

“The Indiana Edge: Excellence, Innovation,  
and Economic Development”

Economic Club of Indiana

Remarks of Michael A. McRobbie

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1. INTRODUCTION

Thank you, President Moseley, for that kind introduction. I am honored to be invited to this podium from which so many luminaries have addressed audiences of esteemed Hoosiers. I do not often have the opportunity to count myself among such individuals as President George Herbert Bush, Alan Greenspan, George Will, Alice Rivlin, E. D. Hirsch, and F. W. de Klerk, just to name a few. I will try to measure up to the high standards they have set.

As IU's 18<sup>th</sup> president I am somewhat accustomed to that kind of pressure. If you follow great leaders like Herman Wells—who was a man of such vision and ambition that he was able to transform a small, Midwestern college into a great public research university of international renown—well, you get used to being humbled by your predecessors.

## 2. INDIANA AND IU AT A CROSSROADS

I believe that both Indiana University and the state she serves have reached points in their history rich with opportunity, challenge, and the promise of great rewards. Working together, I believe we can take full advantage of those opportunities and reap the transformative benefits they promise.

Our state currently has the 4<sup>th</sup> lowest business costs in the nation. It ranks 12<sup>th</sup> in the small business survival index, and 10<sup>th</sup> in the production of fast-growing, high achieving companies. In the face of these realities, it is clear that Indiana has the potential to make great gains in the 21<sup>st</sup>-century global economy. It also is clear that we have valuable advantages as we work together to cultivate a thriving culture of entrepreneurship.

As we do so, we build on Indiana's traditional strengths. We are still the nation's number one manufacturing state. But today one in every six of these manufacturing jobs is devoted to Hoosier exports. Indiana's exports have now grown to a \$22.6 billion business. That is more export revenue than many medium sized countries. Only four other states in the nation have an export economy growing at a faster rate than ours. Only two other states have a stronger record in pharmaceutical exports, which is the fastest-growing sector of Indiana's international economy.

As a public university with a statewide network of campuses and an international reach, IU represents the single largest repository of international expertise in the state. Our faculty are conducting world-class research and transferring their discoveries to the marketplace as never before. And our alumni continue to distinguish themselves both here at home and beyond our borders.

A large part of Indiana's edge has always been her great research universities. Today that is more true than ever before. My goal as IU's president is to sharpen that edge. As good as we are, we have to get better—we must strive to continually improve. My vision for IU can be distilled into a simple sentence: that it should emerge as one of the

very best public research universities of the 21<sup>st</sup> century and that it should help Indiana emerge as a major force in the global economy.

IU works toward those overarching goals in the context of her two primary missions. These are to provide the best possible education for our students and to vigorously pursue path breaking research in the sciences, the professions, the humanities, and the creative arts. Economic development and engagement constitute a third mission that depends on the other two.

#### 4. ENHANCING ACADEMIC EXCELLENCE

Any great state must have a well trained workforce. We take very seriously our historic obligation to enhance Indiana's most valuable resource: its human capital. We are doing so with an intense focus on expanded enrollment, academic excellence, accessibility, and degree completion.

IU currently is the top producer of professionals in all of the Top Ten Hot Jobs in Indiana. We educate more of the state's nurses, teachers, dentists, IT professionals, surgeons, lawyers, and police officers than any other Hoosier college or university. Moreover, in the face of a nationwide physician shortage, the IU School of Medicine ranks second nationally in supplying physicians to its home state.

##### 4.1 EXPANDED ENROLLMENT

The enrollment increases on our campuses point to a trend: more Hoosier high school graduates are choosing to continue their educations, which is great news for Indiana's future. It reflects a statement IU's tenth president, William Lowe Bryan, made at the beginning of the last century in his inaugural address. He said, "what the people want is open paths from every corner of the state, through the schools to the highest and best things which they can achieve. To make such paths, to make them open to the poorest

and make them lead to the highest, is the mission of democracy.” It also is the mission of Indiana University.

IU remains committed to providing a range of educational opportunities on our eight campuses across the state. We also remain committed to keeping Indiana’s best and brightest here at home. This year’s IU Bloomington freshmen are the most talented in recent history, with SAT scores 25 points higher than last year’s record-setting average. This is in a year when the national average SAT score fell by four points. Overall, the challenge for the university is to make sure that all qualified Indiana students have access to and can afford an IU education.

#### 4.2 ACCESSIBILITY AND AFFORDABILITY

We are rising to that challenge on many fronts. Last spring, IU Bloomington announced three scholarship programs that invest \$10 million per year of campus funds in scholarships for Hoosier students. This aid, together with state and federal aid, and the enormous success of Bloomington’s Matching the Promise Campaign, which has already raised \$216 million for scholarships and fellowships means that this year for the first time, the neediest students are attending IU Bloomington nearly free. There are 1000 in-state freshmen at IUB with family incomes under \$50,000. These financial-aid-eligible students now pay an average of just \$341 annually for tuition, room, and board.

And the average out-of-pocket cost for Hoosier students with family incomes between \$50,000 and \$100,000 who are eligible for financial aid has fallen to \$8,300. That is 40 percent below full cost. This fall, almost 1,500 of IUB’s incoming Indiana freshmen are in that category.

Yesterday, IUPUI announced that next year, it will provide financial aid for every eligible incoming freshmen who has received a state 21st Century Scholar award or a federal Pell grant. This \$2.1 million annual initiative marks the largest commitment of financial resources for need-based aid in the history of IUPUI.

In my inaugural address, I pledged that an IU education would remain accessible and affordable to every citizen in the state, no matter where they come from, no matter what their background, and no matter who they are. Over the next few years, I will work tirelessly to make good on that promise. We have already gone a good way toward doing so.

#### 4.3 DEGREES OF EXCELLENCE

The impact of financial assistance on retention and graduation rates is dramatic. Figures show that students who have two-thirds of their financial need met graduate at twice the rate of students who receive less aid. This fall, I also announced a new program called Degrees of Excellence, which is designed to increase graduation rates on all of our campuses. Under this initiative, we will extend the Pell Promise and 21st Century Covenant programs and reinvest existing funds as IUPUI has already done to improve graduation rates. Taken together, these programs represent a base investment of \$4 million in efforts to help students finish their degrees.

#### 4.4 A RENEWED EMPHASIS ON COOPERATION AND COLLABORATION

To expand these opportunities, we will work in even closer partnership with Purdue University and Ivy Tech in those parts of the state where we can collectively bring greater educational opportunity to the citizens of Indiana.

As IU Bloomington's provost, I saw to it that Indiana University and Ivy Tech were the first institutions to complete statewide transfer and degree articulation agreements. IU and Ivy Tech students now have more than 70 courses and a dozen degree programs that transfer seamlessly between our institutions, creating new pathways of educational opportunity.

IU and Purdue may compete on the athletic fields, but when it comes to providing educational access to Hoosiers, we will continue to join hands and work together. In fact, Purdue President France Córdoba, Ivy Tech President Tom Snyder, and I began exploring ways to expand cooperation between our three institutions before any of us even took office.

France, Tom, and I all know that our collaborations in producing educated citizens, cutting edge research, and enhanced economic development initiatives can have a transformative impact on our state.

#### 5. INCREASING INNOVATION

One of my central priorities is to enhance Indiana University's research programs across the board. We are doing well in this regard, but we must not—and we will not—rest on our laurels.

During fiscal year 2007, IU faculty were awarded over \$433 million in sponsored funding to support their research and service activities. This funding supports thousands of jobs directly at IU and indirectly throughout the state. This is the second highest fiscal year

total in the university's history and likely the second highest total in Hoosier history, given that IU has consistently brought in more sponsored research dollars than all of Indiana's public and private research universities combined.

Indeed, national rankings gauging the scholarly productivity of our faculty show them to be the most productive researchers in the state and among the most productive in the nation. We are proud of our research achievements. Let me tell you about two initiatives recently in the news that illustrate how IU public policy researchers are helping to build a stronger Indiana.

The first is the Local Government Commission, headed by former Indiana Governor Joe Kernan and Chief Indiana Supreme Court Justice Randal Shepard. The landmark Local Government Commission was staffed and funded by the Center for Urban Policy and the Environment at IUPUI. Center director John Krauss, whom I believe is here today, played a critical role in this process. The center recommended broad-ranging changes that will lead to what it calls "leaner, more effective government." I believe this report will have great resonance with Hoosier taxpayers.

The second of these projects is an environmental study. Earlier this fall, Governor Daniels called upon former IU dean and deputy EPA director Jim Barnes to conduct a water quality review of Lake Michigan. Dean Barnes' expertise yielded a number of recommendations. They have cleared the way for BP's \$3.8 billion investment in its Whiting facility and will enhance economic development opportunities in the region.

These are just two recent examples of how Indiana University is using the academic and technical expertise of faculty to address real problems that affect the lives and well being of Hoosiers every day. I believe that the great research universities in this country must be engaged in precisely this type of practical problem solving and analysis.

Yet if IU is to make further progress in our research mission, we must acknowledge that we are engaged in nothing short of a battle for brains as we seek the best research and

teaching faculty. Endowed and named professorships are essential tools in our ability to attract and retain the world's best scholars, scientists, professionals, and artists. IU had 72 endowed chairs in 1995. We ranked last in the Big Ten. As a result of our donors' generosity, we now have 402 endowed chairs and named professorships. At last count, we continued to rank first in the Big Ten in this important measure.

## 5.1 THE INDIANA LIFE SCIENCES INITIATIVE

My vision for IU also includes accelerating our faculty recruitment and research efforts in the life sciences, one of the most important areas for basic and applied research and economic development.

I imagine the statistics I am about to recite are not news to anyone here. Indiana currently has the 2<sup>nd</sup> highest concentration of biopharmaceutical jobs in the nation. The 578,000 Indiana jobs tied to the health industry account for \$21 billion in wages and \$8 billion in federal and state taxes paid. That is just over 20% of Indiana's tax base.

The Indiana Life and Health Sciences Initiative builds upon Indiana's national leadership in this area and capitalizes on IU's unique, statewide network of medical education centers. This initiative started eight years ago with the Indiana Genomics project, generously funded by a \$155 million grant by the Lilly Endowment. It was dramatically expanded at IU Bloomington in 2004 with the establishment of METACyt—the multidisciplinary Indiana Metabolomics and Cytomics Project—also funded by the Lilly Endowment with a \$53 million grant.

With the benefit of these investments, Indiana University stands at the threshold of national leadership in the life sciences. The Indiana Life Sciences Strategic Plan is a road map for achieving this leadership. Conversations with President Córdova leave me encouraged that we can travel this path together with Purdue and our sister institutions in Indiana.

Life sciences industries are fairly booming along a stretch that includes Michigan, Ohio, Illinois, and Indiana. Our neighbors are making sizable investments in this burgeoning industry. For example, Michigan has invested more than \$900 million in the life sciences. It plans to invest an additional \$4 billion over the next 10 years.

In our current, highly competitive environment, if we stand still, others will surpass us, and we will have failed to capitalize on one of Indiana's greatest assets. Building on Indiana's and IU's strengths in this area, the Indiana General Assembly provided a one-time \$15 million appropriation by establishing the Indiana Life Sciences Fund. This is a beginning. Of course, we are most grateful for the \$15 million appropriation, which will be made available through the Indiana Economic Development Corporation. We have met with the IEDC and hope to have a major announcement to make this spring.

As we create further incentives to attract new business and industry, the health demographics of our state pose challenges. Indiana ranks 16<sup>th</sup> in the nation in the prevalence of heart disease-related deaths. Nearly a third of our citizens are obese—13 percent more than in 1990. And our rate of cancer deaths has increased by more than 200 percent since 1990. These statistics are even more alarming for African American Hoosiers, who experience 62 percent more premature deaths than their Caucasian counterparts.

With the state's only medical school, its expanding network of Clarian hospitals, and a wealth of faculty expertise, IU has transformative resources it can bring to bear on these problems through research, education, outreach, and expanded clinical care.

## 5.2 MAKING ROOM FOR THE FUTURE

Yet IU research, especially in areas like the life sciences, cannot expand without more space. A report I commissioned three years ago indicated we will need about 5 million square feet of space over the next ten to twenty years in order to reach our full potential as a research university. The equation is very simple. More space equals more research dollars equals more research. It also equals more life saving discoveries.

A month ago, we took the first step in addressing this research space issue when I announced that Indiana University would create an integrated master plan to guide future university development. When he developed a master plan for the university, President Wells called the process “making room for the future.” And that is just what it is.

We are very grateful for the support the Indiana General Assembly has given for IU facilities since our founding in 1820. Their support is essential in addressing our facility needs, yet they cannot help us fund all of our needs for space. If we are to join the very top tier of the 21st century’s public research universities, we must rely in a much more substantial and sustained way on our own resources and the private generosity of the university’s alumni and friends. We already are doing so. More than half of the \$500 million in construction at IU over the last five years has been supported by the generosity of our donors.

In my inaugural address, I announced a new facilities expansion initiative that will include research and classroom space for the arts, humanities, and social sciences; professions, international studies, the life sciences, and economic development—all areas of highest priority for Indiana University. Together with the half a billion dollars of construction we have underway or planned now, and what we expect from the legislature over the next few budget cycles, our goal is nothing short of having nearly a billion dollars of new construction underway or completed over the next 10 years.

## 5.3 PROGRESS FUELED BY NEW GIFTS

We are already making significant progress in this regard. Last week I announced that the Lilly Endowment is providing \$44 million to fund a much-needed practice facility for the Jacobs School of Music. The new North Studio Building will provide technologically and acoustically superior teaching and student performance facilities that will rival those of any music school or conservatory in the world. This is the largest gift the Jacobs School has ever received and the largest gift ever given to IU in support of the arts.

As I am sure you know, the IU Jacobs School of Music is not only one of the largest in the world, it is also one of the finest. We are committed to extending that excellence into the future.

## 6. THE ARTS AND ECONOMIC DEVELOPMENT

Research in medicine, the sciences, and technology is now widely acknowledged as a powerful engine of economic development. The arts receive considerably less attention in this regard. Yet a recent national report provides evidence that communities which invest in the arts reap the additional benefits of jobs, economic growth, and a quality of life that positions them to compete well in the 21<sup>st</sup>-century economy. Nationally, the arts generate nearly \$30 billion in annual revenue to local, state, and federal governments. By comparison, the three levels of government collectively spend an average of less than \$4 billion annually to support arts and culture. That is a 7:1 return on investment.

According to a recent study by the Arts Council of Indianapolis, arts organizations in Indianapolis annually generate nearly half a billion dollars in economic activity. This is an increase of 59% since the last study five years ago. In Indianapolis, the arts support over 15,000 full-time jobs, attract nearly \$52 million in local and state government revenue, and draw audiences from around the world to the crossroads of America.

### 6.1 INNOVATE INDIANA

The arts and humanities are one component of IU's newest economic development initiative, which I unveiled in my inaugural address. It is called "Innovate Indiana." In his inaugural address, IU's first president, Andrew Wylie, posed the question, "of what use is the college to the community?" Innovate Indiana provides a compelling 21<sup>st</sup>-century response to that question. It will invest in and coordinate IU's economic development activities across the state. It will re-invigorate our efforts to turn the innovations of our faculty into new products, services, and treatments, and it will help better connect the business community in Indiana, the nation, and the world to IU.

Our new Vice President for Engagement Bill Stephan heads up this initiative. Bill's extensive leadership experience in government, health care, and higher education makes him the right person to lead our efforts to strengthen the Hoosier economy.

The first major initiative under Innovate Indiana will be the construction of a new Indiana University incubator facility in Bloomington at 10th and the Bypass. However, our focus and energy will extend beyond Bloomington.

Currently, the IU Emerging Technologies Center at the head of the canal is at capacity with promising life sciences start-up companies. Over the last three years, the IU ETC has brought to Indianapolis more than 300 new high-tech jobs with salaries in excess of \$60,000. We will determine how best to build on these successes.

There also are a number of promising initiatives underway in other parts of the state. In Kokomo, IU has been instrumental in helping create an incubator facility and tech park. We are collaborating with Purdue in New Albany to develop a new tech park. IU has also been working in collaboration with the Uptown Richmond Innovation Center, which is the first business incubator in East Central Indiana. Since 2005, IU has partnered with Purdue, IPFW, the Northeast Indiana Corporate Council, and the Northeast Indiana Innovation Center to jointly fund a Director of Engagement for the Ft. Wayne region. Our new medical education center at South Bend is located on the Notre Dame campus. There, Notre Dame and IU faculty collaborate on cancer research.

## 7. THE INTERNATIONAL IMPERATIVE AND INDIANA'S FUTURE

We also are revitalizing our collaborations around the globe. Just last week Bill Stephan, other IU leaders, and I returned from a trip to China. We were in Hangzhou, which is known as China's Silicon Valley.

Key to the development of technology there has been Zhejiang University, one of the top five universities in China. This is the 25th anniversary of Indiana University's formal relationship with Zhejiang University. On this visit we signed an agreement extending the relationship for another five years. This year, incidentally, is also the 20th anniversary of the sister relationship between the Chinese province of Zhejiang—one of the three wealthiest in China—and the state of Indiana.

This trip was truly an historic occasion. It marked the first-ever symposium on research commercialization jointly conducted by Indiana University and Zhejiang University. We compared our different approaches to advanced technology, technology transfer, entrepreneurship, and the commercialization of intellectual property. We also were able to begin discussions about areas such as informatics, international business, and economic development in which we hope to further our collaborations.

### 7.1 THE IMPORTANCE OF INTERNATIONAL TRADE

Indiana's own Cummins Incorporated is a great example of how international trade benefits Indiana. Cummins recently announced orders from Beijing and Hangzhou public transit companies for a total of 1900 diesel engines.

While expanding abroad, Cummins is also working to strengthen Indiana. Cummins has made education and workforce development a necessary condition for the expansion of its operations in Columbus. This challenge, which included the addition of nearly 800 new jobs, led to an enhanced alliance among the Columbus Learning Center, IU, Ivy

Tech, and Purdue University to expand degree programs in a more seamless and efficient manner.

One of the most recent extensions of this productive nexus of higher education and regional industry is the Cummins Kelley Direct MBA program. The Cummins program launched in February 2007. The first class included twenty-three Cummins managers from India, China, and the U.S.

## 7.2 AN INTERNATIONAL STRATEGY FOR THE 21<sup>ST</sup> CENTURY

Let me share with you the basics of our 21<sup>st</sup>-century international strategy for IU. It focuses on expanding partnerships such as these, preparing our students to live and work in a flat world, and enabling our faculty to engage on a global scale as they seek to address the world's most pressing problems.

Study abroad is one important way we can ensure that our students become globally literate in their major fields of study. Over the last decade, IU Bloomington has been among the nation's top universities in students who take advantage of study abroad opportunities. In 2005-06, IU Bloomington and IUPUI sent nearly 2000 students abroad. All IU campuses now have study abroad activity. One of my goals as IU's president is to significantly expand these programs.

We also are engaged in a number of faculty exchange programs, such as our partnership with Moi University in Kenya, from which has grown AMPATH, the Academic Model for the Prevention and Treatment of HIV/AIDS. One of the largest and most comprehensive HIV/AIDS treatment and prevention programs in the world, AMPATH now treats over 40,000 patients and feeds more than 30,000 people a week. It has been nominated for a Nobel Peace Prize and just received a \$60M grant from USAID. This program is a stellar example of IU's dedication to its global service mission.

## 8. CONCLUSION

As we contemplate the end of the year and the beginning of a new one, we do so with an unwavering commitment to progress for IU and the state she serves. From my perspective, this is a time when “good enough” cannot be not good enough. It is a time to build momentum in the sustained pursuit of academic excellence, in educating the workforce of tomorrow, conducting path breaking research, fostering innovation, expanding global engagement, and ushering a new era of prosperity for Indiana. It is a time for action—action on all fronts; vigorous action, continuing action, unrelenting action. It is a time to depart from business as usual. And it is a time to further sharpen Indiana’s cutting edge in education, research, and economic development.