

“Indiana University: A Vital Partner in the Regional Economy”

Bloomington Economic Development Corporation Annual Meeting

Remarks of Michael A. McRobbie

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Bloomington Country Club

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1. INTRODUCTION AND ACKNOWLEDGEMENTS

Thank you for that kind introduction, Dan, and thank you for everything you and your wife Tina do for this wonderful city. Let me extend my own welcome to the various elected officials who are here, Chancellor John Whikehart, and the many other leaders of the Bloomington business and education communities. Let me also welcome IU Trustee Sue Talbot and Vice President for Engagement Bill Stephan. I would also like to take a moment to acknowledge my colleagues from Indiana University, whose presence here underscores IU's support of the BEDC and our commitment to sound economic development policies and practices for our community.

It is a pleasure to be here this afternoon addressing the annual meeting of the Bloomington Economic Development Corporation. I understand that Fred Glass spoke at your last annual meeting approximately 15 seconds after he accepted his position as Athletics Director. Fortunately, I have been in my position somewhat longer but am just as delighted to share a few thoughts with you this afternoon about Indiana University's role in the regional economy.

Just last week, I delivered my State of the University address in which I discussed a number of themes, including present financial difficulties, a review of academic organization at IU, internationalism, and philanthropy. Today, I will focus on a number of themes that I did not cover in those remarks.

2. A VERY BRIEF OVERVIEW OF BASIC RESEARCH IN AMERICA

Let me begin somewhat broadly. Over the course of the last century, a radical transformation has taken place in the world of research. Basic research that once took place almost exclusively in American industry and government laboratories has increasingly shifted to the laboratories of this country's top research universities. In the United States at least, the research university is now **the** principal place where basic scientific research is carried out, fueled by intellectual collaboration and academic freedom. The problem with which most great research universities struggled was how to best establish partnerships with industry that enabled this research to be translated into new products and services.

There is ample evidence that universities and communities across the country are solving that problem, to the great advantage of regional economies. Witness MIT and Route 128 in Boston, Scripps Research Institute and UC San Diego and the life sciences in the San Diego area, and—perhaps the quintessential example—Stanford and Silicon Valley, which is the kind of partnership to which many research institutions aspire. In fact this partnership may be said to have created Silicon Valley.

Over the past fifty years, Stanford has grown into a premier center for technological innovation especially in information technology. According to a recent study, “In the last 50-odd years, university faculty, staff and graduates alone have created some 1,200 companies. Today, more than 50 percent of Silicon Valley's products come from companies of Stanford alumni—and that excludes Hewlett-Packard, one of the Valley's

largest firms.”¹ Currently, Stanford has one of the most active tech transfer offices in the country if not the world. In 2005-06 alone, Stanford received \$61.3M in gross royalty revenue from 470 inventions. They also concluded 109 new license agreements.

If we look across the country, the economic regions making the progress—even in times of challenge such as those we face today—are those regions that include a major research university or a cluster of universities. The relationship between universities and regional growth is no coincidence in a knowledge-based economy.

3. INDIANA UNIVERSITY AND REGIONAL GROWTH

Our own region, of course, is no different. Indiana University is one of Indiana’s largest employers with an annual operating budget nearing \$3 billion, over 8,000 faculty members, over 11,000 staff members, and a record 107,000 students. On the Bloomington campus alone, we currently enroll over 42,000 students, another record number. (roughly the size of Noblesville)

This kind of presence certainly has a measurable impact on our region and on the state. For example, the nearly \$8 billion impact of the IU School of Medicine along with its teaching hospitals—which includes Clarian Health, of which, of course, the Bloomington Hospital now forms a part—or at the \$120 million impact that our Jacobs School of Music has across the state. We could count our invention disclosures in the last two years—275—or our patent applications—350—or our patents—20—or our royalty revenue—almost \$11 million.

IU has forged partnerships with the Indiana National Guard on their efforts at Camp Muscatatuck to brief and train personnel deploying to Afghanistan on issues related to language, cultural sensitivity, and governance. Lieutenant Colonel Kirk White, who is

¹ Hamilton, Andrea M. “Scholar Examines Links Between Stanford, Silicon Valley.” Stanford Report. Stanford University. 14 Apr. 2003. <<http://news.stanford.edu/news/2003/april16/historysusv-416.html>>

currently serving in Afghanistan, was instrumental in forging that partnership. We have partnered with Crane Naval Surface Warfare Center on the Advanced LINAC Facility, located at the IU Cyclotron. This project includes upgrades to the linear accelerator formerly based at Crane, a project that has already brought in \$7.83 million in federal funding. Just last month, we announced that we would be helping expand broadband services to 21 Ivy Tech Community College campuses, in partnership with I-Light and Zayo Bandwidth.

4. INTANGIBLE IMPACT

But we also have to consider the immeasurable, and perhaps intangible impact the university generates through cultural events, athletic contests, and other activities that bring people together in a common cause and common community. Last year's average attendance at football games was the highest since 1992. Just two days ago, I spoke at the United Way Vanguard Reception, honoring leading contributors to IU's United Way campaign. Thanks to the generosity of IU faculty, staff, and students, we exceeded the campus campaign goal by over \$50,000, raising over \$760,000 for the Monroe County community. Monday was also the scheduled departure date of a shipping container filled at IU and destined for Haiti with relief supplies.

5. CONCENTRATED ENGAGEMENT IN BLOOMINGTON AND BEYOND

Of course, our great progress across the state and around the world is particularly concentrated right here in Bloomington.

5.1 INFRASTRUCTURE

We are in the midst of what may be the largest construction effort in the university's history. In the last year or so, the costs of construction for IU projects have fallen by an unprecedented 24%—and on some smaller projects by as much as 40%! Along with our favorable bond rating, this positions us well to aggressively pursue projects that maintain and add to our facilities. At present across Indiana University, we have four major buildings under construction, and another eight in planning for a total of 1.5 million square feet. All will support new research and education activities or student life. The total value of all new construction and renovations in progress or planned is around \$560 million. Of this total, only 30% is provided by the legislature, with 70% being provided through private sources or internal university sources.

This growth is being guided on the Bloomington campus by the Master Plan, which was approved by the Trustees a year ago. For the first time since the days of Herman Wells, we have a superb blueprint for the future development of this campus, and we developed this blueprint with input from city leaders and planners. There are a number of outstanding and creative principles in this plan such as the establishment of Woodlawn as a boulevard that would be the major north-south axis linking the main academic campus to athletics, and the re-establishment of the Jordan River riparian corridor as the major east-west axis. Initial action has commenced in both of these areas, and we look forward to working closely with the city as we continue progress.

In 2009 alone, we completed construction on four major new facilities in Bloomington worth over \$143 million. And the progress continues.

We are currently working on major projects including the Ashton Student Housing Complex at Union and Seventh Streets, a \$70 million project; the Ruth Lilly Auxiliary Library Facility on North Range Road, a \$9.5 million facility; the renovation of the University Theatre into a state-of-the-art University Cinema; and the Basketball Player

Development Facility, which will be named Cook Hall in honor of the extremely generous gift of \$15 million from Bill and Gayle Cook, announced recently.

And currently in planning stages are the following major projects: the \$44 million Jacobs School of Music North Studio Building, the nearly \$40 million Cyber Infrastructure Building, the \$47 million International Studies Building, and the \$30 million expansion of the Kelley School.

And we should never forget that in these times of 10% unemployment, IU's efforts to construct and renovate buildings creates jobs.

5.2 RESEARCH PARK

The area at Tenth and the Bypass extending around the Bypass to the north is a central element within the IU Bloomington master plan, and we have an exciting vision for the future of that area. Last fall, we dedicated the IU Data Center, designed to house and protect IU's networking, computer processing, and data storage equipment; and the IU Innovation Center, a 40,000-square-foot facility designed to house both information technology enterprises and life science companies and to meet their need for wet lab capabilities. In fact, we are already considering an expansion of this facility.

The groundbreaking for the Cyber Infrastructure Building, also located in this area, will take place in April, and we will begin a planning process soon that contemplates more university building in this research park area that will build on our commitment to information technology and life sciences research and technology commercialization opportunities.

That area, anchored in the large site at 10th and the Bypass, is now IU's research park and stretches north all the way around the Bypass to Milo B. Sampson Lane where MPRI, IU and Clarian's successful proton therapy cancer treatment center, is located.

The proton beam is generated by IU's cyclotron, now over 30 years old, which formed part of the former IU Cyclotron Facility. Over the course of those three decades, IU nuclear physicists and nuclear chemists associated with this facility have generated a distinguished research record.

But with a change in the direction of research there to neutron science and other areas, and the role of the cyclotron now focused almost solely on providing protons to MPRI, we have separated out the cyclotron and its operational activities in the previous cyclotron facility into a new separate IU auxiliary called Cyclotron Operations, and the scientific and research activities into a new center called the IU Center for the Exploration of Energy and Matter (IUCEEM).

Our planning for the research park will include ways in which we can attract—and provide space for—private sector development over time. This is especially important since many such prospects are interested in obtaining space proximate to IU talent and infrastructure. We want to be able to partner with the BEDC in a way that allows us to put our best foot forward in selling Bloomington as a great place to do business. And we know that new business and new jobs require additional space and specialized facilities. The development of that area depends, in part, on ready access. I am very pleased to know that plans to widen the Bypass are moving forward and that the project is eligible for bidding in May. This new research park will work in conjunction with the downtown Bloomington Certified Technology Park, and we recently joined the city in supporting re-certification of the park.

5.3 IURTC AND INNOVATE INDIANA

Of course, IU's efforts at Tenth and the Bypass are part of our broader economic engagement efforts. Much of the university's economic development effort is organized through the Indiana University Research and Technology Corporation (IURTC). Under Vice President Bill Stephan's leadership, the IURTC has undergone major restructuring,

including changes in board and executive leadership. Tony Armstrong was named President and CEO of the IURTC. Under his leadership, the changes at the IURTC are designed to enhance research activity, foster technology commercialization, generate new business start-ups, and create jobs.

Essential to these goals are IU's two major business incubators managed by the IURTC: the Indiana University Emerging Technology Center in Indianapolis and the IU Innovation Center, which I mentioned a moment ago.

Another key IU engagement initiative is "Innovate Indiana," an effort to engage IU in economic development activities across Indiana. Partnering with Purdue University, Ivy Tech, and organizations throughout the state, we are facilitating access to IU resources and regularly conducting technology showcase events, business seminars, and economic outlook panels using IU faculty, researchers, students, and subject matter experts to inform policy and influence economic development planning in all regions of the state.

In order to further facilitate such statewide activity, late last month we formed the IU Council on Regional Engagement and Economic Development, a university-wide and statewide engagement council, which includes representatives from our eight campuses and three engagement offices located throughout the state. The council provides a forum that connects IU campuses with the communities they serve in order to address regional economic issues.

5.4 ANGEL LEARNING

This past year witnessed a new high-water mark at IU in terms of a commercial transaction linked to the sale of a university start-up company. Angel Learning, the Indianapolis-based company founded by IUPUI professor Ali Jafari and his graduate student David Mills, was sold for \$100 million to Blackboard, Inc. of Washington, D.C.

The university's equity share from the sale of the company of approximately \$24 million is being used in turn to leverage the creation of new research infrastructure and further augment our technology commercialization capabilities.

We want to see more companies like Angel Learning formed and hence we established the "Innovate Indiana Fund" late last year and capitalized it with \$10 million from private philanthropic contributions and university investments. This will enable the IURTC to provide early and late stage seed funding to promising IU affiliated business start-ups. This fund will provide critical, hard-to-get seed capital that can make all the difference in fostering new business growth and job creation.

While there has been much progress in this area to applaud over the last year, we now find ourselves facing heightened expectations among elected officials, faculty and researchers, business and community leaders, and others. As Indiana's economy continues to struggle, more and more people look to the university for answers. While our engagement efforts are increasing, there are limits on what we can do, especially at a time when we are struggling to absorb additional budget cuts and prospects of even further reductions.

But we will redouble our efforts to seek new sources of funding by pursuing competitive grants and contracts, as well as investments from private sector sponsors who are supportive of our mission and who recognize the value of our contributions to the Hoosier economy.

6. SPECIAL ANNOUNCEMENTS

Finally, let me turn to IU's longstanding close partnership with the BEDC. Within the last year or so, we have worked together to attract new IT business operations to Bloomington. We are grateful for the good work that Ron Walker has done at the helm

of the BEDC and appreciate the efforts he and his staff make to support and complement our mutual interests. And as you well know, Lynn Coyne, IU Assistant Vice President for Real Estate and Economic Development, served as the chair of the BEDC board over the last two years. Would you all join me in thanking Lynn for his leadership and service?

Let me conclude with a number of announcements regarding the strong partnership between IU and the BEDC. First, I am pleased to announce that IU is poised to co-invest with the BEDC to upgrade data available via the web for new business prospects seeking detailed information about property availability, community resources, amenities, talent pools, etc.

Second, IU and BEDC will also be partnering to pursue both earned and paid media features and advertisements in the IU Alumni Magazine as a means of more strategically communicating with university alumni across the U.S., with a particular goal of attracting new business investment in Bloomington.

Finally, I am delighted to announce that Ron Walker has agreed to serve on the IU Innovation Center Advisory Council, the body that helps establish policy relative to highest and best use of the facilities and tenant selection processes.

7. CONCLUSION

Especially in times of economic challenge such as ours, we must continue to build collaboration between Indiana University and the city of Bloomington. This is a time for vigorous action. It is a time to work together to leverage our collective resources in new, creative, and efficient ways to speed progress. And it is a time to continue our momentum as we pursue excellence in education and research, build the infrastructure necessary for that excellence, and strengthen this wonderful community that we all share.

Thank you very much.