Memorandum

To: Dr. Britany Affolter-Caine, URC

From: Tyler Theile

RE: URC economic impact from Federal R&D

Date: February 28, 2025

Purpose

The University Research Corridor (URC), contributes significant economic impact to the Michigan economy every year. The most recent report estimated nearly $30 billion annually.

Michigan State University, Michigan Technological University, the University of Michigan, and Wayne State University, each receive important research and development funds and awards. The portion of these funds that are granted by the federal government are essential to innovation and economic development in Michigan.

In the case of federal funding for R&D at universities, the economic activity generated by these dollars would not simply be realized elsewhere in Michigan if not awarded to our R1 universities. These resources would likely go to other states, and in many cases, other countries as researchers and businesses around the globe gravitate toward regions where facilities and equipment are available.

The URC has requested that AEG quantify the economic impact of federal R&D dollars and the resulting additional economic activity generated by the URC in Michigan.

Finding

The URC federal R&D funding for FY 2023 was $1.68B, of this, the vast majority was invested within Michigan in high impact areas including higher education, and scientific research. Through this work, an additional indirect economic impact of $5.6B was generated.

In 2025, the total economic impact of URC Federal R&D funding is estimated to be over $8.3B. This is economic activity in Michigan that would not otherwise occur.

Approach

Economic impact analysis methodology from URC reports 2007 to 2024, data on research and development funds as reported through the Higher Education Research and Development (HERD) Survey for the four URC universities for FY 2023, 2021 RIMs II multipliers from the BLS, and CPI data from 2021 to 2025 were used to complete this analysis.

About Anderson Economic Group

Founded in 1996, Anderson Economic Group is a research and consulting firm, with offices in East Lansing, Michigan, and Chicago, Illinois. The experts at AEG have provided analysis and reports for the URC since 2007, using particular expertise in public policy and economic analysis.