Mister Chairman, members of the subcommittee, good morning.

My testimony is the last you will hear from our universities this year (which may be a welcome relief). I didn’t hear the testimonies from those who preceded me, though, from what was reported, my colleagues share the same goal as you and I do. We all want a great higher education system for Michigan. For most of the past 100 years, Michigan’s university system has been the envy of the nation. It has been one that helps our students advance intellectually, and become successful economically. And one that supports the innovation Michigan needs to grow.

I spent most of my career in business. When we faced challenging questions, we tried as much as possible to rely on numbers, and facts. They give us a clearer vision of where we are, and where we need to go. And they temper the emotions that sometimes make communication and understanding difficult.

This is my final time before this subcommittee, as I am stepping down as President of Wayne State University in June of this year. The last time I appeared before this subcommittee, I spoke of our efforts to analyze the operations of the University—like a business. By looking at numbers and facts. We did, and continue to do so.

However, this should not be construed as a cold, hard, numbers-only approach. I admit I like the surety of numbers. But I also know the first rule of business is understanding the customers’ needs. In this case, our “customers” are students. You have asked us to speak with you today regarding our efforts to keep college education affordable for Michigan students. The short answer is “yes, we are.” But the success of our students—both during and after college—is what drives us. Because their success is our success—not just Wayne State’s—the state of Michigan’s. This is what I’d like to talk about today.

But to do so, we first need to address the very public questions that have been raised regarding Wayne State’s commitment to students and taxpayers—specifically related to our recently ratified faculty union contract.

Whatever your political point of view regarding unions and Right To Work, I urge you to put politics aside for a moment. This agreement is good for Wayne State. It is good for our students. It is good for our state. In some ways, we have Right to Work to thank for it, because it added a sense of urgency to negotiations that wasn’t always present over the nine difficult months prior to agreement.

Yes, it is eight years. And this has been the point of contention. But in my business career, longer contracts provided stability for planning, budgets, and personnel. Stability of this kind allows us to focus on the things that really matter—teaching, research, and economic development.

We have been asked what we “got” for the eight-year duration. We got an agreement that stabilizes the budgets, holds down cost increases, mitigates risk, improves accountability, prepares us to address the future, and allows our faculty to focus on teaching and research. In short: we got a lot, for the benefit of our students’ futures.

More specifically, we have achieved a new level of accountability with our professors. We now can monitor and address performance on an ongoing basis. Faculty salary increases are split 50-50 between “across-the-board”—or “automatic”—increases, and merit, which is based on performance. These are big changes. So big that our initial proposals resulted in a national protest against us for abolishing tenure, which we have not.

When I was at Ford, it was interesting to me that when times were tough and salaries were flat or declining, some of our best people—engineers, designers—left for better pay. The quality of a company’s—
and a university’s—workforce, is in direct correlation to the quality of that company’s—and that university’s—product.

Yes, we are providing salary increases over the life of the new contract. But our faculty are important, and we believe they deserve a fair wage for the important work they do—namely, the education of our students. When I worked in business, we found that retaining our best and brightest people required that we provide compensation commensurate with their talent and contributions. When we didn’t, they left.

The increases in the new contract are lower than past increases, and we have three annual opportunities to reconsider them if necessary—and in these cases they can only be adjusted downward.

We can add to this increased healthcare co-pays. There is more, but the point I want to make is that this contract isn’t the result of political maneuvering. It is the result of hard work toward an agreement that is mutually satisfactory—rather than “win-lose,”—and based on the best interests of the University, our faculty and staff, and our students, both now and in the future. I, with our Board of Governors, believe we have a good contract.

I have spoken with several of you over the past two weeks regarding the contract. I appreciate your cordial reception, and the opportunity to speak with you. However, I am concerned with the targeting of Wayne State, based on the duration of a contract and its compensation provisions. This contract is not the sum total of the University. In exercising your responsibility, we hope you think beyond the contract and consider the whole University.

Because this University is:

- The University that graduates between five and seven thousand students each year, most of whom stay right here in Michigan. In fact, approximately 75 percent of Wayne State’s alumni live, work, pay taxes, and vote in Michigan.

- It is the University that invested almost $64 million this academic year in University-funded scholarships and grants, and committed approximately $240 million in financial aid over four years.

- It is the University that maintains its affordability despite its research portfolio, because it recognizes that all students with the desire and talent deserve an opportunity to advance themselves, no matter their background. Wayne State is Michigan’s most affordable research university. And, of Michigan’s 15 public universities it is the 12th lowest, on a full-time, 12 credit hour basis.

- It is the University ranked by the Carnegie Foundation for the Advancement of Teaching in its top category for research—among the top 100 of approximately 4,600 nationwide. Wayne State’s research expenditures are approximately a quarter of a billion dollars annually—much of that federal money.

- It is the University that produces nearly $2 billion in economic impact, according to a study by the Anderson Economic Group.

- It is one of three universities in Michigan that form the University Research Corridor, a consortium of Michigan’s top three research universities that is helping Michigan accelerate its innovative momentum. The URC’s economic impact is estimated at $15 billion, and it attracts 94 percent of all federal research dollars in Michigan.

- It is the University that was just awarded a 10-year contract worth almost $166 million from the National Institutes of Health for its Perinatology Research Branch, or PRB. This contract extension will allow WSU to continue conducting perinatal and maternal-fetal research in Detroit through 2023. This isn’t “blue-sky” pondering—the PRB has a history of groundbreaking discoveries that improve and save lives.

- It is the University that recently broke ground on a multi-disciplinary biomedical research building—supported by capital funding from the state—that will expand our medical knowledge and boost the economy by attracting high-tech talent and jobs to Michigan.
• It is the University that is helping lead the resurgence in Midtown Detroit, made possible in no small part by a professional police department that supports all of Midtown, and still ensures that Wayne State is one of the safest campuses in Michigan.

• It is the University that cut more than $80 million in operating expenses over the last eight years, and streamlined operations to achieve an additional $4 million in savings annually.

It is all these things, and, unfortunately,

• It is the University that received the lowest increase in state appropriations last year because of metrics that do not recognize the needs of diverse students, or the importance of graduate and professional degrees, or the fact that many students—some of whom face family or financial hardship—need longer than six years to graduate.

• And this is the University that—despite all it does for students and our State—may have a reduction in appropriations based on differing interpretations of the value of a contract. We should ask ourselves -- what is more harmful to students: an eight-year contract, or a cut in State funding of more than $7 million?

Universities are valuable State assets, and Wayne State has been an asset to Michigan since 1868. Universities are places of opportunity, where knowledge and people are transformed. And, most important of all, universities are communities, where faculty, students, staff, alumni, and friends come together in that great common purpose called higher education. These are the people who will be hurt if our state appropriation is affected disproportionately.

I began this testimony by saying that we all shared the same goal. I also volunteered that, as one who was fond of numbers, I wanted to approach today’s discussion in a business-like manner—with facts and data. However, I have learned that higher education is more than numbers—and I’m not talking about politics. I’m referring to the things that can’t be measured—like curiosity, opportunity, and inspiration. And we must take care that, as you and your colleagues allocate resources, we don’t damage some of our finest state assets.

I think we all agree that a prosperous future for Michigan depends greatly on its public universities. Accessibility and affordability must be priorities—even in an era of tight budgets. But we must also ensure we keep our universities strong, vigorous, and forward-looking.

Thank you.