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Remarks for Meeting with Joint Education Appropriations Committee

March 3, 2009

Thank you for the opportunity to meet with you again to discuss the impact of the FY 2009 and FY 2010 appropriation reductions on Iowa's public universities and special schools.

Our institutions are working diligently to respond to appropriation reductions totaling as much as 11%, or approximately \$75 million.

Reductions of this magnitude pose a serious challenge to our institutions, and identifying where and how to cut is a tremendous undertaking. I applaud the institutions for their ongoing, comprehensive review of their complex operations, and their careful consideration of some very difficult choices.

As evidence of the commitment of Iowa's public universities and special schools to the State and its current fiscal challenges, the Board announced last week that the university presidents and special school superintendents will forego salary increases for FY 2010, as well as bonuses at the end of this fiscal year.

By some indications, these actions by our institutional leaders are unprecedented in this country, particularly in public higher education. While I am very pleased that they may be setting a national example, I am most proud of their personal sacrifice for their institutions and for the citizens of Iowa.

As we have stated consistently, the Board of Regents is committed to doing what is necessary during the State's fiscal crisis, while at the same time working to minimize for Iowans any negative impact on the quality or accessibility of our academic programs, the support of our research and economic development initiatives, and our many services to the State.

But we should take a moment to consider the longer-term context. It is worth noting that the current round of budget cuts, which is now up to a proposed 11%, began with a 1.5% voluntary reversion in November 2008 targeted specifically to Iowa's Public Universities. Turn the clock

back further – to 2001 – and it becomes clear that the State’s declining investment in Iowa’s Public Universities and Special Schools is a trend, not a one-time event in response to our financial crisis.

In 2001, State appropriations to support the general education budgets of Iowa’s public universities totaled \$549 million, or 64% of our general education budget. From that point, general education appropriations declined in each year from 2002 through 2007.

Thanks to the leadership of this Governor and the Iowa Legislature, funding was restored in 2008 to slightly more than 2001 levels, and increased modestly again in FY 2009.

Still, by FY 2009, State appropriations had dropped to less than 50% of our general education budget, and the real value of the State’s FY 2009 contribution to Iowa’s public universities and special schools had fallen by \$94 million.

The proposed 2010 budget, as revised, would once again reduce the State’s contribution to the Board of Regents’ general education budget well below 2001 levels.

It has been suggested – and appropriately so – that in these challenging times the Regent institutions should make every effort to manage our resources as effectively and efficiently as possible. What may not be widely appreciated, however, is that the need to do more with less is something that is not new to our institutions.

Since 2001, when State appropriations to our general education budget peaked in real dollar terms, Iowa’s public universities have grown enrollments by 2% (through Fall 2008), increased funded research from \$358 million to \$474 million in 2009, and identified and implemented a number of productivity and efficiency enhancements, including:

- Consolidated purchasing operations, which offer maximum efficiencies for the unique purchasing needs of higher education, specifically major research universities. The Board’s joint procurement contracts have been recognized as some of the best in class, and have provided some of the best pricing in the country.

- Centralized the internal audit function, which has resulted in a more effective and efficient audit process for the universities.
- Centralized the risk management function, which has maximized insurance programs and combined insurance purchases for maximum savings.
- Created Iowa Public Radio, which consolidated and enhanced public radio services for Iowans, with a focus on private support and reduced dependence on tax revenues for operations.
- Integrated or reorganized numerous university academic units and administrative programs, and eliminated underutilized academic programs and activities.
- Developed numerous self-service, web-based processes for use by students, faculty and staff, which converted many manual operations to electronic processes for greater efficiencies and improved customer service.
- Implemented numerous utility infrastructure improvements, as well as energy conservation efforts which result in annual energy savings totaling \$3.5 million at Iowa's public universities.
- In Athletics, the University of Iowa reduced its General Education support for Athletics by \$2.4 million over the past five years, which resulted in a self-sustaining Athletic Department that receives no tuition or state-appropriated funds. Iowa State University eliminated its baseball and men's swimming programs in 2001, and the University of Northern Iowa has eliminated three teams from its Athletics Department; including the recent elimination of its baseball program.

We are proud of the successes of Iowa's Public Universities in adjusting to decreasing levels of State support since 2001, but let us be clear that there has been a cost to our students.

- Undergraduate resident tuition has doubled. And, while our tuition levels remain below our peers, this is a significant burden for our students and their families, and has led to a significant increase in student debt levels for our students.

- 625 State-supported employees have been reduced over the last 8 years, the majority of whom were teaching faculty.
- And, faculty and staff salaries are below peer median levels, which reduces our competitiveness in recruiting quality faculty for student instruction.

Now our institutions face an additional potential 11% reduction. Again, in difficult times we must all put a shoulder to the wheel, but no one should assume that the ability of our institutions to absorb these reductions is endless. As some point, it becomes difficult to avoid damaging the core quality, affordability and/or access of our institutions. At some point one can no longer do more with less. What is left is indeed “less”.

For example, our FY 2009 budget request included funding for one of the Board's strategic initiatives, the Iowa Math and Science Education Partnership. This initiative was established by the Iowa Legislature and the Board of Regents in 2007 in recognition of the state's critical need for improved math and science education for Iowa students.

The Iowa Math and Science Education Partnership received initial State funding for FY 2009 through FY 2011; however, the current appropriation reductions for FY 2009 and FY 2010 are challenging the support of this critical State initiative.

This is but one example of the impact of the current budget reductions on Iowa's public universities in that it reverses important progress that can be made, particularly in the service of Iowa's public universities to the State.

In order to ensure that Iowa's public universities can ensure that we are maintaining the quality of our education programs, we implore this body to employ federal stimulus funds to fill, insomuch as possible, the \$75 million shortfall.

With respect to our two K-12 special schools, the Iowa School for the Deaf and Iowa Braille and Sight Saving School, we are concerned that each is facing the potential for an 8.5% appropriation reduction in FY 2010, while the rest of the state's K-12 schools would receive a 2.0% increase in State funds for allowable growth, and the possibility for additional State funding for teacher quality.

Unlike Iowa's public universities and K-12 school systems, our special schools rely solely on State funds to support their highly specialized operations for K-12 students across the state. We respectfully request that our special schools be treated in a similar fashion to other State K-12 school systems with respect to their FY 2010 budgets.

It is critical for Iowa's public universities and special schools to stay competitive to advance in education, research, and service to Iowans. This is done by attracting world-class faculty, engaging in cutting-edge research, and developing strategic initiatives that support new advancements in academics, research, and economic development.

Thank you for your continued support to our efforts.

I will now turn it over to each of our institution heads for their remarks.