

Presidents Council Forums

Title:

“Michigan at the Crossroads:
The Future of Public Higher Education in Michigan”

The Public Challenge

In recent years, there have been many concerns

raised about the future of higher education in Michigan, e.g.,

- i) How to keep tuition affordable?
- ii) How to provide adequate financial aid
to meet the needs of all Michigan residents?
- iii) How to increase the productivity
and efficiency of our programs?
- iv) How to access the impact of new programs
such as the Michigan Education Trust
on the quality of our institutions?

Because our public universities will play such a vital role in

the determining the future of our state, my colleagues and I have come together in this and other forums across the state to focus public attention on the most fundamental issue facing higher education as we enter an election year.

Namely, how to continue to provide broad access to quality higher

education in Michigan in the face of the serious erosion in public support which has occurred in our state in recent years.

As many of you know, a month ago several of our institutions

took the unprecedented action of announcing our intention to hold the line on undergraduate tuition levels for Michigan residents for the year ahead by limiting increases to the inflation rate.

This was not an easy action to take--particularly in the face

of the serious needs of our institutions.

To make this commitment so far in advance of

Legislative action on appropriations for higher education, we understand it will be necessary to implement a series of budget cuts and reallocations to allow us to make it through what is certain to be a difficult year from a financial point of view.

Needless to say, if state appropriations continue to fall far short of our needs, as they have during the past several years, the action of limiting tuition increases to the inflation rate will be very difficult for the University.

Then why did we take this difficult and unprecedented action?

Because we believe it to be in the public interest.

And, because by taking the initiative of limiting increases in tuition, we believed we could more effectively issue a challenge to state government--and to all those aspiring to political office.

A challenge to join with us in the development and implementation of a strategy that addresses the real challenge before higher education in Michigan today:

How to restore adequate public support of higher education in Michigan---and thereby provide the access to high quality public education so necessary to the citizens of this state.

We want to work with state leaders to develop a plan:

To reverse the steady erosion in public support of higher education in Michigan which has seen our state slide from being a national leader to a place among the lowest in the nation (now ranking 45th among the states in support over the past decade).

To address the real issue facing education in Michigan-- which is the silent shift of public policy that has, in just a few years, undermined the public principle of higher education -- that is, the support of higher education by public tax dollars rather than student tuition.

We want to put "public" back in public education.

We simply cannot let either the quality of or the access to higher education in Michigan deteriorate any further.

To address in a thoughtful and timely manner the impact of new programs such as MET on the quality of our institutions and on the financial aid offered by our universities to the less advantaged...particularly from our minority populations.

It is clear that our effort to keep tuition so far below the level that would be required to meet our true needs can only last for a very limited period of time without seriously harming both the quality of and access to our universities.

If, working together with leaders of state government over the next year, we are unable to develop a public policy which addresses the serious underfunding of higher education in Michigan, it is clear that our institutions will have no recourse but to continue the shift of the true costs of quality education from the taxpayer to the parents through

increased tuition and fees--or face the tragic prospect of destroying the quality of a system of higher education built by the commitments and sacrifices of eight generations of Michigan citizens.

We intend to do our share to protect the quality of our institutions and to provide access through strong financial aid programs to all Michigan citizens, regardless of ability to pay.

We challenge leaders of state government to uphold their end of this partnership by developing both a plan and a public policy aimed at restoring adequate support of public higher education in our state, a resource of extraordinary importance to Michigan's future.

The dilemma for our elected public officials...

It is clear that most state leaders understand these issues...

...they really want to support education.

The problem is that they do not feel they have public support!

And can you blame them...

...the massive defeat of Propositions A and B

...the tax recalls

...the calls for more prisons

Our elected public officials are really caught in a bind...

...how to face urgent problems of the moment...

...and yet to balance these with investments in the future, that as a public, we have yet to understand and support.

We really do appreciate the efforts thus far...

But it is clear that far more is needed.

If the State of Michigan is to survive as an economic force in our nation, it is clear that we must do far more to restore adequate public support of higher education.

The Challenge of Change

At the University of Michigan we are preparing to meet the challenges of the 21st century-- an ever-accelerating pace of change in our society, in our state, in our nation, in our world.

As we become ever more diverse, more pluralistic as a people. Indeed, almost 90% of the new entrants into our workforce during the 1990s will be people of color, women, or immigrants.

As our economy and commerce are become ever

more interdependent with other nations as the United States becomes a world nation, a member of the global community -- as this past year's events in China, Russia, and Eastern Europe make all too apparent.

And as we rapidly evolve into a new post-industrial society, in which the key strategic resource necessary for prosperity and social well-being has become knowledge itself, that is, educated people and their ideas.

In the pluralistic, knowledge-intensive, global future that is our destiny, it is clear that the quality of and access to

...education in general

...higher education in particular

...and great research universities

such as the University of Michigan and its sister institutions

most specifically of all...

are rapidly becoming the key determinants of the strength and prosperity of our state.

The good news is that Michigan is well-positioned from this perspective, since over the decades we have built not only one of the finest systems of public higher education in the world, but we now possess several of the world's leading research universities.

The bad news is that a lack of public understanding and support threatens to permanently cripple Michigan's universities.

Worse, this failure comes at just that moment in our history when we are becoming more and more dependent on these same universities to lead our state into a competitive and complex future.

Michigan at the Crossroads

Needless to say, the pluralism, the globalization, and the age of knowledge that comprise our future will pose great challenges and demand profound changes in our state and our nation.

The impact of these changes are already painfully apparent

to Michigan's workers and industries.

In fact, it is here in Michigan...in the heart of the "Rust Belt" that the impact of these extraordinary changes are most clearly seen...

We all know that past decade was a period of great difficulty for our state...

Industries of great economic importance to our nation such as steel and automobiles have fallen victim to intense competition from abroad...

Plants have closed...we still have many people chronically unemployed...or under employed

Indeed, Michigan's per capita income has now dropped below the national average...

Michigan has dropped to 20th in per capita income (and at \$15,393 is now slightly behind the national average of \$15,481)

Our unemployment rate consistently is at the top...

And, soon, if we are not careful our prison population will be as well...

It is clear that our state is in the midst of a profound transition...
...from an industrial economy based upon the abundance of natural resources, unskilled labor, and, to some degree, constrained, slowly moving domestic markets...

To a knowledge-based economy, characterized by intensely competitive world markets, rapid change, and--most important of all--educated people and their ideas.

This has not been...and will not be...an easy transition to make.

The truth is that the outcome is still very much in doubt!

Whether we will 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 whether we will fail to heed the warnings...
...to make the necessary investments and sacrifices today necessary for strength and prosperity tomorrow...

And become an economic backwater in the century ahead.

We have come to a critical turning point.

My central point 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 people and the education of our youth.

Previous economic transformations were closely associated with major public investment in infrastructure such as railroads, canals, electric networks, and highways. I believe that the coming economic transition, an equivalent infrastructure will be an educated population.

We simply must dedicate ourselves to improving education for every child in Michigan--not only in our universities, but at all levels.

Our people are our strength...
...our children are our future.

Hence the challenge before Michigan 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 Dangers of Underinvestment

But here there are dark clouds on the horizon...
increasing evidence that we as a people have not yet recognized either the nature or the magnitude of the investments we must make to achieve prosperity in an age of knowledge.

While we all give the "age of knowledge" lip service, the evidence suggests that in reality, many of us cling to the past wanting us to return to the agricultural and manufacturing economies that once made us rich...
We simply cannot continue any longer in this dream state
We have to face reality.

1. Numerous studies over the past several years have suggested that Michigan is seriously underinvesting in its "knowledge infrastructure"...by as much as 30% to 40% relative to other states.
2. The challenges faced by K-12 education are apparent.

Unfortunately, what is also apparent is our inability to agree on actions needed to improve quality of our schools and achieve adequate and equitable financing.

3. The situation is somewhat different yet no less acute for higher education in our state.

While the quality of Michigan higher education today is still high, the long term prognosis is poor if we continue as we have been in recent years.

Over the past two decades, the State of Michigan has dropped from the position of a national leader (ranked 6th in 1965) in its public support of higher education to among the lowest in the nation.

Let's look at the comparisons for a moment:

Among the states, Michigan currently ranks

- i) 33rd in appropriations per student
- ii) 37th in appropriations as a percent of personal income
- iii) 35th in appropriations as a percent of tax revenue

Further, we not only fall significantly below the national average in our support, but it is clear that we are slipping even farther behind with each passing year:

In fact, the increases we have provided in our support to higher education now rank

- iv) 42nd over the past two years
 - v) 45th over the past ten years
- nearly dead-last among the states.

Hence, no matter how you slice it, our state now ranks among the lowest in the nation in its support of higher education.

As a highly industrialized state undergoing a dramatic change to a knowledge-intensive economy, Michigan is critically dependent upon quality higher education for well educated citizens and creative ideas. Yet Michigan has now fallen into the bottom ranks of industrialized states in its support of these critical resources.

We are being outspent by 30 - 40% in state support per student...

Not simply by prosperous states like

California...but by neighbors such as
Indiana and Ohio!

They understand what we have yet to grasp.

The world is changing rapidly, and we have
to prepare ourselves for tough competition.

Until now we have been able to sustain the quality of public
higher education in this state in the face
of a catastrophic loss of state support
because of our traditional autonomy, so wisely
granted almost 150 years ago by the authors
of our state constitution.

This autonomy allowed Michigan's universities to
take strong internal actions, reallocating resources,
redefining priorities, and increasing tuition levels
to partly compensate for reduced public support.

But in recent years, even this autonomy has been
threatened...through efforts from Lansing

i) to constrain tuition levels to artificially low
levels even as state appropriations eroded
still further

ii) to dictate who we must admit

iii) even to dictate what we must teach...

Whether measured in terms of

state appropriation per student or fraction of our
tax dollars directed toward higher ed,

it is clear that in comparison with other states,
our present level of public support is simply inadequate
to maintain over the long run a system of higher
education that is competitive on a national basis.

We recognize that the choices before Michigan are not easy.

We must address pressing social issues of employment,
health, social welfare, we must meet the important
needs of our citizens today.

But also we must balance these immediate needs with investment
in our future.

We cannot continue to address symptoms of our problems
of the moment without addressing their causes.

For generations, the people of Michigan sacrificed
so that their children could have a better life.

They had faith in education.

We must rekindle that faith
and that commitment to the future today.
We must care for our children's future as much
as we attempt to our present needs and desires.

Governor's Higher Ed Task Force

The alarming situation for higher education in Michigan
has not gone unnoticed by public leaders...
A loud warning was voiced back in 1985 by the Governor's
Commission on the Future of Higher Education in Michigan
The Commission clearly identified the fact that
"public higher education in Michigan is at
a crossroads".

It noted that per capita support had fallen from
from a position of national leadership to one of
the lowest levels in the nation.

Further, it noted that Executive Order cuts
had played havoc with planning, resulting in
maintenance deferrals, equipment purchase cuts,
and eroded support for fundamental activities--
all at a time when other states were increasing
support for their systems of higher education.

It credited Michigan's universities with launching
a systematic process of improving efficiency
and redirecting the system. In particular, it
noted that from 1980 to 1984, over 100 programs
were eliminated, thereby indicating the
discipline, good management, and commitment
of higher education leaders to use public funds
responsibly and frugally.

The report concluded that if nothing was done, higher education
in Michigan was likely to face a future in which
mediocrity is coupled with inaccessibility, a
totally unacceptable result for Michigan's citizens.

Let me quote the conclusion of the report:
"To provide wide access to a higher education
system of mediocre quality is to perpetuate a hoax
on Michigan's citizens."

Concluding Remarks

I would like to conclude with an expansion of my
challenge to this state, its people, and its leadership...

To Us...

In a very real sense, our state has entrusted to us its most valuable resources...its youth...and its future.

To be responsible stewards of the public trust, it is clear that we must strive to achieve greater cost-effectiveness in our use of public funds... and I can assure you that we are doing just that...and will do more.

But even beyond this, we must become staunch guardians for the quality of our institutions...

For in education, as in every other aspect of American life, quality will be the key to our future.

We need to give our children the best education and chance for the future that we can. We should be willing to pass on to them what we ourselves have received...opportunity for a better life.

Hence, to us falls the responsibility of taking the forceful and courageous actions necessary to sustain and enhance this quality...in the long run the people of this state both demand and deserve nothing less!

To You...

Higher education represents one of the most important investments a society can make in its future...since it is an investment in its people...

It is indeed the case that our state and our nation have developed the finest systems of higher education in the world...

But we must also remember this resulted from the willingness of past generations to look beyond the needs and desires of the present and to invest in the future by building and sustaining educational institutions of exceptional quality--

Institutions that have provided those of us in this gathering today with unsurpassed educational opportunities.

We have inherited these marvelous institutions because of the commitments and the sacrifices of previous generations...and it is our obligation as responsible stewards--not to mention as responsible parents--to sustain them to serve our own children and grandchildren.

It seems clear that if we are to honor this responsibility to future generations, we must re-establish the priority of both our **personal** and our **public** investments in education, in the future of our children ...and hence in the future of our state and our nation.

To our elected leaders...and those aspiring to public office

1. I ask you to work with us to develop and implement a strategy to bring us from the very bottom among the states to a position of national leadership once again in our support of public higher education.
2. Let us end the present freeze on capital outlay appropriations for higher education--now entering its fourth year--and begin to deal with the seriously deteriorating facilities on our campuses.
3. Let us respect our constitutional autonomy and preserve it for generations to follow as the best safeguard for maintaining quality public higher education accessible to all.
4. We are all the guardians for the moment of an extraordinary resource for our state--one of the world's finest systems of higher education--a system that has resulted from the commitment and sacrifices of eight generations of Michigan citizens. Let us work together to serve the people of Michigan --to educate new generations and provide the ideas and discoveries to build and sustain our quality of life.

The Challenge to Us All...

Today the State of Michigan faces serious challenges that will clearly determine its future prosperity and well being...

the challenge of pluralism...

the challenge of participation in a global community...

the challenge of the Age of Knowledge

the challenge of change itself...

As we approach a new century, our state--just as our nation--is undergoing a profound and difficult transition to a new economic order...

Our fabuously prosperous industrial economy...
an economy that allowed us to build some of the
world's great institutions---including some of its
finest universities--

But that economy is rapidly disappearing...
...and our challenge for the next decade is to
take the steps necessary to build a new
knowledge-based economy which will be
competitive in a world marketplace.

Let there be no mistake about it...this will not be
an easy transition...and the outcome is still
very much in doubt.

In my frequent interactions with the leaders of
the public and private sectors throughout
this nation I detect an increasing sense of
fatalism about Michigan's--indeed, America's--
will and capacity to take the actions necessary
for our future.

Indeed, many now believe that that our nation is
well down the road toward "outsourcing" its
knowledge resources--just as we have been
our labor, our manufacturing, our products--
since American industry can not only depend
on domestic knowledge resources--that is,
a well-educated labor force or an adequate
supply of scientists, engineers, and other professionals.

- i) There is increasing pessimism that the
staggering problems facing K-12
education can be overcome on the
time necessary to preserve our
economic strength.
- ii) Further, despite the fact that most
other nations regard higher education
as our greatest strength, there is little
sign that this view is shared either by
our elected political leaders or the public
at large. Indeed, it has become fashionable
to attack our universities, even as we
continue to seriously underfund them.
- iii) The rapid growth of "transnational" companies

which seek resources, whether they be labor, processes, or knowledge--wherever they can get them at highest quality and lowest price--suggests that outsourcing of knowledge from other parts of the world will become increasingly common as the quality of American education deteriorates.

This is truly a frightening prospect. Industry has already outsourced labor and manufacturing. Can Michigan afford to lose its competitive capacity to produce knowledge as well?

Let's face the facts, people...

We're not going to be rich and prosperous if all we do is mow one another's lawns.

We have to bring something to the table of the international marketplace.

We have to generate our wealth...through our people...their knowledge and their skills.

I, for one, do not share the pessimism of many of my colleagues.

I believe that we can meet the challenge of the knowledge-based, global society that is our future.

But it is also clear that to do so will require sacrifices on all of our parts...

It will take renewed commitment to that most fundamental of all characteristics in the new economic order: quality

And it will take renewed investment in that most critical resource for our future--our system of public education.

A Partnership for the Future

Today Michigan's public universities are undertaking a series of initiatives to do our part in helping this state and its people prepare for that future.

We call on our colleagues in state government...
...and the citizens of this state...to join us in a partnership for the future...

A partnership that restores both our public

and our personal investments in education...
...in our people and their ideas
...in our children
...and in our future.