

House Appropriations Higher Education Subcommittee Testimony

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March 23, 2017

I want to thank you, Representative LaSata, and committee members, for inviting me today. We are always eager to talk about Michigan State University and the university's ongoing commitment to opening world-class opportunities to the people of Michigan.

A global asset for Michigan

Michigan State builds stakeholder value as one of the world's top 100 universities, while serving Michigan first. We manage to do this despite diminished state support over a long period and limiting tuition increases, focusing on increasing external support through donors and grants, efficient operations and intensifying our ongoing commitment to quality, inclusion and connectivity.

Michigan State claims 35 academic programs ranked in the nation's top 25. Eighteen of those are in the top 10 and eight are ranked number one in the nation.

We work side-by-side with residents in every county in Michigan through Extension, research and service programs. And we work in communities halfway around the world, because we understand that what we learn in one place can be applied in another. We are a top university for study abroad and international enrollment, and global employers make MSU a top recruiting ground.

But nobody enrolls more Michigan students than MSU—more than 35,400 last fall. Three-quarters of our undergraduates are Michigan residents, including 90 percent of our transfer students.

We admit 5 percent of Michigan's graduating high school seniors each year. That commitment comes at a price—the differential between what we charge for in-state tuition and for out-of-state and international students. We consistently operate with a greater proportion of state-resident students than our Big Ten peers—forgoing approximately \$90 million in annual tuition revenue by that measure.

The average MSU Pell recipient gets about \$4,300. Additionally, federal student loans went to more than 17,000 of our students, or about 44 percent of them, averaging more than \$7,000 a year. All told, that means \$159 million annually in federal grants and loans are helping students attend Michigan State.

In fact, *Bridge Magazine* recognized MSU as the best institution in Michigan for opening economic mobility to low-income students and the only one whose low-income students out-earned more affluent students 10 years after graduation. We were rated in the top five for average earnings, graduation rate, and average annual net cost.

I ask that Michigan duly support those institutions that do the most to open higher education to lower-income residents, as well as those demonstrating their effort by reflecting above-average proportions of Pell students in their enrollments. I would suggest that both the percent of an institution's Pell recipients and the total number be included in the formula to acknowledge overall impact as well as effort.

Student success

Enrolling and supporting these, or any, students wouldn't make much sense if we didn't deliver the goods. By that I mean ensuring that students are able to earn their degrees in reasonable time, reasonably unencumbered by debt, and that those degrees make them competitive in the career marketplace.

New *U.S. News* rankings released this month add two more MSU programs to its list of top-ranked graduate programs, African History and Supply Chain/Logistics. The graduate supply chain program now joins its undergraduate program counterpart at number one.

Elementary and secondary education programs have topped the rankings for 23 consecutive years. Also in the College of Education, Rehabilitation Counseling remains at the top of its class. Overall, the College of Education has eight programs ranked in the top 10 in their respective fields. Our graduate program in Industrial and Organizational Psychology, housed in the College of Social Science, remains at the top after two decades. The program in Nuclear Physics in the College of Natural Science remains at number one. We train about 10 percent of the nation's nuclear science PhDs and are well positioned to support and leverage the new Facility for Rare Isotope Beams, which I'll discuss later in my testimony.

Student debt is a source of continuing concern across the country, but you should know that MSU's record is good. Fewer than half—43 percent—of MSU students graduate

percent reach junior status or better by their third spring semester. That's the highest rate for us in at least the last 15 years.

We are leveraging our residential neighborhoods to better scale and deliver university support services where people live. It's an approach we are sharing with our peers nationally through the University Innovation Alliance, even as we learn about and evaluate the kinds of things that are working for our UIA partners. And we're supporting this initiative with efforts to innovate our academic programs, including revamping mathematics courses to improve student learning. This year we also opened our Hub for Innovation in Learning and Technology, which supports development and application of new methods of teaching and learning across the university.

We also know student success is enhanced by high-impact experiences outside of the classroom, and these too are areas of increasing emphasis at MSU. We're affording plenty of opportunities for all undergraduate students to internalize and exercise the qualities of entrepreneurship with the addition of a new entrepreneurship minor across all of our colleges. The MSU Innovation Center is integrated into that program as it strives to create connections at the interface of academia and the real world of commerce, markets, and entrepreneurs. We do this in the classroom, in our creative centers such as the Hive, where students can exchange and nurture ideas, and in the Hatch, where students launch their own companies.

Among other high-impact experiences, about two-thirds of our graduates held internships; more than a third of our undergraduates engaged in research; a quarter studied abroad (versus 10 percent nationally); and half reported volunteer service experiences.

Along those lines, Michigan State's nationally-recognized service-learning program recorded 27,475 registrations for community service in 2016. This focus on connections with the community and the world helped MSU take the top spot for student engagement among public research universities in last year's *Wall Street Journal/Times Higher Education* college rankings. Michigan State instills a level of student engagement, the report's authors noted, that is more often found at small and denomination-affiliated colleges, and rarely at large research universities.

It should be noted that high-demand STEM degrees have been an increasing proportion of those MSU has awarded. Our STEM credit hours recorded by students have risen more than a third in the last 10 years, but the cost for facilities and instruction has been steep. In that period, STEM instruction-related costs have more than doubled.

continue to enroll and graduate students of low and moderate family incomes at the same levels as prior years, in spite of years of flagging appropriations.

Supporting the state

Michigan State's total economic impact on Michigan exceeds \$5 billion annually. That's from the reports compiled annually for the University Research Corridor by the Anderson Economic Group.

Let me illustrate that number with an example of our engagement with just one growing industry in Michigan. We should all be proud that Michigan agricultural producers offer some 300 commodities and grow one of the greatest varieties of agricultural products in the nation. Craft brewing is one way Michigan entrepreneurs are adding value to Michigan agricultural products, and that's an area heavily supported by MSU. Our recent activity ranges from reviving a variety of barley suited to Michigan growing conditions and working with hops farmers around the state to develop a new cash crop to partnering with a company to tap brewery wastewater to generate clean energy. If beer doesn't suit your personal taste, we're active in supporting craft distillers and, of course, our flourishing wine industry.

The MSU Product Center, which is affiliated with MSU Extension, in fact has help create or expand 455 agri-food and natural resources-based businesses, creating over 1,270 new jobs, and has helped its clients increase sales by over \$325 million.

MSU Extension itself leverages more than \$75 million in federal and state support, including more than \$24.5 million in grants to focus efforts on assisting the agricultural sector; preparing Michigan youth for their future; providing programs on obesity training, food safety, and chronic disease management, as well as other community programs. We also have a wide variety of agricultural and natural resources-focused research ongoing at our 13 outstate AgBioResearch stations.

At MSU Technologies and Spartan Innovations, which are part of the MSU Innovation Center, MSU's faculty and graduate students turn their ideas into actual products and companies. Last year we set records for annual licenses and options of intellectual property (66), new invention disclosures (179), grew corporate partnerships 18 percent and concluded 221 research agreements.

Our medical schools support a community based model for physician training. They maintain affiliations with over 50 hospitals across the state, which provide health care to 70 percent of state residents.

The DOE Office of Science funded \$635.5 million of the \$730 million construction budget while the State of Michigan invested \$94.5 million. About 83 percent of total construction expenditures will go directly to Michigan businesses and workers generating an average of \$149 million in in-state purchases, annually. The state's investment in FRIB is expected to generate \$205 million in tax revenues—more than a two-to-one return on investment—and \$831 million in higher gross state product.

Cost containment

Michigan State has for many years taken a serious approach to cost containment. We've made in excess of \$105 million in reductions and reallocations over the past 10 years. Each year we reallocate approximately \$6 million through our Performance Efficiency Reinvestment Fund, which invests in areas of high opportunity.

Conservation and efficiency improvements in our utility operations save us more than \$5 million annually and we record some of the lowest energy consumption per square foot in the Big Ten.

Much of our proactive approach is reflected in our work to control employee benefit costs. To begin with, MSU is a lean operation, ranking second among the 14 Big Ten schools in number of students per employee.

We worked with our nine unions to cap annual health care outlays at 5 percent so now our employee health care cost increases have been at or below national indices for eight of the last 10 years.

And we eliminated post-retirement health care benefits for new hires in 2011, after shifting to defined-contribution retirement benefits way back in 1973. The bottom line is that our pension obligation, which is only \$7 million, is fully funded today.

Conclusion

What I have shared is a glimpse of why we believe that MSU deserves to have state support restored to the pre-2011 level and maintained funding commensurate with our performance and our value to the people of Michigan.

By supporting public higher education, you support Michigan residents' ability to compete in a global knowledge economy. By supporting Michigan State, you are supporting our three-dimensional mission of education, research and service to Michigan communities. Michigan citizens deserve to have high expectations, together with the actual means to achieve them. With your support, MSU is committed to doing just that.

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