A governor's perspective on higher education suggests that government needs to assure itself that the activities it funds are effective in achieving their goals, that college management practices are efficient, that postsecondary education is equally accessible to all citizens, and that excellence in higher education is achieved. Additional issues include the following: the need for information concerning labor market requirements for graduate-level educated persons; mechanisms for allocating resources in line with shifting requirements; the need for accountability for funds, programs, and fair practices; the need to recognize adult learning needs; and the need for communication and interaction among postsecondary and state leaders. Three pressing problem areas are educational finance, relationships with private institutions, and education for productive living. It is suggested that there is a need to examine the procedures used for determining the size and distribution of state funds, and that funding formulas may not be appropriate in a stable system. Other concerns that should be examined are the balance between aid to students and aid to institutions, the relationship between tuition and state support, and the relationship between job markets and education and the balance between education for vocational skill development and education for a productive and satisfying life. Some references are made to the situations in Ohio, Illinois, Indiana, and Michigan. (SW)
Paper Presented at a Seminar for State Leaders in Postsecondary Education

A GOVERNOR'S VIEW OF HIGHER EDUCATION

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A GOVERNOR'S VIEW OF HIGHER EDUCATION

I am honored to give your opening address. The cosponsoring organizations are central to the construction of an intelligent and workable future for postsecondary education.

The Association of Governing Boards represents you people who, as trustees -- in concert with your chief executive officer -- make crucial decisions, charting the course of your institutions in turbulent waters. To remind you of your responsibilities and challenges is superfluous. Your tasks are difficult, complex and always beset with conflicting pressures. At the same time, you are custodians of the goals of higher education which are reflected in the missions of your institutions. If those goals or the means employed to pursue them need rethinking, the task begins with you.

The Education Commission of the States, represents state/governmental interest in education, involving those people who will be making decisions about the allocation of public resources to institutions and individuals, and balancing the claims of postsecondary education against claims made by social needs. The responsibilities represented by both groups are awesome, and the need for cooperation between them is crucial.

You know as well as I do that the future of higher education, the subject of this meeting, is uncertain, challenging and in some ways distressing. At the very least, we face a set of new realities, for which the experience of the past thirty years has not prepared us well.
We know that enrollment in our institutions will be affected by declines in the size of the traditional college age population. The high school graduating class of 1986 will be 15 percent smaller than the high school graduating class of 1978. In Indiana, we are projecting a decline of 21 percent in total college and university enrollment between 1977 and 1990.

At the same time, the size of the middle aged population group will increase. In 1974, persons 25 to 55 years old represented 36 percent of the population. By 1990, that age group will have grown by 26 million nationally, and increased to 42 percent of the total population. We do not know what new and different demands these adults will place upon our educational system.

Traditional views of education are changing, so that we now view learning as taking place in a broader group of institutions, and agencies, and over a wider span of life, than our traditional view of education has embraced.

Accompanying these changes in educational activities will be increased competition for tax dollars for other legitimate and pressing social needs.

I do not need to catalog these problems. You grapple with them daily, in their demographic, fiscal, organizational and curricular implications.

They are harsh realities, but we need not be defeated by them. They will, though, require more intense cooperative action among us. Cooperative action will be easier if we emphasize the governmental interests in postsecondary education.
I believe that these are: effectiveness
     efficiency
     equity
     and excellence

Government needs to assure itself that the activities which it funds are effective in achieving what they set out to achieve. In times of constraint, effectiveness must be linked to efficiency. Government supported activities must achieve their goals with the least possible expenditure of tax dollars, and surely with no unnecessary costs.

I feel we need to look very hard at all of our management practices, our decision-making procedures, to be sure we are getting the most effective and efficient product. New concepts of management, new administrative tools tried and proven in private industry need to be studied for public administration. Management used to be a dirty word in educational communities. We can no longer ignore the need for better management. We need to avoid the "sell the buildings" mentality that sometimes appears to exist. We need to change the conception that a university becomes stronger only by growth. Private higher education has shown the fallacy of this argument. We need to learn how to be stronger and smaller.

Equity means that, insofar as possible, students and other clients of postsecondary education enjoy equal resources for equal activities and that, again insofar as possible, the resources of postsecondary education are equally accessible to persons from all economic and social levels who are motivated and capable of benefiting from these resources.
Finally, government cannot overlook excellence. I use the word excellence, rather than quality, because I think we should remind ourselves of the many faces of excellence. For every institutional mission there is a distinct kind of excellence. In all the postsecondary activities which we support, we should be clear enough about goals that we know when those goals are achieved with excellence.

One reason for clarity about governmental interests in postsecondary education is that we need to re-emphasize the state governmental prerogatives in relation to higher education which are in danger of federal pre-emption. By specific inclusion in most of our state constitutions education is a state responsibility. We recognize the increasing federal support -- primarily to students -- for higher education. The aggregate federal subsidy for postsecondary education (including major support through Veterans and Social Security benefits) was $12 billion in fiscal year 1977, compared with state appropriations of $14 billion in the same year. Because of the constitutional, traditional and fiscal state in postsecondary education, we must be reluctant to relinquish claims of authority and responsibility to federal levels.

In the universities and two- and four-year colleges, in Illinois, Indiana, Michigan and Ohio, the federal proportion of educational and general revenues ranged from five to twenty-one percent, according to the figures prepared by your planning committee. This means, of course, that the state and local share of the general revenues for public postsecondary institutions is typically three to four times as great as the federal share at the university level and five to twelve times as great at the two- and four-year college level.
We need to work harder to construct a more productive and creative relationship between state and federal governments in the administration of postsecondary education, one that recognizes the traditional legitimacy and importance of state prerogatives. In constructing that relationship we must not only be jealous of state prerogatives in postsecondary education, we must also recognize that many federal initiatives, however unpleasant in their execution, have responded directly to problems and inequities towards which state and institutional authority was indifferent or remiss.

There are other issues we all must cooperate on: One is graduate and professional school enrollments. While societal demand for the products of professional schools have increased, with consequent pressure on them for admission, other graduate programs continue to produce large numbers of graduates for whom the demand is rapidly diminishing. We need better information on the labor market requirements for graduate level educated persons, and more effective mechanisms for allocating resources in line with shifting requirements.

Parenthetically, we must continue our concern and effort to secure equality of opportunity with respect to the high level of "rationing" which pressure for entrance to professional study produces. The fruits of recent effort are clear: in 1968, 300 minority students were admitted to U. S. medical schools; by 1976, the number had increased to 1,400. Whatever constraints may be placed upon the means for achieving this progress by the decision of the Supreme Court in the Bakke case, we must continue to strive towards the goal of true equality of opportunity in the preparation for all professional fields.
A second such issue is the necessity to be more conscious of the need for accountability, for dollars, for program effectiveness, for fairness among individuals and among institutions. Excellence in higher education is compatible with responsible stewardship and proper responsiveness to legitimate governmental expectations.

Third: As the participation of adults in postsecondary institutions and other less formal learning experiences increases, we must shape state policies which recognize adult learning needs, even if those do not eventually involve subsidization of those activities. Even in traditional institutions, we discern trends toward the enrollments of students of older average age, towards part-time enrollments (which increased from 45 percent in 1965 to 56 percent in 1975, and is expected to be 60 percent in 1985), and towards nondegree credit enrollment (28 percent in 1965, 35 percent in 1975, 40 percent in 1985).

Fourth: We must create more effective opportunities for communication and interaction among postsecondary education leaders, decision makers and decision influencers: governing boards, governors, legislators, state agencies, institutional administrations, with a proper opportunity for student and faculty voices in such exchanges.

In addition to the foregoing, there are three problems I regard as especially pressing and I would like to mention in somewhat more detail: finance, relationships with private institutions, and education for productive living.

First, finance. We need to continually reassess our procedures for financing postsecondary education, not only because of fiscal constraints imposed by the economy, and the difficult decisions made necessary by
competing objectives, but also because of the responsibility that we have to increase the efficiency with which state supported activities operate. Certainly, this involves looking closely and carefully at the procedures we use for determining the size and distribution of state support dollars. Formulas based upon full time equivalent students are surely less serviceable to allocate money in a stable system than in an expanding one.

Allocation formulas may not bear a close relationship with costs as enrollments decline. Of course, they may not have borne a close relationship to costs as enrollments grew since added enrollments may have necessitated marginal costs less than the average costs represented in FTE formulas. But the institutions didn't complain. But, as enrollments stabilize or decline, we must find ways to insure, in allocation procedures, both equity and efficiency.

This issue will also involve looking at the balance between aid to students and aid to institutions. Aid to students may eventually end up as institutional resources, especially if it is accompanied by prudent and justified increases in tuition levels. But our typical pattern of financing relies much more heavily on institutional support, and we need to reexamine this.

We must also look at the relationship between tuition and state support. We need to work more cooperatively in determining proper balances between the two, so that determining how increased expenditures are borne will not involve a tug of war between government, trying to keep tax expenditures down, and universities, trying to keep tuition down.
In our four states, the share which tuition represents of educational and general revenues ranges from 13 percent to 31 percent -- and state and local government appropriations represent from 1.6 times to 5.2 times tuition revenues. These ratios are in effect political decisions which must be arrived at cooperatively, in recognition of the legitimate interests of government, institutions and students.

Closely related to financing issues is the issue of state policy towards private or independent higher education. It too involves the state concern for efficiency, because efficient use of total higher educational resources may mean state utilization of the resources of the private sector to a great extent. I was pleased to chair an ECS Task Force which, over the past year, worked to construct recommendations on state policies in this area.

We concluded that:

"Each state should consider appropriate programs that utilize the resources of the independent sector by providing support to independent institutions or to their students;" and that need based grant programs should be the foundation of such programs we support. These programs should be at levels adequate to provide students with real choice among institutions." Just as important as support is the participation of the independent sector in statewide planning and coordination. I quote again from the report: "Statewide planning should be concerned with issues involving the independent sector, and postsecondary education including the independent sector should be accorded full participation in state planning and coordination."
As governing and coordinating board members and chief executives, you can play a central role in effecting this participation. If the present level of competition between public and private sectors of higher education intensifies and becomes hostile, we will all be losers. Many of you who hold positions of trust in public institutions also have ties with private ones. Some of you may even serve simultaneously on their boards. You have the responsibility and opportunity to ameliorate unhealthy competition between the sectors and to open more effective lines of communication between them.

Finally, we need to better understand the relationship between job markets and education and the balance between education for vocational skill development and education for a productive and satisfying life. Periodic oversupply of graduates of one field or another demonstrates that we are not very skilled either at predicting requirements of the economic marketplace for college trained people, or at adjusting our resources to effectively respond to that environment. I am not implying that education has no purpose other than job training. Indeed, we must also work harder to insure excellence in our postsecondary institutions both towards vocational preparation and towards preparation for productive civic and social life. If we do not equip our college graduates with work skills with which they can acquire and contribute to meaningful jobs of their choice, we will have failed. But we also fail if we do not equip the same students with basic skills shaped by general education and the liberal arts: learning which reflects a tradition of concern for the humane, for a reflectiveness about man and about his world, and about the preservation of intellectual and artistic tradition, a caring for
both dispassionate observation and analysis and, at the same time the heightening of emotional, interpersonal and ethical response to the world and its concerns.

Now, I have posed a number of problems. If I were your concluding speaker, I would feel responsible for presenting solutions to all of them. As your opening speaker, I leave them with you in the hope that the challenge they present will enrich and enliven your conversation of the coming 24 hours. I wish you well in these deliberations, recognizing that if they are productive, the ultimate beneficiaries will be those students whom we all strive to serve better.

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