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[SLIDE 1—TITLE PAGE]

Good morning, ladies and gentlemen.

It is a pleasure to have the opportunity to speak to such an important group, about such an important topic. I am honored to be here.

This event is mostly about economics, and more specifically about continuing to build on the economic transformation that has begun right here in Detroit. I am a university president, and the fact that I am here demonstrates that we already understand that higher education has a vital role to play in this transformation.

But these are interesting days, because higher education is under intense scrutiny, and has faced some tough criticism. Some say tuition is too expensive. That student loans are too high. That graduates are unprepared for the real world. That universities are ivory towers that

have not evolved with the times, and need to adopt market driven principles.

There has been an explosion of articles and books about the failure of higher education in America. Let me read to you some titles:

- “Higher Education?: How Colleges Are Wasting Our Money and Failing Our Kids---and What We Can Do About It.”
- “Our Universities: Why Are They Failing?”
- “The Faculty Lounges: And Other Reasons Why You Won’t Get The College Education You Paid For”
- “Saving State U: Why We Must Fix Public Higher Education”
- “The end of the university as we know it.”

It goes on and on. Universities are entrusted with great responsibility, and they should be held accountable. But accountable to whom? And accountable for what?

There are plenty of answers to those questions. Measuring universities has become a cottage industry. Beyond the books I mentioned – which are mostly read by people like me – magazines and websites publish endless university ratings. State legislatures publish performance metrics and award funding based on how universities rank. But the books and websites, and US News and World Report’s constant drumbeat of rankings, and even the well-intentioned performance metrics of state legislatures have had the effect of shifting our expectations of higher education. And, it has also contributed to a gradual shift away from the historical perspective of higher education as a highly appreciated public good with tremendous societal benefits to that of a more market-driven commodity.

[SLIDE 2—PERSONAL/ PUBLIC GOOD]

Since World War II, higher education was clearly understood to be a public good. But the ratings, and rankings, and books, and articles focus almost exclusively on what the education provides to the individual. That’s understandable. People are paying tuition. They

pursue an education to better themselves. They should get a good return for the money and time invested. And the data show they do. But higher education also serves a higher public purpose. It drives the economy. It drives innovation and discovery. It serves communities, and helps build the middle class by opening access to career opportunities. But in the superheated rhetoric of today, we tend to forget these things.

[SLIDE 3—BENEFITS OF HIGHER ED]

That's why I'm pleased to have this opportunity to speak with you today. Let's review for a moment, the public and personal (private) benefits of higher education from both an economic and societal perspective, focusing first on the public side of the chart.

The Business Leaders for Michigan clearly recognizes the economic benefit of higher education, and sees investment in it as a key to becoming a Top 10 State. The federal government recognizes this, as evidenced by the announcement this week to establish a light materials

industry in Canton, led by a university consortium with Univ of Michigan at the lead and Wayne State within the group.

We know this at Wayne State, because we have contributed substantially to the economic and social milieu that is leading Midtown's transformation. I hope that when I'm finished, you'll have a better appreciation, too.

Higher Ed confers tremendous personal benefits also.

I'd like to ask all of you a question. How many of you attended college? Please hold your hands up. How many of you would say that your college education helped you in some way?

Many of you, individually, were helped by your college education. Maybe your degree helped you launch your career. Maybe it made you a more curious person, or a better person. Maybe it opened your eyes to opportunities you never dreamed of, and introduced you to people that changed your life.

A great motivator for me to go to college was basketball. But once in college, my academic experience there stoked a fire that still burns. As Socrates said, “Education is not the filling of a vessel, but the kindling of a flame.”

I benefitted greatly by a college education. I suspect that most of you did also. Millions of people across this country were helped by college educations, in many ways.

Income:

[SLIDE 4—EDUCATION AND EARNINGS]

According to the Pew Research Center, the difference in earnings of millennials ages 25-32 with a bachelor’s degree or more versus those with a high school diploma is around \$18,000 per year. Some have questioned the value of a university degree, citing examples of graduates who can’t find employment. But clearly, the prospects for employment are much brighter for a college graduate than for a high school graduate.

[SLIDE 5—EDUCATION AND EARNINGS—OVER TIME]

Others have cited the fact that many college graduates have had to incur considerable debt and enter the job market much later than would high school graduates.

Here is a graph, courtesy of the College Board, that illustrates earnings by education level spread out over time, taking into account college costs. College graduates may start off behind but there is a growing disparity in earnings—in their favor--as time progresses. By about age 35 or 36, those with bachelor's degrees are pulling ahead of those with only a high school diploma, and from there take a pretty steep climb.

[SLIDE 6—EDUCATION AND EARNINGS—LIFETIME EARNINGS]

And that relative advantage accumulates over a lifetime of earnings such that the average college graduate makes about \$1.2 million more than the average high school graduate. No matter how you

cut it, you earn more money over a lifetime if you have a college education.

Let's talk about career opportunities. When I entered college, I wanted to be a psychoanalyst. By chance, I did some research using ophthalmic data and found my first career calling as an ophthalmic surgeon. Since then, I've had the opportunity to pursue a second and even third career.

Unlike in the past, the average college graduate will hold 11 jobs in their lifetime, and pursue two or three different careers. Many of the categories of jobs of the next decade are not even in existence today. More than ever, the workplace needs people who can evolve with the rapid pace of the world — people with nimble minds, and curiosity, and the ability to look beyond what there is to what could be. The greatest public contribution universities provide is graduating well-educated students who are critical thinkers, able to function effortlessly in an increasingly diverse world, and who are good civic citizens. A college degree is the key to thriving in such a world.

These days we don't appreciate it as much, but learning – just for the sake of learning — is valuable. We live in a world that demands results. But aren't our lives more enriched if, in addition to understanding the fundamentals of our disciplines, we also can appreciate a painting by Picasso, the genius of Shakespeare, or speak another language? A college education can help people prepare for a career. But it also prepares them to be good citizens, and appreciate the world and people around them.

A college education provides obvious benefits to individuals. But in some ways, it's equally obvious that higher education is a **public good**.

Let me ask you another question: how many of you hire college graduates?

You obviously see the value of college educated people.

The main mission of higher education is still education. We help develop talent; you hire them. This benefits the individual, your businesses, the community and the economy.

[SLIDE 7—PUBLIC COSTS AND BENEFITS]

But higher education, particularly public higher education in the United States, is a remarkable value. If you look at this chart from the Organisation for Economic Co-operation and Development ranking countries by public cost versus public benefit of higher education, you can see that the United States ranks first. That means we get the best return on our higher education investments than any country in the world. As importantly though is the sheer magnitude of the value of public benefits derived as a result of a relatively modest public investment.

Research – Research is one such activity that drives public benefit, predominantly through its economic development potential. Since World War II, universities have borne the weight of research and development in this country. Today, the nation's major research

universities, and that includes Wayne State, are powerhouses of high-tech and scientific discovery.

Over the past 50 years, most advances in biological sciences; health care delivery; telecommunications; financial management; information technology; and the nanosciences happened in the laboratories and classrooms of research-intensive universities. Look at the phones in your pockets, the appliances in your kitchen, the technology in factories and hospitals. All the means we use to both preserve and enrich life. The chances are good that research from universities had a hand in it.

But in these days of financial challenges and demands for greater accountability, you might be tempted to question whether research is a good investment of our tax dollars. I'm glad you asked.

[SLIDE 8—OMAHA WORLD HERALD]

Let me share an eye-opening example. When I was Vice-President for Health Sciences at Creighton University in Omaha, Hal Mauer, the Chancellor from the University of Nebraska Medical Center and I

successfully lobbied the State of Nebraska to invest a portion of the payout from the court settlement with tobacco companies into medical research. We ended up receiving \$12- 14 million per year for biomedical research. This article reported on the return on investment at that specific point in time. Over a period of 9 years, \$106 million had been provided and that translated into an economic impact of \$2.2 billion and nearly \$100 million in tax revenue. The research multiplier result in all these numbers? Almost \$21 for every dollar invested.

[SLIDE 9—URC]

We are fortunate to have three major research universities in Michigan: the University of Michigan, Michigan State, and Wayne State. Together, these three universities form what's called the University Research Corridor, or URC. We might not want to meet our URC partners on the football field, but we're happy to meet them in the lab.

The URC benchmarks itself against seven other university consortiums such as the famed "Research Triangle"—the consortium of

Duke, the University of North Carolina at Chapel Hill, and North Carolina State—that transformed North Carolina’s economy. We compare favorably on a number of metrics. In fact, our composite score places us second.

To start, our combined economic impact is more than \$16 billion annually. Together we account for 93 percent of all research spending by Michigan’s public universities.

That’s more than \$2.1 billion in research, most coming from outside the state. And, more and more, we are combining our resources and cooperating with business to create new talent, new technology, new companies, and new jobs.

The work of URC partners leads to an average of 20 new companies a year. Each of our institutions emphasizes innovation—in classrooms and labs. And we take it all a step further, into commercialization of new products and technologies.

Over the past few years, each of our URC universities has opened what we call “business centers” that help businesses connect with our faculty, students, and alumni.

We are creating entrepreneurial cultures on our campuses and in our communities. We sometimes think of entrepreneurs as college dropouts who turn great ideas into fortunes. But *most* entrepreneurs—the *typical* entrepreneur—started with a college degree.

Last year the URC did a study of our alumni with the Anderson Economic Group. We received detailed responses from more than 40,000 alumni about their work history. In particular, we wanted to understand how many had started or acquired businesses since graduation. Even accounting for selection bias, the responses showed that nearly *20 percent* had started a company, and most had created more than one. That entrepreneurial activity happened in every state, more than 100 countries, and nearly every sector of the economy. Nearly half of the new businesses started or acquired were in Michigan.

URC alumni became entrepreneurs at a higher rate than average, and they did so at a younger age.

[SLIDE 10—PRB]

Closer to home, our research activities at Wayne State are making critical contributions to the economy and the health of Detroit residents.

You may have seen this headline from the *Detroit News* that reads, “Duggan to Tackle Infant Mortality in Wake of News Study”—a study which showed that Denver had one of the highest rates of infant mortality in the nation. We house the National Institute’s of Health’s Perinatology Research Branch (PRB), which conducts life-saving research to prevent premature births and the resulting health problems. With the assistance of the PRB, the city is launching an initiative to focus on premature births, which accounts for the vast majority of infant mortality. The PRB contributes \$35 million annually to Michigan’s economy. An outstanding example of how university research can confer tangible economic and social benefits to the community.

We are moving along on construction for a \$93 million Multidisciplinary Biomedical Research Building (MBRB) on Woodward. This project is redeveloping an entire city block that was underused real estate. When it opens one year from now, it will house 500 researchers and staff.

MBRB operations also will mean new earnings of about \$40 million annually in Michigan, 98 percent in metro Detroit. It will attract talent, jobs, and even more importantly, it will help save lives.

By now I hope I've helped make the benefits of research obvious.

And while education and research are the most obvious ways higher education benefits both individuals and the economy, there are other direct benefits with which you may not be as familiar.

[SLIDE 11—STUDENT PERFORMERS]

Like culture. Detroit may be viewed as an industry town by outsiders, but the city's rich cultural life is helping to attract a flood of young people from around the country. And if any of you doubt the

value of the arts to this city, consider the breathtaking sum of money raised to save the DIA, which is basically right on our campus.

Culture is the beating heart of the city; and all great cities are undergirded by valuable cultural assets. With its theater and dance shows, art exhibits, musical performances and more, Wayne State, as do many universities, contributes significantly to the cultural life of Detroit.

A less glamorous, yet critical contribution to the local economy is made through public safety. Over the past five years Wayne State's police force has changed the reality and perception of crime in Midtown. The reality: crime is down by 50 percent; housing is full, and new businesses are opening every week. The perception: Midtown Detroit is a great place to live, learn, work and play – and **invest**. That can't happen unless people feel safe.

[SLIDE 12—STUDENTS HELP COMMUNITY]

Community services: Universities also serve members of the community directly.

Our law students represent real clients on real legal matters through the Business and Community Law Clinic and Patent Procurement Clinic. In the program's first year, students supplied – free of charge – more than \$200,000 worth of legal services to local inventors and provided legal and business assistance to dozens of entrepreneurs.

Wayne State medical students founded Michigan's first student-run free clinic, which offers a full array of health care services.

Another medical student group called Street Medicine Detroit delivers health care and related services directly to the city's homeless.

Students in our School of Business Administration work with the Accounting Aid Society in Detroit each year to provide free income tax assistance services to struggling middle- to low-income families in Southeast Michigan and connect them to other financial resources.

The list goes on and on. Programs like these, which are happening throughout the schools and colleges, give our students real-world education while also helping people. Many universities offer similar such societal benefits.

There is yet another way that universities serve society that is often overlooked, or misunderstood.

Wayne State has been a university of opportunity for residents of Detroit since its founding in 1868. In some respects, all universities are steppingstones to new opportunities. President Obama recently described higher education as “the surest path into the middle class.” One of our Board members once referred to Wayne State as “The Gateway to the American Dream.”

But the demands placed on our universities, and the reward system fueled by rankings and metrics, has had an unintended consequence.

Too many of our universities – especially our top-ranked universities – are increasingly inaccessible to students from lower socioeconomic backgrounds. These students often are less prepared for college. They require more investment to help them succeed. So many universities, rather than take a risk, or invest precious funding – or hurt their rankings – don't accept these students. For many of these students, the “Gateway” is closed.

This hurts the student, but it also hurts society.

The social mobility made possible by higher education is the key to a thriving middle class and a democratic society. If that mobility is offered to some, and not others, we create two societies, with disparate incomes and vastly different opportunities.

[SLIDE 13—INCOME/DEGREE DISPARITY]

Right now, the disparity in baccalaureate degree attainment by family income is increasing at an alarming rate. In 1970, students from families in the bottom income quartile had a degree completion rate of about 6 percent, while the top income quartile attained degrees at about

40 percent. By 2010, the bottom quartile had risen to 8 percent, yet the top quartile rate had risen to 82 percent. This is morally unacceptable. And economically foolish.

[SLIDE 14—NEED FOR EDUCATED WORKFORCE]

Economically, this trend is disastrous because the demand for college graduates in the U.S. is continually and progressively growing. The demographics of the U.S. college age population is such that we simply cannot meet workforce demands without graduating kids and young adults from the entire broad spectrum of races, ethnicities, and socio-economic backgrounds. There just are not enough kids in the upper quartile income bracket to meet the demand.

A study released in 2011 by Georgetown University shows that jobs for high school graduates will plummet dramatically in the next 10 years, making up only 28 percent of the market in 2018. For those with education of high school or less, that's a 35-percent drop from the demand in 1973.

[SLIDE 15—RECESSION, RECOVERY, AND EDUCATION]

Since the start of the recession of 2008, people with bachelor's degrees or higher actually *gained* approximately two million jobs. Those with high school diplomas or less lost 5.6 million jobs. But demand for jobs requiring college-level skills is expected to jump 63 percent.

Without educating more college graduates who can perform in the emerging workforce, the U.S. economy—and our local economy—are bound to suffer.

[SLIDE 16—928K GRADUATES]

According to the Lumina Foundation, in the State of Michigan alone, we are anticipating a shortage of 928,000 college graduates by 2025. Where will these graduates come from?

Maybe you're thinking immigration can help. Data show that China has more college honors students than the total amount college students in the United States. That could help us in Michigan, but

looking at the demographics, we still won't have enough graduates to substantially grow our economy in the future – unless we change our approach.

The good news is, we've got potential graduates right here, and we have a moral obligation to offer them this opportunity.

Universities, especially universities of opportunity, like Wayne State, can help us get there. I referred to Wayne State earlier as a “university of opportunity.” That's not a generic term. We open the door a bit wider to students who have the talent and drive, but not the educational preparation that some universities demand. We define “opportunity” as access to excellence. Sometimes we get financially penalized for it. But it is the right thing to do – for people **and** society – so we will continue to do it.

Ever since Aristotle, conventional wisdom has been that a robust middle class is an essential element of a healthy, stable democracy and that societies with extremes of poverty and wealth are susceptible either

to oppressive domination or populist revolt. By growing the middle class through higher education, we are at the same time strengthening our nation's democracy.

Even further, there is a wealth of information that shows increased educational attainment improves health, lowers crime rates, and creates citizens who are both globally aware and participate more in civic and democratic processes.

Knowing this, why wouldn't we give every student who is capable and willing to work hard the chance to attend an excellent university and achieve their dreams? After all, this is America, where everybody gets a chance.

I've given you a lot to think about today, so let me summarize.

We all have a role to play in Detroit's transformation. We are moving in the right direction, but nothing is assured. We have to use all of the assets at our disposal. Among those assets are your State universities. Many of you attended, and know the value of a college degree. But universities serve society in many ways. They matter more now than ever. We need to leverage these valuable assets. Invest in them. And unleash them to build human capital, attract talent and investment, discover new products and new cures, and help drive our economy to greatness.

[SLIDE 17—MANDELA QUOTE]

To close, I want to share with you this quote from Nelson Mandela: "Education is the most powerful weapon which you can use to change the world." And it is the most powerful weapon that we can use to change Detroit.

Thank you.



Higher Education:
Powering Detroit Forward

M. Roy Wilson
President

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