Joint Meeting of the House Appropriations Higher Education Subcommittee and House Commerce Committee

Representative Al Pscholka and Representative Frank Foster, Chairs

Remarks of Patrick Doyle, Business Leaders for Michigan
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Thank you for the opportunity to come to this meeting on such an important subject.

I can say unequivocally that our colleges and universities do an outstanding job when it comes to producing the talent and innovation that has been essential to growing our business at Domino's. In fact, they do an outstanding job in both areas.

Now I realize you may be thinking, "What do talent and innovation have to do with delivering pizzas?" Well, in many ways, it's the secret sauce.

I learned in my first economics course that growth comes from increasing productivity. Increases in productivity are driven by talent and innovation, and at Domino's, we have embraced talent and innovation to accelerate our growth.

Let me feed you a few facts about Domino's that may surprise you:

- We deliver more than 1 million pizzas a day from nearly 11,000 stores operating in more than 70 countries around the world;
- 95% of smartphones are able to use our on-line ordering app;
- We just launched a new partnership with Ford that allows you to order a pizza from your car – safely, with your voice, over their Sync system.
- Today, over 40% of our sales in the U.S. come through our digital ordering channels; and
- Domino's is one of the top five companies in terms of online transactions, just behind companies such as Amazon and Apple.

To grow and support our business, we need employees with the capacity to manage complex operations around the world, the technical skills to oversee the complex IT systems that keep our operations on line without interruption and the ability to create new ideas that keep us ahead of the competition.

The competition for these employees is fierce. But I can honestly say that the primary reason we keep our headquarters in Ann Arbor is because the higher education system in this state produces the talent we need to continue to grow our increasingly complex business. They have the right balance of critical thinking, technical and practical skills that employers like Domino's value. And through that innovation and talent we grow our sales and store counts, which generates even more employment in our stores.

Two years ago, I appeared before some of you and said that increased funding for high quality, affordable higher education in Michigan is one of the single most important investments you can make to ensure the future economic growth of Michigan. That's because more jobs are being created that require at least an Associate's degree, Bachelor's degree or higher. If our kids can't afford to get the education they need to fill those jobs, the jobs will get filled in another state or country.

I also said that making college more affordable required a long-term, shared commitment from both the state and our public higher education institutions. Both of these statements remain true today. There is no doubt that our universities need to do everything they can to help make college more affordable by controlling costs. But the state also has a responsibility.

We know the primary reason kids don't finish getting their education is due to cost. We also know that higher education is responsible for an increasing share of our state's economic growth. Michigan's economy is getting better. But that recovery is put at risk if more kids are unable to afford to start or finish getting a degree because it costs too much or because our universities can't continue to produce more research to drive innovation.

The good news is that we're making progress.

According to a 2013 Senate Higher Education Subcommittee report, our universities have implemented more than $220 million in efficiencies and cost savings since 2008. That's why universities have been able to keep total spending per student at virtually the same levels as a generation ago.

The state is also doing its part by increasing support for higher education. The Fiscal Year 2015 Executive Budget Recommendation marks the third straight year of increased funding and the largest increase for higher education in several years.

We, at Business Leaders for Michigan, support the Executive Recommendation and the proposed tuition cap of 3.2%. It will help make college more affordable for hundreds of thousands of Michigan young people. It will also put Michigan on a path toward having a "first mover" advantage nationally. By making college more affordable here faster than other states, we will give Michigan an advantage to produce more of talent business needs to create jobs and help accelerate our economic recovery.

Finally, I'd like to close with a story about how our universities do more than just provide talent.

It's the story of Claude Shannon.

Born in Petoskey, Claude Shannon graduated from Gaylord High School in 1932. During the height of the Great Depression, he enrolled at the University of Michigan and graduated in 1936 with degrees in mathematics and engineering.

It was at Michigan that he took a class on mathematician George Boole, whose ideas he would later apply to his graduate work at MIT and as a scientist at Bell Labs. In 1948, Shannon theorized that information can be turned into digital bits of data and transmitted electronically.

At first, this might not seem impressive, but consider this: every text you send, every email you send, every digital photograph you share – an entire global electronic communications network that generates billions upon billions in economic activity – was made possible by one of Michigan's native sons.

If it weren't for Claude Shannon's ideas, all the growth Domino's has experienced – all of the success I have described to you today that has come from embracing innovation and technology – would not have been possible.

He was a Michigan kid whose ideas changed the world, and he found inspiration at one of our fine universities.

All I ask is that you make sure that we continue to have great colleges in Michigan that are also affordable so that the next kid from Petoskey, Benton Harbor, Grand Rapids or Detroit has the same opportunity Claude did.

Thank you.