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Our Universities: A Shared Pursuit of Excellence

Address at the
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Tuesday, May 11, 1993

These brief remarks are intended to encourage discussion, indeed, even debate, about the forms of governance, fiscal support, and management of the modern western university, the centrality of this institution to a nation's life and ultimate well being, and the need for a collaborative effort among and between government, business and the universities to seek and to share in the pursuit of excellence in these institutions. I will draw principally upon the American experience, not only because it is the one with which I am best acquainted, but also because the comparisons and contrasts with the Australian experience will inform your own options and choices more clearly than if I were merely, and perhaps even presumptuously, to analyze the Australian system and offer comments about it

At the outset, however, it may be worth recalling the winds of change that are blowing across the world and reshaping its economic, political, and social dimensions; for it is to these changes that the universities must repair for help in charting their own future and the education of their students to whom is owed the university's principal obligation and upon whom the nation will depend for its future leadership.

- Ideological commitments that have locked in communist governments for decades are presently giving way to greater political openness, economic development, and the use of technology, all of which are essential to the prosperity and personal freedom people throughout the world are aggressively seeking.

- The past decade has seen the emergence of the Pacific Rim as a potent force in the world economy and world affairs. The rise of Japan and of the newly industrialized states of Asia has challenged assumptions about European and American dominance of the global marketplace. And one can only speculate about the impact on the world's economy of the changes now taking place in Eastern Europe and the former republics of the USSR.

- Today the East and West are struggling less with each other than they are in common struggling with what the Arab philosopher Hichem Djait (Hee-CHEM Jah-EET) has called the forces of "modernity"--the technological revolution, modern science, urbanization and industrialization of labor--forces that should not be confused with Western Civilization, as is often the case. These forces are changing the world not just at the margin but at the core.

- Ideas blow across political boundaries, even into the most insulated of nations and societies, disquieting, troubling, indeed in some instances overturning even the most ideological and inflexible of established orders. Even the role and place of the military in this equation are coming under intense scrutiny. All of these forces--economic, political, ideological, religious, social, and cultural--are interrelated and global in their significance and effect.

Who will the leading nations be in this dramatically altered economic and political environment?

According to New York's investor Felix Rohatyn:

The real power in the world is coming to consist of surplus capital combined with national self-discipline, advanced technology and superior education. The leading nations of tomorrow, by these standards, are likely to be Japan and post 1992

Europe.

Surplus capital, national self-discipline, advanced technology and superior education--an agenda for the future any nation would do well to heed.

Thus, the role of education at all levels will be central to the future of any nation seeking to compete with the world's advanced industrial states, for those states will be increasingly reliant on ever more sophisticated systems of manufacturing and production, communication and information, highways of one kind or another, and transportation networks that integrate modern air, sea, and land travel and trade.

The modern western university will play a vital, indeed, an even indispensable role, in all of this; in the readiness of its graduates to compete with comparably educated persons in competing nations and markets; in the quality of the research performed by the faculty in the service of a nation's industrial, scientific and technological infrastructure compared with others; in the provision of opportunity for prepared young persons of talent and promise to have their chance irrespective of their financial circumstances, social standing, race or religion; and in the transmission of the culture from one generation to the next upon which a nation's internal cohesion, norms of civility, and the viability and strength of the social contract between the people and their government depends.

How then does a nation create a university system that yields these beneficial results, opens its doors to young persons of promise, fosters needed research, both basic and applied, nurtures the free and open environment within which learning best takes place and new ideas germinate, and at a cost the students and state can afford?

There are as many answers to this question as there are nations, albeit in western countries clear patterns have emerged: from highly centralized, tightly controlled, centrally funded and bureaucratized systems that tend to be overenrolled, underfunded, overregulated and politicized on the one extreme, to highly decentralized, functionally differentiated, variously funded, and loosely related institutions at the other extreme. Examples of the former were found in the Soviet Union and eastern Europe and are increasingly now found in some western European countries. America is the premier example of the latter model.

The first thing to be said about American higher education is that it is not so much a system as it is a collection of colleges and universities. American higher education consists of many institutions--roughly 3,500--and enrolls nearly 9 million full-time and 4 million part time students.

These institutions are highly diverse: there are large research universities, small liberal arts colleges, church-affiliated institutions, vocational schools, professional schools--some aligned with a university and others not--two-year community colleges, publicly supported and privately supported institutions.

It hardly needs to be said that these institutions vary greatly in quality. But their very variety reflects the national enthusiasm for founding new colleges and universities to meet changing conditions or distinctive local needs, a tradition with its roots in the very beginnings of American society. As a consequence, American colleges and universities developed in a very unsystematic way, without any grand design to guide their evolution. Yet the advantages of a network of colleges and universities different enough to meet the needs of young people, who differ greatly in both their educational aspirations and their readiness for college, have been considerable, especially in a pluralistic, highly decentralized, geographically dispersed and mobile society.

A consistent characteristic of American higher education has been the absence of virtually any planning for it by the national government. Even the Federal Department of Education is concerned primarily with elementary and secondary education; and in any case its function is not to orchestrate a comprehensive national approach either to the schools or to higher education but to provide education with a voice at the Federal level and to administer Federally sponsored programs of interest to education, e.g., student financial aid programs, categorical programs and so forth. This arrangement--so surprising to foreign visitors--arises from the strong traditions of local control and individual initiative which have been such formative forces in American life.

This is not to say that the Federal government has no role in higher education, but only that it is one of several actors on the educational scene. The Federal government's contributions occur in three areas:

- ♦ First, the Federal government funds roughly half of all basic research performed in American universities--approximately 9 billion a year, largely through contracts and grants administered not by a single entity but by a plethora of government agencies and awarded mostly to individual researchers and faculty members on the basis of peer review;
- ♦ Second, Federal support is made available for buildings, laboratories, equipment and instrumentation, library acquisitions, and other items necessary for scholarly and scientific work, regrettably less today than in earlier years, and overly often as the object of "pork barreling" among members of Congress, rather than on the basis of demonstrated merit or promise; and
- ♦ Third, the federal government funds most of the student financial aid programs available to students irrespective of their residence or home state and at both undergraduate and graduate levels.

These three areas--support for research, for buildings and equipment, and for student financial aid--are the major Federally funded programs for higher education in the United States. It is important, however, to recognize that, while all colleges and universities are affected by these Federal programs, they are not all affected in the same way or to the same degree. Research universities, for example, are directly and significantly impacted by Federal decisions about funding for research--but research universities make up only a tiny fraction--perhaps three percent--of the total number of educational institutions in the United States (although they represent a larger share of total enrollments). Small liberal arts colleges, on the other hand, are only nominally affected by funding for research but are heavily dependent on student-paid tuition and fees and on private gifts for their basic needs, and, therefore, are more deeply affected by cuts in Federally sponsored student aid than are most research universities, which have other sources of support available to them.

Thus, it would be a mistake to assume that the Federal government plays the primary or most significant role in supporting American higher education, (but also a mistake to underestimate its importance). The Federal role has been to stimulate student access, to improve the quality of both developing and established universities, and to fund basic research, mostly in agriculture, medicine, engineering, and the basic sciences.

If the Federal government is not the major supplier of financial support for higher education, then who is? Again, the answer depends. For example, private colleges rely primarily for their sources of revenue on student-paid tuition and fees (many such students are in turn assisted financially by the Federal programs referred to above and/or by similar aid programs sponsored by their home state), gifts from individuals, businesses, family and friends (encouraged by government tax policies), and income from endowments. Private universities, in addition to those fund sources,

depend heavily on contracts and grants from both Federal and corporate sponsors for their research and the fiscal viability of their graduate and professional schools, and on fees and revenues for many of their clinical programs, e.g., medicine and dentistry. Because they depend so heavily on student fees and private giving, private colleges and universities--or the independent sector, as it is sometimes called--have been hard hit by recent economic problems and the declining numbers of high school graduates in certain regions of the country.

For public colleges and universities--the institutions that educate the vast majority of American students --the major source of financial support is state government, and to a lesser extent, local government within the states. As one might expect, patterns of state support vary considerably from state to state, as to levels and adequacy of funding, variations being powerfully influenced by public attitudes toward higher education, patterns of governance, the economic vitality of the individual state, and custom.

American higher education, then, is an extremely large, highly diverse patchwork of institutions that differ greatly in quality, in character and purpose, in size and complexity, in fiscal stability, and in sources of funding. It is a non-system that by custom and public expectation is dedicated to the principle of broad student access and to the idea that higher education serves both the private needs of students and the larger social goals of the nation and society.

The modern American research university was forged in the latter half of the 19th century as three broad forces came together--the British undergraduate, liberal arts tradition, the German research university with its emphasis on graduate studies and empiricism, and the uniquely American concept of public service coupled with a much broadened and more applied curriculum for an expanded cohort of college age students as embodied in the Morrill Act (Land Grant Act) of 1862.

This institution became the object of worldwide envy. It was sought after by the world's best students, and by a disproportionate share of the world's most brilliant professors. It accumulated honors and awards without peer. Its doors were open to persons of talent and ability whatever their financial circumstances, social standing and, but only recently, irrespective of race or religion.

How was this accomplished? Well, for the University of California, the institution I know best, it was accomplished by a shared pursuit of excellence on the part of all the major players: the University itself that unapologetically set very high academic standards for itself, its students and its faculty; the University's faculty who has carried the standard through good and bad years; the governing board whose members serve for twelve years and whose authority to govern is both unqualified and derives not from a legislative act but from the very constitution of the state itself, a fourth branch of government as it were; elitist academic standards for admissions but highly democratic admissions criteria for those students who meet those academic requirements; the support of basically friendly or at least respectful legislators and governors (not always, but mostly); the freedom to manage its own affairs; the diversity of funding sources upon which it relies; the constant and generous support of not only the state, but the nation's business leaders and corporations, foundations, alumni and friends whose private benefactions approximate \$450 million per year; and the State Master Plan for Higher Education that differentiates the mission of the state's two year community colleges from the state university system and both of these systems from the University of California and which distributes the pool of high school graduates among and between them according to differentiated standards for admission.

A brief profile of the University of California's source of funds makes the point. Roughly 25% of the University's \$7 billion budget comes from general appropriations made by the state's

legislature, concurred in by the governor; approximately 20% from the university's several teaching hospitals and clinics; nearly 9% from student fees and tuitions; approximately 15% from the Federal government, mostly in the form of contracts and grants for research; some 6% from gifts and endowments; nearly 7% from self supporting activities, e.g. residence halls, parking, and book stores; about 8% from related educational activities such as adult education programs; and the remaining 10% from a variety of other sources and activities.

It has been this combination of institutional autonomy granted by the state's constitution, the freedom to manage the University's academic programs, fiscal affairs and internal operations absent direct government control or interference; the role assigned to the University by the state Master Plan for Higher Education together with the pool of students designated for a UC education; the well understood relationship between the University's work and the economic viability of the state, the areas of agriculture, and biotechnology being the most evident examples; high academic standards; and a shared responsibility for funding the University by local, state, and federal governments, business and the private sector generally, and the University itself.

This is how California rationalized its system of higher education. Each state in America is different, from highly centralized ones such as in New York to ones with only nominal systems such as in Washington State. Similarly, every nation must settle for itself on the arrangements thought to be most propitious or optimal. But whatever the system, universities will come increasingly to depend on more than just government for their financial viability. Government should welcome this, indeed, should affirmatively encourage it, but not as a means of securing financial relief, but instead, as a way of encouraging the universities to seek their own opportunities, to realize more fully their own potential and prospects and to connect with those constituencies in the larger society whose own interests and future depend very much on the vitality, work, and quality of the country's universities.

This will not occur, of course, if funds derived from non-governmental sources are merely an offset to government funding; or if government finds this to be a mere convenience in justifying its unexpressed intentions to shrink its support for universities. In California, indeed, as in America in general, non-governmental financial support has provided the "margin for excellence", a source of pride to a government needing these institutions to achieve broadly defined educational, social, cultural and economic goals, of pleasure to those who through private means have helped what is at root a noble cause and an enduringly worthy endeavor, of benefit to the students whose educations and futures are thus enhanced, and of significance to the faculty who will be drawn to such institutions and whose community of learning will be made all the more intellectually gifted and professionally rewarding as a result.

I am fully aware that such an outcome cannot be assumed, even if tried; that the tax laws, forms of university governance, the role of the unions, state and national fiscal practices, custom and attitudes on the part of the major parties, among other variables, all influence the ability of any nation, state and/or university to configure its interests in the most optimal ways, both for the larger society of which is so crucial a part and for itself.

In any event, I welcome the opportunity to share these views and experiences with you in the hopes that they will be helpful, may even provoke perhaps, but at the very least, serve to encourage debate and discussion on how best to arrange Australia's higher education within the customs and culture of your own nation but also with due regard for what others are doing and why they are doing it in a dramatically changing and increasingly interdependent world.