

Press Conference

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 assess 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, the University of Michigan is announcing today its decision to take a series of initiatives designed to focus public attention on the most fundamental issue facing higher education as we approach the coming 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.

1. First, we are announcing today our intention to hold the line

on undergraduate tuition levels for Michigan residents for one year by limiting increases for the next academic year to the higher education inflation rate, which the U. S. Department of Commerce now estimates at 6.5%.

2. Second, in order to make this commitment so far in advance of

Legislative action on appropriations for higher education, 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.

We have chosen this difficult course of action, however, because we believe it to be in the public interest.

And we will remain committed to this course of action for the year ahead, unless there is a major collapse in the FY91 state budget situation (triggered by an economic recessions or the impact of other state priorities) which would threatened the University with permanent damage.

3. Third, at the same time as we are taking this initiative

to limit increases in tuition levels, we wish to issue a challenge to state government--and to all those aspiring to political office.

Let us work together to develop and implement a strategy over the year ahead that will address the real issues before higher education in Michigan:

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. a college education.

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 if Michigan is to survive as an economic force

...it is clear that we must do far more
to restore adequate public support of 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) 32nd 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 is undergoing

a profound and difficult transition to a new economic order...

Our fabulously 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.

This will not be easy...

It will take sacrifice 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!

Today the University of Michigan is taking 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.