

**Senate Appropriations Higher Education Subcommittee:**

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Senator Tom George (VC)  
Senator Bill Hardiman  
Senator Michelle McManus  
Senator James Barcia (VC)  
Senator Glenn Anderson  
Senator Liz Brater

**Presented by: Gary D. Russi, President**  
**OAKLAND UNIVERSITY**  
**April 20, 2007**  
**Saginaw Valley State University**

- Good morning.
- Thank you for the opportunity to address the subcommittee today.
- And thank you to President Gilbertson and Saginaw Valley State University for their warm welcome.
- Today, I would like to talk to you about how Oakland University is meeting the challenges set forth by the Cherry Commission, keeping an Oakland education affordable and accessible and creating graduates who are ready to meet the demands of the 21st Century workforce.

- This year, Oakland University marks its 50th anniversary, celebrating five decades of innovation and opportunity, including achievement in preparing student leaders, advancing research frontiers and engaging with business, educational and community partners for the benefit of our region.
- Through a multitude of partnerships with hospitals, Fortune 500 companies, individuals, cities, government agencies, and educational institutions, Oakland helps the community solve problems and build thriving, sustainable businesses.
- These associations reward our students with internship and co-op opportunities and provide university researchers access to the latest technology tools.

- Our association with these partnerships also significantly impacts economic development efforts and commercialization opportunities in our region.
- Today, Oakland University, the 8th largest of the 15 public universities, has 17,737 students and is a nationally-ranked, academic institution offering a personal, high-quality education through flexible class schedules, student services, classroom technologies, labs, internships, co-ops, student research opportunities with corporate partners, and a multitude of undergraduate and graduate degree and certificate programs.

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## **The unique Oakland University experience**

- Oakland University is a place on the move.

- With record enrollment increases in eight out of the past nine years, students and parents are sending a clear message that Oakland University is quickly gaining a reputation as a university of choice in the state.
- And although we proudly point to a high-quality, affordable and accessible undergraduate and graduate education as hallmarks of our mission, we are of course involved in a vast array of initiatives and activities that provide a unique experience for our students, the community and the entire state of Michigan.
- Just two weeks ago, we announced a partnership with Beaumont Hospitals to create a privately-funded medical school on our campus.
- We plan to enroll the first students in Fall 2010.

- This partnership is important for us of course, but it is far more important for the state of Michigan.
- Together, Oakland and Beaumont will address the coming shortage of physicians.
- Together, we will provide Oakland County with its first-ever privately-funded medical school.
- And together, we will help to produce the health care leaders – physicians, medical ethicists, researchers, public health policy makers – of tomorrow.
- And, the partnership will create a much-needed boost in job creation, applied research capacity and, of course, medical education for generations of prospective students.
- The eventual economic impact this will have on the region is tremendous.

- In Michigan today, the economic impact of medical schools and teaching hospitals is \$18 billion, and 122,000 Michigan citizens are employed by medical schools and teaching hospitals.
- Our partnership with Beaumont will significantly add to those astounding numbers.
- To get a picture of what one medical school contributes to the economy, we can look at one of the country's newest – Florida International -- which will open in 2008.
- The school is predicted to generate a \$58 million economic impact the first year, growing to \$1.1 billion annually in full operation.
- They are expected to generate more than 11,000 new jobs and contribute \$22 million to the local tax base.

- Not only will our partnership with Beaumont make available a top quality medical education to Michigan students, it will also enhance medical care throughout the region by attracting top-level medical leaders and medical students from around the country.
- It's the marriage of two partners destined for great things.
- At Oakland University, we are nationally known for the quality of our applied and biomedical research.
- Beaumont is the largest, private-staff model teaching hospital and academic medical center in the country.
- The melding of our two institutions – both among the best in our respective fields - is a boon for the region and the entire state.

- Having an esteemed partner like Beaumont is a great example of how partnerships between universities and other institutions and businesses are critical.
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- By sharing resources, knowledge, expertise and infrastructure, we are operating as efficiently as possible.
- We like to think we're the leanest university in terms of operations in the entire state.
- The Pawley Lean Learning Institute, established in 2002 through a gift from Dennis Pawley, OU alum and chair of our Board of Trustees, is one of the main reasons we operate so efficiently.
- The Lean Learning Institute provides instruction and research that employs the practice of organizational improvement to business, education and public service.

- The concept of “lean” is a foregone conclusion on our campus; our faculty, administration and many employees have been schooled in the fine points of the lean philosophy; that is, to operate as efficiently as possible to save time and money.
- And it’s working; Oakland University is as “lean” as it’s ever been, and we’re going to keep applying this concept to everything we do.

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- I’d like now to take a few moments to tell you how we are making an Oakland University education more accessible and affordable to students throughout Michigan.
  - This, as you know, was a key imperative put forth by the Cherry Commission Report, and we have embraced it as a top priority.

## **Accessibility and Affordability**

- To expand access to our degree programs, we have initiated several partnerships with other colleges and universities in Michigan.
- We've forged new partnerships with Macomb Community College, Michigan State University, Wayne State University, Northern Michigan University and St. Clair County Community College.
- These partnerships allow us to share valuable resources and avoid programmatic redundancies, while providing greater accessibility and convenience to students.
- They also save our students money by allowing them to gather credits with maximum efficiency, and by getting them out into the workplace sooner.

- One of these partnerships is Macomb 2 Oakland, Michigan's first dual-degree program.
- Macomb 2 Oakland allows students to earn an associate's degree at Macomb Community College and one of 40 bachelor's degrees at OU, all within four years.
- Through coordination of course programming and requirements, students in this program enter Oakland as juniors, after spending their first two years of college closer to their homes and at the lower tuition rate community college affords.
- As always, we accept transfer credits from community colleges throughout the state, but the Macomb 2 Oakland agreement clearly accelerates graduation rates.
- We also have financial initiatives in place to help adult learners return to the classroom.

- Two recent programs geared specifically to non-traditional students are Return to Earn and Return to Learn.
- Return to Earn exists to assist displaced auto workers as they transition to new careers.
- Return to Learn offers programs for adult learners who have been out of the classroom for two or more years, and seeks to assist them in their quest to complete a degree.
- Application fees are waived for those enrolling in Return to Learn.
- The Return to Earn program incorporates helpful grants.

- Individuals exploring new career options after working in the auto industry are eligible for special renewable annual funding, no matter if they attend full time or take one class at a time.
  - These grants range from \$250 to \$1,000.
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- We are bolstering accessibility through our partnerships and retention efforts, and keeping an Oakland education affordable through proactive cost containment and expanded access to financial aid.
  - Nowhere is our success better highlighted than by this end result: close to 90 percent of Oakland students are employed within six months of graduation.
  - And keep watching...you'll be hearing about new and exciting partnerships in the very near future.

## **Research/Applied and commercialization**

- I'd like to talk to you now about an area of critical importance to the state and local economies, and that is applied research.
- There is a perception in some quarters that Michigan State University, the University of Michigan and Wayne State University are really the "big three" among state universities in terms of research.
- In fact, that perception seems to be the impetus for the two separate higher education appropriations bills that came out of the governor's budget recommendations.
- I'll talk about that in more detail in a few moments.
- Obviously, those three universities make enormous contributions to the state, the nation and the world in terms of the research they conduct.

- But basic research activity, and the money that supports it, does not necessarily meet Michigan's needs for increased student access, increasing the number of degree holders and boosting the economy.
- Oakland University does put a premium on the research our faculty and students are involved in, which concentrates on *applied* research, and we've made some huge strides in this key area in a very short time.
- As evidenced by our \$25.8-million research investment in 2006, we are committed to offering knowledge, resources and programs that help companies grow and stimulate the economy.

- Oakland's applied research and technology development capabilities focus on the areas of advanced manufacturing, life sciences, information technology, alternative energy and homeland security.
- Last April, we announced the opening of the OU INCubator, a collaboration with Automation Alley, the Great Lakes Interchange, the Michigan Economic Development Corporation, Oakland County and the City of Rochester Hills.
- OU INC provides business services, counseling, mentoring, pre-seed funding, training and business development to start-up companies.
- With access to a network of Oakland University resources, including faculty, students and on-campus research centers, entrepreneurial businesses are now receiving the support they need to grow and prosper.

- OU INC manages and operates the SmartZone Business Incubation program and will create jobs, stimulate the economy, and be a key player in technology transfers and commercialization, thereby providing a better future for the state of Michigan.
- Researchers at our Fastening and Joining Research Institute (FAJRI) explore the fundamental and applied research to develop and disseminate new technology for the fastening and joining of metals, composites and polymers.
- FAJRI is a collaboration between Oakland University, the U.S. Congress, the National Science Foundation and DaimlerChrysler.
- The work that comes out of the FAJRI has already made important contributions to the civilian and military sectors of the American economy.

- In 2005, for instance, the FAJRI was called upon to solve a problem with a bolted joint that had shut down the reactor at the Fermi 2 nuclear power plant.
- A FAJRI student and faculty member visited the site, solved the problem and helped get the reactor back up and running.
- Our Center for Biomedical Research provides core facilities and pilot funding for the applied biomedical research efforts of Oakland's life scientists.
- Our Eye Research Institute is a unique center of ophthalmic research in collaboration with the Beaumont Hospital Ophthalmology Department.
- Oakland undergraduate students work side-by-side with faculty using advanced scientific methods to experience the rewards of solving problems associated with disease processes of the human eye.

- These are just a few of the many examples of applied research that Oakland University is conducting. Through our research efforts, Oakland University is making the state a better place in which to work and live.
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## **Two-tiered funding for higher education**

- I'd like to spend a few moments now talking about the issue of two-tiered funding for Michigan's universities. It's difficult to adequately express how potentially harmful we think this approach is.
- At this critical juncture in Michigan's history, it is in the best interest of the state's economy and prospective students to stand together and collaborate.
- But by creating a two-tiered appropriations system, we think generations of Michigan students will be affected in a negative way.

- Having two separate budget bills diminishes the importance of the 12 universities that educate the majority of Michigan citizens, the very universities that are best able to respond to the immediate needs of business and industry.
- As you know, the state constitution says funding is to be provided for the operations of the state's public universities.
- It does not mention research.
- Research activities, however important, should not justify deflecting funding meant for operations critical to educating students.
- Not everyone aspires to get their degree from MSU, U of M or Wayne State.
- Many students and parents favor smaller campuses with more hands-on attention from faculty and staff.

- Universities like Oakland offer things the big three can't possibly provide, and eight years of record enrollment proves that we are filling an important higher education niche in the state.
- MSU, U-M and Wayne State currently receive 57 percent of the available state funding for higher education.
- The others receive just 43 percent. In a state where two-thirds of the bachelor's degrees conferred to Michigan residents are earned at the 12 "other" universities, splitting higher education appropriations into two different bills creates a wider chasm between the schools.
- As I said, those three universities already receive a disproportionately higher slice of the appropriations pie than all the others, and that trend will continue to grow if the governor's proposal is adopted.

- Oakland's graduates not only hit the ground running with a highly regarded and intense undergraduate experience that equips them with badly needed workplace skills, but more than 90 percent are from this state and upon graduation 83 percent stay in this state to live and work and strengthen our economy.
- That's another way in which we are meeting the recommendations of the Cherry Commission on Higher Education.
- Two of the other goals of the Cherry Commission are to recruit half of the 1.5 million adults with limited postsecondary education to return to complete their degrees, and to ensure that residents in all parts of the state have access to baccalaureate programs.

- I've already demonstrated how Oakland University is recruiting adults to finish their degrees, and how our partnerships with other institutions are helping to bring baccalaureate programs to all parts of the state.
- Oakland University's estimated economic impact on the region is \$500 million annually.
- If you combine that with the other 11 universities, the economic impact to the state is in the billions.
- If the 15 universities work together, there is a much greater likelihood for partnerships, which are critical in these tough economic times.
- If the other three institutions are treated differently than the rest of Michigan's public universities, it could limit our ability to educate our students, and it could severely handicap access to a degree for many students.

## **Summary**

- In summation, Oakland University is on the move.
- Our commitment to bettering lives and improving the economy of this state is working.
- We have the wherewithal and desire to grow.
- We have the capacity to deliver more highly effective graduates and to contribute directly to the economic growth in the region and state.
- We are about to embark on an important endeavor to produce much-needed health care professionals through our new medical school, in partnership with Beaumont Hospital.

- And, with your help and support, we look forward to continuing to have a positive effect on businesses, communities and residents throughout Michigan.
- This concludes my remarks.
- Thank you for allowing me the opportunity to tell you about our great university.
- At this time, I would be happy to answer any questions you may have.