

**House Appropriation Subcommittee
on Higher Education and Community Colleges**
Testimony from Michigan State University
Acting President Satish Udpa

Feb. 21, 2019; Room 519, Anderson House Office Building, Lansing

Chairman VanSingel and subcommittee members, thank you for the invitation to be here today.

I have been executive vice president for Administrative Services for six years and was the dean of the College of Engineering for seven years.

On Jan. 17, exactly 40 years after I first set foot in this country to attend another land-grant university, the Board of Trustees named me acting president of Michigan State University.

That was an emotional day for my family and me.

We at Michigan State observed another important date earlier this month. Our Founders Day, Feb. 12, marked 164 years of service to the people of Michigan, and indeed, to the world.

The citizens who founded MSU saw the world changing and understood that access to cutting-edge knowledge and skills is as vital to the community as it is to the individual.

MSU blended components of liberal studies, practical instruction and modern scientific discovery in its innovative curriculum.

It very quickly became the model for the American land-grant university, which was officially brought into being when President Abraham Lincoln signed the Morrill Act seven years later.

This grand legacy of democratizing higher education for a new age is something all Michigan citizens can celebrate, and one we at MSU continue to honor.

MSU's present challenge

Our success did not come without challenges, and today we face perhaps the greatest of our time. As you are aware, MSU for the last two years has struggled to respond to an extensive and high-profile sexual assault case.

We have made a great many changes to policies, procedures and to the organization itself.

Those include devoting a great deal more resources to sexual misconduct prevention and response.

We are far from done with what will be a very long process.

I want to assure you, however, that Michigan State continues to excel in its core missions of education, research and outreach.

MSU's impact and distinctions

Michigan State is home to a diverse academic community that offers more than 200 programs of undergraduate, graduate and pre-professional study in 17 degree-granting colleges.

As the first American university to teach scientific agriculture, MSU continues to be noted for our plant science.

However, MSU also has nine No. 1 undergraduate or graduate programs of study, and 32 ranked in the top 25 nationally.

From its humble beginnings on some partially cleared acres east of town, MSU's economic impact on the state today exceeds \$5.8 billion.

That includes \$511 million spent with businesses annually.ⁱ

I don't think it's a stretch to describe Michigan State as Michigan's greatest single engine for social and economic mobility.

We graduate more than 10,000 students annually.

Almost two-thirds of them stay in Michigan to live and work.

That is a massive transfer of skills, talent and knowledge into Michigan's economy — and it happens every year.

MSU is unique among state institutions in our presence in every corner of the state through our research and service programs.

As you know, our Extension and AgBioResearch programs are of such statewide consequence that they are funded as separate line items in your higher education budget.

And if you look at medicine, Michigan State has placed 3,000 medical residents in 20 locations and 56 partner hospitals across the state, contributing to the delivery of health care to 70 percent of Michigan's residents.

Our students, too, come from every county in Michigan, as well as every state in the union and 141 countries.

MSU, in fact, ranks among the top 20 U.S. universities for international enrollment,ⁱⁱ which is 12 percent of our total.

One of those students this year is MSU's 19th Rhodes Scholar. I wanted to introduce that remarkable young woman to you today, but at the moment she is taking a midterm exam.

All told, the broader MSU community includes more than 50,000 students ... 5,700 faculty and academic staff ... 7,200 support staff ... and some 576,000 living alumni worldwide, about half of them in Michigan.

Applications and enrollment

I mentioned our land-grant heritage and how Michigan State continues to be noted for how we elevate individuals and communities.

MSU is ranked among the nation's top 50 universitiesⁱⁱⁱ for our contribution to the public good through social mobility, research and service.

Michigan State enrolls and graduates more Michigan students than anyone. More than three-quarters of our undergraduates are Michigan residents.

Our enrollment this year totals more than 50,300, our second highest on record.

Nearly 40,000 of those are undergraduates and 23.5 percent of our U.S. total are students of color.

This year we welcomed our largest first-time undergraduate class of more than 8,400 students out of the 33,000 applications we received.

That includes almost 1,600 new transfers, about 80 percent of them from Michigan.

Twenty percent of our new students are Pell Grant recipients and about 23 percent are first-generation students.

I want to repeat that: A fifth of our freshmen qualify for federal grants on the basis of family income, and more than a fifth are the first generation in their family to attend college.

This, again, speaks to Michigan State's great capacity as an engine of social and economic mobility.

You have probably heard by now that higher education faces a national high school graduate downturn.

We foresee a 15 percent drop in Michigan in the next 10 years.

The international enrollment picture is an evolving one, with Chinese enrollment lower at most U.S. universities at this moment.

We are working to diversify our international and domestic enrollment, but MSU admissions strategy remains heavily focused on Michigan.

Thus far this year our fall, 2019, class is shaping up to be on par with prior years, and our applications are up by a third.

Tuition and financial aid

We are acutely aware that costs can be a barrier to higher education.

MSU's budget includes a tuition rate freeze for incoming resident first-year students this year, and for all resident undergraduates next year.

We also adopted a block-tuition structure starting in the next academic year, which will encourage students to complete their degrees in four years.

Michigan State's general fund support for student aid has more than doubled in the last 10 years to \$147 million.

In that same period, the total student financial support we administer has grown 48 percent to more than \$700 million annually.

Since we started our Spartan Advantage financial aid program for low-income students in 2006 — offering full support for tuition, room, board and books — we have disbursed nearly \$500 million in aid from all sources to more than 22,000 students.

Student success

Our focus on ensuring that students succeed once they get here is bearing fruit.

Last year MSU recorded our highest graduation rate ever: 80 percent of our students who entered in 2012 graduated.

Our graduation rate not only exceeds our Carnegie peer average by seven percentage points but exceeds our predicted rate by 10 percentage points.

Thanks to our student success initiatives, our academic probation rate is our lowest on record, and other indicators are improving as well.

Our STEM credit hours, meanwhile, have risen 44 percent in the last 15 years.

After they leave MSU, the placement rate for our graduates is 12 percent above the national average. Some 95% of our recent graduates are working, in graduate school, or both.

Research and graduate study

Employers across the globe seek our graduates, knowing that MSU is a top-100 global university,^{iv} and our reputation also helps us recruit top talent. We hire upwards of 100 tenured faculty members each year.

Such talent nourishes our growing research programs. Our annual research expenditures have grown 35 percent since 2013, to about \$700 million.

With that growth, our national ranking jumped four places to No. 32.

Most universities that are ranked above MSU, by the way, have major medical research complexes, which often account for the majority of their research funding.

When it comes fully online in 2022, our Facility for Rare Isotope Beams — known as FRIB — will add a new research funding stream.

FRIB will enable discoveries about the properties of rare isotopes and nuclear astrophysics, with practical applications for society including in the areas of medicine, homeland security and industry.

In addition to the several-hundred construction jobs it has supported for the last several years, FRIB will support hundreds of permanent operating positions for 20 to 30 years.

FRIB will become a destination for researchers from around the world. It is estimated to add \$4.4 billion to the state's economy.

FRIB and MSU's accelerator technology already are seeding a high-tech industry cluster in mid-Michigan, including Niowave, which is now producing medical isotopes in Lansing.

Looking to the future, Michigan State is recruiting more than 100 new faculty researchers specifically to help accelerate solutions to what we call the “grand challenges” of the 21st century.

We will focus new and enhanced research around energy ... health ... education ... the environment ... national security and global development.

We also are targeting emerging priority areas including advanced mobility ... computation ... advanced engineering ... genomics ... antibiotic resistance ... precision medicine and advanced physical sciences.

Our research program provides a multitude of benefits, even at the undergraduate level. Inquiry and discovery are built into the curriculum, and we offer many opportunities for undergraduates to participate in faculty research.

Funding formula

MSU's good value to our students and their families is reflected in high rankings from publications such as *Kiplinger's* and *Money* magazines.

MSU has managed to consistently deliver that value despite a prolonged period of lagging state support.

Michigan State's appropriations per student have dropped more than 8 percent in the last 10 years.

MSU ranks last in our appropriations increases since 2011 among Michigan universities complying with tuition restraint.

If Michigan State had received just the average rate of state appropriations increases to its universities, we would have \$14 million more this year to support student programming and financial aid.

Overall, the state of Michigan ranks 42nd in the maintenance of its higher education appropriations over the last decade. We should do better.

Given higher education's excellent return on investment, the need for more residents with higher education credentials and the state's competitive posture, Michigan would be well served by stepping up its support.

Beyond that, our three Research I universities — MSU, the University of Michigan and Wayne State University — are disadvantaged by Michigan's higher education funding formula.

The formula is almost exclusively oriented toward undergraduate education and disregards the higher expenses associated with graduate education.

Our three world-class research institutions uphold this state's reputation as host to a top research corridor and add value in many other ways.

Michigan State enrolls a particularly significant number of Michigan's daughters and sons and develops them into globally competitive individuals.

Conclusion

I am optimistic that MSU will overcome our current challenges. We have proved a resilient institution over many years, thanks to an extraordinarily talented and dedicated community of faculty and staff.

Such assets as our universities, in my opinion, deserve a level of public support that better reflects their importance to all the people of Michigan.

Thank you again for inviting me, and I'm happy to answer any questions you might have.

###

ⁱ Anderson Economic Group

ⁱⁱ Institute of International Education, 2018 Open Doors report

ⁱⁱⁱ Washington Monthly 2018 rankings

^{iv} Times Higher Education 2018, 2019 rankings