to embrace our alumni and friends...  
it also extends backward in time...to include that long line of maize and blue that have build and sustained the distinction of this University...  
I might even suggest that this community extends into the future...through those families...many of them already associated with the University.. that will produce the students and faculty for this institution in years to come  
A key factory in the strength of the University...  
active involvement by alumni  
Not just for financial support...  
although you can expect to hear from us even more frequently  
Not just for your efforts in directing outstanding students to Ann Arbor -- many of them your own children or grandchildren...  
Not just for influence...  
although since Michigan produces leaders, many of alumni have the opportunity to have major impact on UM through their roles as leaders of government or industry  
But beyond that, through your active involvement...  
to provide to our students a sense of potential, what the future holds in store for them...  
for our faculty, since by buying in to what we are trying to do, you provide them with strong evidence of the profound importance of their activitis  
In a sense, our alumni and friends play the key role in passing the torch...  
in passing from one generation to the next the Michigan tradition...the tradition of excellence which we all cherish so deeply.

### **Concluding remarks**

I cannot stress strongly enough the importance of active involvement and partnership...particularly in the years to come  
For we at Michigan believe that the next decade with be a time of extraordinary opportunity, responsibility, and challenge for the University as it prepares to enter the 21st century.

I and my colleagues have met with students  
faculty and staff, with alumni and friends throughout the state  
and the nation, to listen and to learn about their views  
of how we should chart a course for the University into  
this future of opportunity, challenge, and responsibility.

We sense the extraordinary quality and  
excitement "out in the trenches"...among the faculty  
staff, and students of this University...individuals deeply  
committed to teaching, scholarship, and serving  
this state and the nation...

We began to understand more clearly the  
very special nature of the University--of the  
extraordinary intellectual breadth and diversity  
of teaching and research on the Ann Arbor campus...  
of the deep commitments of our Flint and Dearborn  
campuses to serve their regional communities, even  
as they respond to the needs of the state.

With each passing day we have become more  
and more convinced that this University is really  
a very special place...and a very special resource to  
this state and the nation because of the talents,  
commitments, and vision of its people.

As I and my colleagues have become ever more  
deeply involved in this process over the past two  
years, we have become ever more convinced that the  
University today faces a pivotal moment in its history...  
a fork in the road...

Taking the path in one direction will, with dedication  
and commitment, preserve the University as a distinguished--  
indeed, a great--university, but only one among many such  
institutions.

However there is another path...a path that would  
require great vision and courage in addition to  
dedication and commitment...in which the University  
would seek not only to sustain its quality and  
distinction, but it would seek to achieve leadership as well.

I believe that the 1990s and beyond can be a time  
similar to the late 19th century when the  
University of Michigan was a primary source  
for much of the innovation and leadership in higher  
education in this nation.

And what more exciting mission could we have than to accept  
this challenge by striving to develop a new model of  
the research university capable of responding to the changing  
needs of our state and our nation...

The challenge of making the University of Michigan the model  
for the University of the 21st Century.

#### **Some themes**

UM has always been a leader,  
and America needs leadership right now.

Transition years of 1990s will make the  
difference for this country.

Will we meet the challenge?  
The University is getting ready,  
preparing itself to serve our state and nation.

To produce the ideas and the young leaders  
so desperately needed.

But we can't do the job alone.

We must build partnerships with the State and its  
people...  
With the federal government

With alumni, friends, and benefactors  
Working together,  
we can achieve new greatness in  
teaching, research, and in serving  
the needs of this and future generations.