Goals
Excellence in research and scholarly activity is a central tenet of the University of Michigan’s mission. These activities have the power to expand knowledge, increase our understanding of the world, improve lives, and contribute to the common good at the U-M, the broad scope, overall size, and emphasis on interdisciplinary approaches throughout the institution contributes to its standing as one of the world’s leading universities. The money to support research and scholarship comes from the federal government, private sector, foundations, and the U-M’s operating budget itself.

The University expects that research discoveries by its faculty members have the potential to contribute to the development of innovative products and processes. The U-M places a high priority on supporting this kind of activity under the Innovation Partnerships organization.

Overview
Total research expenditures by the University from all sources (external and University funds) exceeded $1.7 billion in FY 2022. Furthermore, U-M ranks second highest in the nation for total research spending among all public universities (based on FY2021 figures, the latest available). Sixty-six percent of U-M’s research spending is provided by outside sources, with the largest share of research funding from the federal government.

The University’s largest fraction of grant-supported work occurs in the biomedical and clinical sciences. The U-M Medical School alone regularly attracts more than $400 million each year in research grants.

Research is of special interest to the private sector. Innovation Partnerships works with faculty inventors to file patents and negotiate licensing agreements that benefit the University’s industry partners and fund additional research and development work on campus. In certain instances, U-M faculty members establish companies to develop their inventions, thanks in part to an emerging campus culture of innovation and entrepreneurship.

In 2021, U-M established the Accelerate Blue Fund, an early state venture capital (VC) fund that invests only in U-M-licensed startups. The new fund aims to “bridge the funding gap between initial launch and [other private] funding for startups based on University of Michigan intellectual property.”

For More Information
U-M Office of Research (research.umich.edu)
Innovation Partnerships (innovationpartnerships.umich.edu)

Charts in Chapter 9
9.1.2 Research Expenditures by Major Funding Source, Adjusted for Inflation, FY2012-FY2022.
9.1.3 Direct Research Expenditures by Discipline Area from Federal and Non-Federal Sources, Adjusted for Inflation, FY2012-FY2022.
9.1.4 Sponsored Research Expenditures by Type, FY2022.
9.1.5 Sponsored Research Indirect Cost Recovery by Source, Adjusted for Inflation, FY2012-FY2022.
9.2 Sponsored Research Workforce by Full-Time Equivalents, Fall 2022.
9.4.2 Revenues from Royalties and Equity Sales, FY2012-FY2022.
9.4.3 Formation of Start-up Companies that Utilize U-M Technology, FY2012-FY2022.
The inflation-adjusted decline in total U-M research expenditures since FY2020 is largely attributed to the reduction in research activity on campus due to the pandemic. In spite of this dip, U-M spent third most on research among U.S. universities in FY2022.


The research expenditures displayed in this chart and the table for 9.3 include those for the Ann Arbor, Dearborn, and Flint campuses. All other figures show data only for the Ann Arbor campus.

Note: Starting in FY2007, research support originating from the U-M faculty medical group practice was included as research expenditures. Previously this was reported with clinical activity.

\(^1\) Based on 2022 U.S. Consumer Price Index.
The portion of the federal budget allocated to non-defense R&D spending can’t be counted on to increase every year. This this reality in mind, the U-M has made an effort to grow research support from internal and non-federal sources.

9.1.2 Research Expenditures by Major Funding Source, Adjusted for Inflation\(^2\), FY2012-FY2022.

![Graph showing research expenditures by major funding source, adjusted for inflation.]

Source: U-M Financial Operations

\(^2\) Based on 2022 U.S. Consumer Price Index.
Direct research expenditures on the U-M campus are greater today compared to 2012 and are recovering from the spending decline precipitated by the COVID pandemic.

9.1.3 Direct Research Expenditures by Discipline Area from Federal and Non-Federal Sources, Adjusted for Inflation\(^3\), FY2012-FY2022.

![Chart showing direct research expenditures by discipline area from FY2012 to FY2022.](chart.png)

SOURCE: U-M Financial Data

Direct expenditures cover salaries and benefits of researchers, whether faculty, staff or students, as well as equipment and supplies, research-related travel and other expenses tied to specific projects. Overhead expenditures are presented in chart 9.1.5.

Direct research expenditures for Humanities & the Arts was $32M in FY 2022 and an inflation-adjusted $28M in FY2012M. Multidisciplinary research projects had direct expenditures of $41M in FY2022 and an inflation-adjusted $19M in FY2022.

\(^3\) Based on 2022 U.S. Consumer Price Index.
About 45 percent of the total annual sponsored research expenditures on the Ann Arbor campus goes to salaries and benefits for faculty, staff and graduate students.

9.1.4 Sponsored Research Expenditures by Type, FY2022.

The FY2022 total externally funded research expenditures for the Ann Arbor campus was $1.158 billion, a decrease of $100.6 million from the previous year. Salaries and benefits is the largest cost component.

Indirect costs (IDC) are the costs of University operations that are not assigned to a particular project, such as the costs for general research administration, utilities use in research space, and other services that contribute broadly to the operation of the University’s research enterprise.

For FY2022, 27 percent of the total research expenditures went to pay for indirect costs, which are collected as a percentage of the project budget at different rates depending on the type of research activity and the sponsor. The indirect cost recovery rate for research funded by the Federal government or industry is 56 percent for on-campus research and 26 percent for off-campus research.

The indirect cost recovery rates charged to non-federal sponsors, such as foundations, State of Michigan agencies, and private companies, vary according to the sponsor's policies or through negotiations with the sponsor. In such situations, the recovery rate may not cover the actual expenses incurred by the U-M to support some of these projects.
Federal sponsored projects provide a huge majority of indirect cost recovery funds, which contribute to the overhead costs of conducting research.

9.1.5 Sponsored Research Indirect Cost Recovery by Source, Adjusted for Inflation\(^4\), FY2012-FY2022.

Overhead spending covers items such as utilities, administration, and general maintenance of research facilities – known as "facilities & administration" or "indirect" costs – that supports the research enterprise.

\(^4\) Based on 2022 U.S. Consumer Price Index.
A fall 2022 snapshot of personnel paid under sponsored projects shows that grants and contracts fund the full-time equivalent of 4,914 faculty members, post-docs, staff and students.

9.2 Sponsored Research Workforce by Full-Time Equivalents (FTEs), Fall 2022.

SOURCE: U-M Human Resources Data

Many tenured and tenure-track faculty members play key roles in sponsored research activity. Research faculty members, post-doctoral fellows, graduate (and some undergraduate) students, and a subset of the staff also contribute in major ways to the research enterprise.

The Fall 2022 total represents an increase of 18 FTEs (<0.5 percent) supported on sponsored projects compared to Fall 2021.

This FTE total does not include faculty, staff, and student involvement in research and scholarship whose activities are paid for by the General Fund.
U-M spent third most on research over the last five years among all U.S. universities, and second most among U.S. public universities.


<table>
<thead>
<tr>
<th>Institution</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johns Hopkins</td>
<td>$2,562M</td>
<td>$2,661M</td>
<td>$2,917M</td>
<td>$3,110M</td>
<td>$3,181M</td>
</tr>
<tr>
<td>UC San Francisco</td>
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<td>$1,595M</td>
<td>$1,651M</td>
<td>$1,710M</td>
</tr>
<tr>
<td>MICHIGAN</td>
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<tr>
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<td>$1,506M</td>
<td>$1,579M</td>
<td>$1,632M</td>
</tr>
<tr>
<td>Washington</td>
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<tr>
<td>UCLA</td>
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<tr>
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<td>$1,380M</td>
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<tr>
<td>Stanford</td>
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<td>$1,204M</td>
<td>$1,274M</td>
</tr>
<tr>
<td>Harvard</td>
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<td>$1,173M</td>
<td>$1,240M</td>
<td>$1,240M</td>
<td>$1,254M</td>
</tr>
</tbody>
</table>

SOURCE: National Science Foundation, Higher Education Research and Development Survey

The U-M is one of the nation’s leading university’s in total research spending for the past five years. Total expenditures include research spending from government sources, non-government sources, and the institution’s own budget.

The list above is ordered by total research expenditures for FY2021. Data for public universities are shaded in yellow; private university data are shaded in blue.

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5 Johns Hopkins University expenditures include those by the Applied Physics Laboratory. In FY2021, APL R&D expenditures totaled $1.950M, 61% of JHU’s total for the year.
Since Fiscal Year 2012, U-M faculty, staff and students have reported 4,965 inventions, have engaged in 2172 licensing agreements, and have been issued 1,670 U.S. patents.


Invention reports are descriptions of discoveries made by U-M faculty, staff and students with the potential to be further developed into new products or processes. Patents protect intellectual property that shows some promise for future development and application. License and option agreements are legal arrangements with companies (some of which have U-M faculty involvement) that allow the firms to use University-owned technology in products or processes being developed for the market.

SOURCE: U-M Innovation Partnerships
Over the last decade, U-M discoveries have generated $269 million in revenues. The inventors and University share these revenues, with U-M administration’s portion devoted to ongoing research and development.

9.4.2 Revenues from Royalties and Equity Sales, FY2012-FY2022.

Revenues from licensing agreements support technology transfer operations as well as provide valuable resources for investment in research, education, and innovation.

Royalties are periodic payments by a licensee to the University of Michigan in order to have continued access to U-M-owned intellectual property. Equity sales include transfers of stock or cash payments by a licensee to U-M.

Royalty revenues reached an all-time high in FY2015. Nearly $75 million of that total comes from a new royalty agreement connected to a drug that was developed at U-M to help patients with Gaucher disease.
Since Fiscal Year 2012, 190 new companies based on U-M discoveries have been launched.

### 9.4.3 Formation of Start-up Companies that Utilize U-M Technology, FY2012-FY2022.

While much of the new technology developed at U-M is licensed to existing companies for use in new products and processes, some inventions become the basis of new enterprises. Often this occurs when U-M inventors wish to have hands-on involvement in the further development of the technology.

A few of recently launched U-M start-ups include:

- Abcon, a cancer therapeutics startup.
- ArborMed, which is developing a treatment for Wilson’s disease.
- Low Carbon Fuel Systems (LCFS), which is developing a flexible injection system.
- Decimal Code, which is applying advanced artificial intelligence and machine learning to optimize health system records and billing systems.

Portfolio of U-M start-ups:
[innovationpartnerships.umich.edu/portfolio/](http://innovationpartnerships.umich.edu/portfolio/)