

**President Mark Schlissel**  
**House Appropriations Subcommittee on Higher Education**  
**Feb. 14, 2019**

Chairman VanSingel and members of the House Appropriations Subcommittee on Higher Education, thank you for the opportunity to speak with you.

It's a pleasure to see all of you today.

I am especially pleased to meet the members of the committee who are serving in their first term and serving on this committee.

Your work is important to the future of our state's prosperity and talent development.

I am honored to be here representing the University of Michigan's Ann Arbor campus.

The mission of the University of Michigan is to serve the people of Michigan and the world through preeminence in creating, communicating, preserving and applying knowledge, art, and academic values, and in developing leaders and citizens who will challenge the present and enrich the future.

My commitment to the people of our state is that the University of Michigan will continue to work as hard as we can to foster innovation and provide the human capital that will power our state's and our country's future.

Although we are a 200-year-old public university with amazing accomplishments, I believe that all of us can be excited that the U-M is poised for a third century of excellence and incredible impact.

U-M is once again the top public university in the U.S. with a record \$1.55 billion in research productivity.

And we're transferring knowledge from our research to the public and the marketplace with impressive results.

- Over the past fiscal year, we recorded 484 new inventions.
- We have nearly doubled the number of startup companies that are based on technology we invent, as U-M inventors launched 21 companies last year, for an average of about one every 17 days.
- Nine of the 21 startups are software companies, and the majority of this year's startups are headquartered in Southeast Michigan, where they're creating jobs and helping to diversify the economy.

- Others include a company that will help build out a fleet of autonomous public transit vehicles, and a startup based on technology that monitors the human nervous system and warns doctors of patient distress well ahead of traditional methods.

The University of Michigan maintained its ranking as the top U.S. public university in the QS World University Rankings for 2018-19, and ranked 20th among all institutions on the list.

And the accolades do not stop there.

- Money magazine ranked us a top 10 value in higher ed.
- Nearly 90 of our academic programs are ranked in top ten in their field.
- Michigan Medicine is ranked 5<sup>th</sup> in U.S. and climbing.
- Our C.S. Mott Children's Hospital was again ranked as the top performing children's hospital in Michigan. Two specialties at Mott – cardiology and neonatology – ranked among the top 10 in the U.S.

Because of our strengths in research and education and our exceptional breadth, U of M is well-positioned to solve major societal problems, thanks to our strong faculty, talented students, and amazing supporters.

Generations of elected leaders in our state have helped to make this excellence possible over the centuries through their investments in our success.

In return, U-M's breadth pays dividends for our state.

### Marygrove

One example is the new school opening this fall on the former Marygrove College campus in Detroit.

This is a P-20, preschool through college, partnership with the Detroit Public Schools Community District, the Kresge Foundation, and others to create a Teaching School that is modeled after the concept of a Teaching Hospital.

Students from our School of Education will hone their skills while learning the theories and pedagogical techniques that are essential to the effective practice of teaching, working alongside Detroit public school teachers and being mentored by U-M faculty.

Experts from other university departments will contribute to curriculum design, including our College of Engineering, School of Information, Ross School of Business, College of Nursing and School of Public Health.

So far, more than 600 students have applied for the 120 available spots in the 9th grade, and more than 60 teachers have applied for 6 teaching jobs.

We are recruiting the first cohort of students to become residents in the teaching school because we are educating the best possible teachers for urban settings.

This unique partnership is designed to support new teachers and improve student outcomes.

### **Mcity**

We are also moving forward quite literally with mobility at our Mcity test facility for connected and automated vehicles.

Mcity research is thriving, and in the five short years since it began, it has helped to solidify Michigan as a leading voice in next generation automotive revolution.

The public-private partnership involves government, academic researchers, and multiple industry sectors working in tandem to address questions that no single company or discipline can effectively resolve alone.

The value of our work is clear as a second round of industry funding is secure, with investments from both new and returning partners.

We are deeply grateful to our public and private sector partners, including the State of Michigan for their confidence, as we work to improve traffic safety, save lives, conserve energy, and increase accessibility to transportation.

### **Enrollment and Financial Aid**

Of course, as a public research university, we aspire to ensure that the most talented students have every chance to take advantage of the opportunities we provide.

We remain deeply committed to ensuring that a University of Michigan education is accessible to every qualified student within our state, no matter their financial background, zip code, educational attainment of their parents, or demographic characteristics.

We're extending this longstanding commitment in ways that are bold, innovative, and, in my opinion, very exciting.

For instance, our HAIL Scholarship program began in 2015 as a research project designed by Susan Dynarski, a professor of public policy, education and economics.

We sent a group of high-achieving, low-income students a large, glossy, personally addressed packet containing a letter from me encouraging them to apply to U-M and promising a four-year, full-tuition-and-fees scholarship if they were accepted.

The packet included information about the admissions processes and coupons for fee waivers for the Common Application and financial aid applications.

We also contacted each student's parents and high school principal.

The research found that with this highly personalized contact, and early commitment of aid, high school students were twice as likely to apply to U-M and twice as likely to enroll if accepted.

It's promising evidence that we can substantially close income gaps in college choices. The success of the HAIL project helped us design our Go Blue Guarantee financial aid program.

The guarantee, which went into effect last year, includes a promise of free tuition for in-state students whose families earn less than \$65,000 and have assets totaling less than \$50,000.

In fact, this year, nearly 26 percent of in-state undergraduates at the University of Michigan pay no tuition due to university financial aid. Zero.

This includes nearly 1,700 students under the Go Blue Guarantee.

Additionally, the percentage of all undergraduates receiving Pell grants rose to 17.9 percent, up from 16.5 percent in 2014.

And it's not just lower income students we help.

We individually assess each applicant's ability to afford a Michigan education and offer significant amounts of financial aid based on family circumstances including some Michigan families with incomes as high as \$180,000 per year.

Through the Go Blue Guarantee and commitment to financial aid, we are sending a message to the people of our state and beyond that we seek to welcome students from communities you represent and throughout our state who have the talent and desire to earn a University of Michigan degree.

This fall, we also welcomed our first cohort of freshmen from Wolverine Pathways, one of our efforts to enhance college readiness.

Wolverine Pathways is a free innovative pipeline program for middle and high school students in Detroit, Southfield, and Ypsilanti.

Students attend after-school, weekend and summer academic enrichment sessions and receive mentorship and guidance as they prepare for their futures.

Scholars who successfully complete the program, apply to U-M, and are admitted receive a four-year full tuition scholarship plus additional need-based aid.

Once students arrive on campus, we work to support them through a number of mentoring programs, academic support resources, and dedicated staff, like those in our Office of Academic Multicultural Initiatives.

In addition to an increase in admissions applications from some of our state's lowest-income students, we also saw another record-breaking number of applicants for last fall's freshman class, in general.

Nearly 65,000 students applied, about 15,000 were offered admission, and about 6,700 enrolled.

More than half of those first-year students are Michigan residents. And first-generation students -- those who are the first in their families to attend a four-year college or university -- were 14 percent of 2018's incoming class; in 2014 that number was only 11.3 percent.

U-M continues to advocate strongly for eliminating barriers that discourage students and scholars from pursuing their ambitions at America's colleges and universities.

In fact, we believe international exchanges are essential to quality education.

Our graduates are expected to compete and confront challenges on a global scale.

To succeed, they must learn how to work with people from different countries, cultures and backgrounds.

All of these efforts underscore a fundamental goal -- the development of talent to support our state and nation's economic prosperity and propel innovation in all forms.

### **Performance Metrics**

Turning to metrics, the University of Michigan's Ann Arbor campus is proud that it scores well on the state's performance funding measures.

We remain committed to maintaining our success on these metrics and improving where possible -- which we are committed to do irrespective of performance funding. However, it's important to note that these efforts must be sustained over time.

There are few quick wins in the formula for increasing the impact of our campus.

We advocate for the ability to plan for the long-term building of capacity and strategic allocation of sufficient resources to improve on the metrics.

At the same time, cost containment remains a top priority for U-M, and one of our guiding principles is to implement cost savings that do not harm the academic mission of the university.

Since FY2004, we have reduced or avoided recurring General Fund expenditures totaling \$406 million, and we're on track to trim another \$24 million in FY2020.

It is one of the many ways we remain financially secure.

I believe very strongly that we are a state that is made stronger by 15 distinct public higher education institutions that vary in scope and mission.

The state should continue to support its institutions in a way that recognizes their differences, and appreciates the excellence they each provide to the people of our state.

Additionally, if we want our state to be among the most prosperous in the nation, we have to be among the most educated. Our state ranks 30th in the nation in per capita income and 35th in college attainment.

Greater state investment in direct-to-student need-based financial aid would lead to greater degree attainment, diminished student debt, growth in the Michigan economy and increased per-capita income.

It would also allow students more freedom to decide where they wish to study in Michigan, and encourage schools to compete for the best students, regardless of their family income.

Direct-to-student need-based aid would help to address concerns about college affordability that I frequently hear when I travel to communities in our state – while also aligning with Governor Whitmer's pledge to increase post-secondary attainment in Michigan.

## Close

I am exceedingly grateful for the opportunity to work with all of you to further enhance the impact of the University of Michigan on our state and on our children.

Last summer, I passed the four-year mark here at U-M, and I could not imagine a better place to embark on the "graduate" phase of my presidency.

Thanks to the Board of Regents, I will be here another five years after my first term ends in July.

I look forward to everything we can accomplish together for our society and the people of our great state. Your support is essential to our success. Thank you.