

## Reality Test

### Premise:

Real Premise: Because of the limited will and capacity to support higher education, in the face of a weakened economy and other social needs, the state will at best be able to support higher education at the level of a comprehensive four year college (e.g., the "EMU level"). Further, political pressures will make it increasingly difficult to prioritize limited state support for flagship institutions like UM and MSU and instead drive a leveling process in which the state appropriation per student equalizes across the state.

Projection: UM State appro as % of non-auxiliary funds:

1980: 30%

1990: 25%

1995: 20%

2000: 15%

2005: 10%

2010: 5%

More generally...perhaps...

After a century of success, perhaps the national experiment of building world class universities supported from state tax revenues is nearing an end...

On a 30 year time frame, the concept of a comprehensive public state university doesn't make much sense.

It just may not be possible to justify the level of public support necessary to sustain these institutions in the face of higher priority needs...and during a time of slowly rising (or perhaps declining) economic activity.

### Proposed Response:

To sustain the quality of the institution, we need to embark upon a multiple strategy:

- i) To take steps to build alternative revenue streams to levels sufficient to compensate for the loss in state support (e.g., tuition and fees, private support, federal support)
- ii) To deploy these resources far more effectively than we have in the past, focusing to achieve quality at the possible expense of breadth and capacity.
- iii) To enhance the University's ability to control its own destiny...by "snipping the ties that bind" us to the state...

### Consequence:

The University can only maintain its quality by taking a series of actions to serve a far broader market than the state alone.

Hence, the single most important characteristic of the University during the 1990s will be its capacity to control its own destiny...its autonomy.

During the 1990s, the University will have to make the transition from:  
public ---> independent

### Threats:

Public perception by residents of state that they "own" the University of Michigan-- when, in fact, they are only minority shareholders (contributing only 12% of

the resources necessary to operate a world class institution).

Populist views that “what is good enough for Eastern/Northern/Western/Central Michigan” is good enough for UM.

Populist views of state media...who view UM as elitist and arrogant...

Efforts to win votes by UM-bashing.

Efforts of Legislature to:

- ...constrain tuition
- ...constrain nonresident enrollments
- ...dictate programs and focus
- ...dictate admissions policies

Attitude of Regents that they are first and foremost “protectors of the public interest” rather than “trustees of the University”

Even if the Regents view their primary role as looking out after the state’s interests, this would amount to only about 12% of the total activity of the University (\$270 worth). Yet they exercise control over all of the University, thereby disenfranchising those that contribute the remaining 88%...

- ...federal government, alumni, parents,...

One-dimensional views of the University...

- ...e.g., undergraduate education or public service
- ...rather than recognize multidimensional role
- ...research, health care, economic development, cultural impact, social impact,...

“What have you done for me lately?” attitude

Blue-collar mentality...”Extraordinary intolerance of extreme excellence”, which feels actually threatened by quality.

Possibility of a 1994 upset by Democrats, and a return to an administration hostile to higher education.

**Other Actions:**

Public Perceptions

Get the state to understand that for \$275 M per year they buy a part (less than 15%) of the University...but certainly not all of it. In fact, they are a quite minor shareholder.

Persuade public (and particularly the media) that the UM is vital to the state in a far more multidimensional way

- ...health care
- ...economic development
- ...pride (intercollegiate athletics)
- ...professionals (doctors, lawyers, engineers)
- ...social mobility

in addition to their conventional view of us as primarily teachers of undergraduates.

The UM is an important national and world resource, and state government (and the tax payer) provides a “small subvention” to keep one foot...and much of its focus...in the state.

Perhaps we should take much more of a “you get what you pay for” approach, in which we determine real costs of all university services (e.g., UG education, professional education, services) and

then tell the state it can buy whatever it wishes.  
(This would make a very interesting appropriations hearing presentation.)

Need to shift public perception of University as consumer of state resources to generator of state resources.

#### Regents

Need to build a governing board that is far more supportive of the University's broadening constituencies (state --> national --> world) and less engaged as watchdogs for the state's interests.

Also need a governing board that represents all of the University's shareholders...not just the state taxpayers.

Possibility #1: In 1994, there will be a resolution on the ballot calling for a state Constitutional Convention. If this is approved, it would provide an opportunity to change the manner in which Regents are selected. However it could also provide the threat of eroding the University's autonomy.

Possibility #2: Build a Michigan Foundation to handle all private fund-raising, endowment management, perhaps even some component of R&D... In a sense, we would confine the Regents to authority only over the state appropriation, and then set up another board far more reflective of the constituencies contributing the remaining funding of the University (alumni, parents, students, federal agencies, corporations,...)

Advantages:

- i) This would shelter some of UM autonomy in a Foundation with a "board of trustees" rather than regents.
- ii) Foundation Board would be a training ground for regents
- iii) Note: UM and OSU are the only universities in Big Ten w/o foundations.
- iv) Note: Alumni could set up such a foundation even without Regent support.

#### Broader Support

Leaders of state  
...Business Roundtable  
...Citizens Council  
...Key media

Colleges and universities  
...PCSUM  
...Independent colleges

#### Public/Legal Stands

We need to get a better understanding of just what legal steps would have to occur to move to a Cornell or Penn type of model.  
What are the constitutional issues?

We need to carefully pick the battleground where we will fight the autonomy issue...  
...set a goal, a proactive plan  
...set a timetable

This must be an battlefield that we are certain to win on...both in a legal and a public sense so that we can reestablish a precedent for other issues later.

Must be very carefully not to fight on middle class

issues...

...tuition

...nonresident enrollments

Instead, we need to pick an area in which  
the defense of our autonomy will appeal to  
the middle class

...e.g., soaking the rich so that middle class  
kids pay less

...medical center issues

Could we do better polling to identify key issues?

#### Political Issues

Clearly the present Republican administration will  
support our efforts to achieve greater autonomy.  
Could we take the more difficult actions in the  
next couple of years with Republicans and then  
keep the Democrats neutralized with a middle  
class political agenda?

How do we play the present 4R/4D Regents split?

How can we utilize the Michigan Congressional  
delegation on such issues?

#### Reality Group

##### 1. General Strategy

Form a special working group:

Taubman

Nederlander

Gilmour

Teeter

Shapiro

Rhodes

Schwartz (Joe)

Pierpont

McCracken

(FWW, GRW, WLH)

Use them first to test hypotheses:

i) State will be unable (or unwilling) to support  
UM any better than CMU

ii) While productivity efforts will have some  
short term impact, over long run the  
UM must become more independent,  
with State as only a minor shareholder

Then use them to put together a summit meeting  
with selected members of Board  
(McFee, Power, Varner, Brown)  
and PAC