

## ***Research spending tops \$800 million***

By Jim Erickson  
News Service

Research expenditures by U-M surpassed \$800 million in fiscal year 2007, a 3.3-percent increase over the previous year and an all-time high, Vice President for Research Stephen Forrest told the [Board of Regents](#) Thursday at its monthly meeting.

The federal government provided 72.4 percent of the \$823 million total. Investments by the University, industry, foundations and the state accounted for most of the rest.

While Forrest said he considers last year's 3.3-percent increase satisfactory, continued growth of U-M's world-class research enterprise will require "a new funding model." Because federal research funding likely is to remain nearly stagnant for the foreseeable future, the University must begin to rely more heavily on partnerships with businesses and industry, he said.

By strengthening ties with the private sector, the University can secure its future as a research powerhouse while helping to revive Michigan's struggling economy. It is time "to give back to a state that has so generously supported us for nearly 200 years," Forrest said during his annual research report to the regents.

"We cannot delude ourselves into imagining that we will remain competitive in such a depressed regional economy," he said. "The University of Michigan, which is one of the most effective knowledge- and skill-generating machines in the world, can and must play a central role in the inevitable transformation from a manufacturing- to a knowledge-based economy."

U-M consistently ranks among the nation's top four research universities, based on R&D expenditure statistics compiled by the National Science Foundation. But it ranks 19th on NSF's most recent list of industry-financed R&D at U.S. universities.

Those industry numbers must change, and some indicators suggest the shift already has begun, Forrest said.

U-M funding from industry was up 14.9 percent last year — from \$33.6 million to \$38.6 million — though it's too soon to say whether the increase reflects a year-to-year fluctuation or a trend. At the same time, disclosures of new technologies to the Office of Technology Transfer rose 14 percent, and royalty revenues increased 18 percent.

Several recent policy changes and Forrest-led initiatives aim to build on those achievements. They include:

- Last month's opening of the campus-based Business Engagement Center, which provides a single, visible point of entry for businesses and industry seeking U-M expertise;
- The launch of the Michigan Innovation and Entrepreneurship Initiative, which establishes a partnership between Michigan's state universities and philanthropic foundations;
- A policy shift that allows U-M inventors to share equity and royalties from companies holding licenses to their inventions, even if the inventor has a direct connection to the company;
- A reduction in the indirect cost rate for industrial contracts, so it matches the rate used for government contracts;
- A commitment to use the U-M administration's entire share of licensing revenues to support collaborations with the private sector; and
- The creation of the Distinguished University Innovator Award to recognize faculty for their work with the business sector.

"While we face a very challenging landscape in FY08 — from an uncertain base of government funding to a state economy that is in urgent need of restructuring — I believe that we are entering a period of unprecedented opportunity," Forrest said.

"Our university has the possibility to leverage this situation to become the undisputed leader in academic research connected to industry."