

**President Lou Anna K. Simon Remarks:
State House Appropriations Subcommittee on Higher Education
Wednesday, April 23, 2008**

- The URC is an alliance of Michigan's three largest research institutions. Formed in late 2006, the URC leverages the assets of our three universities in order create economic vitality throughout the state.
- The URC is an engine of economic growth that benefits Michigan, its businesses, families and, of course, its students and it offers a unique branding opportunity for the state.
- Collectively, we educate more than 130,000 students a year and we employ more than 46,000 people on our campuses.
- MSU, U-M and Wayne State are uniquely positioned to lead in the development of new economic drivers and competitive outputs that will help transform Michigan and make it once again a strong and relevant player in the global marketplace.
- The goal of the URC is to profoundly impact Michigan's economy and drive the growth and development of 21st century technologies that leverage the state's vast assets and help create greater prosperity for residents of the state.
- In order to quantify the economic impact of the URC's activities on the state of Michigan, we engaged Anderson Economic Group last year to prepare a comprehensive economic impact report benchmarking the URC against other prominent university clusters across the country.
- Their estimates are very conservative and underestimate the true impact of the URC.
- **I'd like to share just a few highlights from the report:**

- AEG looked at university clusters in North Carolina, Massachusetts, Northern and Southern California, Texas, Illinois, and Pennsylvania.
- Against these clusters, the URC fares very well.
- In terms of enrollment, the URC is the largest research university cluster with more than 133,000 students.
- In terms of R&D, in 2005, the URC conducted \$1.37 billion in research and development, more than all of our peer groups, except for northern and southern California.
- Approximately 60% of funding for these R&D expenditures came from federal sources, meaning that the URC universities brought \$832 million in federal dollars into Michigan.
- Aligning our resources allows us to multiply the research dollars we bring into the state.
- As far as the effectiveness of R&D expenditures, as measured by licensing revenue per expenditure, the URC is better than all comparison clusters except for Northern California and Massachusetts.
- We're providing each of you with a copy of the URC annual economic impact report for your review.
- I'd also like to talk for a moment about the competition we face as top-ranked universities.
- In addition to competing with other tech clusters around the country, we are increasingly competing with international institutions for students, faculty and, importantly, for research dollars.
- We are no longer simply competing against other schools in the Big Ten or in other regions in the U.S.

- The competition is global now.
- International institutions, especially in China, are intent on replicating our models of success and replacing us in the rankings of top institutions.
- Shanghai University puts out an annual academic ranking of the world's top 500 universities.
- All three of our institutions are in the top 300, with MSU and U-M landing in the top 100 (MSU=80; U-M=21).
- The stated goal of the Chinese government and academic community is to replace in the rankings up to 50 of these universities with Chinese universities.
- Two of China's top universities have already cracked the world's top 200.
- In addition, nine of China's universities are on the list of Top 100 World Universities in Engineering/Technology and Computer Sciences.
- As you are probably aware, last year the Chinese Ambassador to the United States spent a good deal of time visiting our state and one of our URC institutions – U-M.
- And, in May of this year 25 university presidents from China are visiting the URC campuses.
- We, the URC universities, are both a model for the rest of the world and like so many of Michigan's competitive assets, are in a fierce global competition.
- We rely on our partnerships with Michigan and its business and government leadership, to remain world class. Our students and the future of Michigan depend upon it.

- As I mentioned earlier, the levels of research funding being secured by institutions outside the U.S. is growing rapidly.
- Education and R&D are investments with a huge return.
- North Carolina began investing in higher education in the 1950's when they were economically depressed, when their biggest employers were leaving, and when education standards were low. It was during this time that the Research Triangle was formed.
- They were consistent over many years, didn't try new programs every few years, just consistently supported the biggest engine driving their transformation—their research institutions.
- Some 50 years later, the investment in the Triangle Park anchors North Carolina's economy.
- **The URC is an important investment in Michigan's future.**

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CLOSING REMARKS (DELIVERED AFTER MSC DISCUSSES FINANCIAL AID/ACCESS):

- It has never been more important to maintain the momentum we have built, as the URC AND as a state in economic transition.

- Our universities are at the forefront of exciting and important research that is the foundation of a knowledge economy.
- Already this year, the URC has committed \$900,000 in new seed funding to encourage collaborative research on alternative energy, an area of research and development we are particularly excited about for advancing our state economy.
- To keep our State globally competitive, and to make science and research translate into prosperity for Michigan's citizens, requires investment from all of us.
- We look to the state to provide adequate appropriations, as well as support for our capital outlay needs, which are so critical in maintaining and expanding facilities for our students and faculty.
- For example, providing funding for the updating/construction of science buildings to accommodate the cutting edge research that leads to innovation and economic development.
- We all clearly understand the state budget challenges.
- Given the tenuous nature of the budget, we agree that the 3% across the board increase is absolutely appropriate. This is not the time to implement a funding formula.
- In order to help build a better tomorrow for Michigan, however, my colleagues here at the table and I believe that a separate appropriations bill for the URC universities is the appropriate next step.
- We feel good about the direction of the URC and the evolving collaborations, both between our universities and with other partners eager to advance our state.
- The URC benefits our students and faculty, and provides benefits to our communities.
- Thank you for your time and attention.
- Before we get to your questions this morning I would like to take a moment to acknowledge the contributions of President Reid.
- As you are all probably aware, Dr. Reid has announced his retirement from the presidency of Wayne State and this will be the last time he testifies before this committee in that role.

- I know that I speak for President Coleman and the entire URC when I say what a privilege it has been to work with Irv over the years.
- His commitment to Wayne State, to the city of Detroit, and to the creation and work of the URC has been extraordinary.
- I know he would like to offer some closing thoughts so I'll turn the microphone over to him to end our time here today.