From: Tuttle, Ilene [BOARD] [ituttle@iastate.edu]
Sent: Monday, June 06, 2011 9:46 AM
To: Smith, Dianne [BOARD]
Subject: FW: Senate Education Appropriations Subcommittee Hearing - June 6, 2011
Attachments: Senate Ed Approps Subcommittee 060611.pdf; Senate Ed Approps - June 6, 2011.pdf

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From: Tuttle, Ilene [BOARD]
Sent: Monday, June 06, 2011 8:16 AM
To: 'Carroll, Nicole'; 'Downer, Robert'; 'Evans, Jack B.'; 'Harkin, Ruth'; 'Johnson, Greta'; 'Lang, Craig'; 'Miles, David'; 'Mulholland, Katie'; 'Rastetter, Bruce'
Cc: 'Donley, Robert [BOARD]'; 'Crutison, Joanna'; 'Gradert, Marilea'; 'Kelleher, Sarah'; 'Novak, Kristin'; 'Ritter, Barb'; 'Zarkowski, Jana'
Subject: Senate Education Appropriations Subcommittee Hearing - June 6, 2011

Dear Regents:

Attached please find a copy of the remarks and Power Point presentation President Miles will deliver before the Senate Education Appropriations Subcommittee this morning at 10:00 am. The Senate requested the Board of Regents and all education agencies to give testimony on the impact of the proposed budgets.

If you have any questions, please feel free to contact me.

Regards, Bob

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"The main thing is to keep the main thing the main thing!" -- Stephen Covey

Senate Education Appropriations Subcommittee

Hearing of June 6, 2011

Remarks by David W. Miles, President

Board of Regents, State of Iowa

Thank you for the opportunity to comment on the Fiscal 2012 appropriations decisions currently under consideration and the potential impact of those decisions on the Regent institutions. The Board staff has prepared handouts that I will refer to in my presentation.

We approach this discussion from the perspective that the future of Iowa is inextricably linked to education. If we want to grow Iowa's population, create good-paying knowledge-economy jobs, increase family incomes, and improve the quality of life in our state, then we need a sound educational system, from the earliest days of a child's life, and throughout our lives.

A person who earns a bachelor's degree can expect to earn almost $1 million *more* than someone with a high school degree in the course of a lifetime. College graduates generate far more tax revenue to support needed government services, are healthier, less likely to be unemployed, and less dependent on public resources. They also foster higher levels of educational attainment in their children, and are more likely to volunteer, vote, and make charitable contributions.

However true this has been in the past, it will be even more so going forward. Slide 2 describes an analysis conducted by Georgetown University which shows that fully 60 percent of jobs in the U.S will require postsecondary education by 2018. Today, only 39% of working age Iowans hold at least a two-year degree,

and only 28% a bachelor's degree or higher. According to a September 2010 report from the Lumina Foundation, between now and 2018, Iowa will need to fill 527,000 vacancies resulting from job creation, worker retirements and other factors. Of these job vacancies, 319,000 will require postsecondary credentials.

The stakes are high and getting higher. As the Lumina report states, "the Great Recession is putting the relationship between higher education and the economy into stark relief. Today, while overall unemployment rates are hovering around 10 percent, only 4.5 percent of college graduates are unemployed.

"[E]mployers are paying an increasing premium for college graduates. This same phenomenon is occurring in 29 of the 30 most developed countries.... Meanwhile, the well-paying, low-skill jobs that American industry used to provide in abundance are disappearing quickly."

For more and more students – including 70% of 2010 high school graduates – a college education is no longer a luxury, it is a necessity. That is why we believe that for Iowa to have a more prosperous future there is no better place for the state, or individual students and their families to invest than in education.

Iowa is blessed with a higher education system that is the envy of other states across the country. Along with our outstanding independent colleges and universities, and a vibrant and growing network of community colleges, the crown jewels of that system are three of the best and most affordable public universities in the nation – the University of Northern Iowa, Iowa State University and the University of Iowa.

One measure of the success of Iowa's Public Universities is our ability to attract increasing numbers of students. That students from Iowa, across the nation

and around the world choose to attend our public universities is a testament to their quality and value.

While educating students is the most important contribution the Regent institutions make to our state, our three-fold mission of education, research and service yields an extraordinary return on investment for Iowans. As slide 3 shows, Iowa's Public Universities contribute between $8 and $9 billion annually – year in and year out – to Iowa's economy, including $896 million through externally funded research, and $335 million in tuition revenue from out-of-state students.

A recent study by Tripp Umbach done for the University of Iowa reported that

- Each $1 invested in the University returns $15.81 to the state of Iowa
- For every $1 in state funding appropriated to the University, $1.28 in tax revenue is returned to state and local governments

So, even looking at this from the perspective of near-term net cash flows to the State, investing in Iowa's Public Universities is a win-win.

Our focus today is FY 2012 appropriations. But we cannot view the current year in isolation. Despite Iowa's commitment to education historically, in recent years the State of Iowa has been reducing its investment in public higher education in our state, and the fiscal pressures on our universities have mounted significantly.

Slide 4 reminds us that as recently as the 1990s, the state of Iowa paid 77 cents for every dollar of the cost of educating our young people. Today Iowa is investing only 40 cents of every dollar needed to educate our students.

This dramatically changes the longstanding compact between our state and

its people by shifting the cost burden to students and their families, thus threatening our ability to deliver on our promise of keeping higher education affordable.

Slide 5 shows that the Regent institutions have borne a disproportionately large share of state budget cuts. Since 2001, while state appropriations (excluding the Board of Regents) rose 28%, appropriations to the Regents enterprise were actually cut 24%. This pattern of multi-year disinvestment is more than shared sacrifice during difficult times. It reflects judgments that place a lower value on funding public higher education than other priorities.

As a result, even prior to the global financial crisis, our universities were already doing more with less.

While the state has been disinvesting in public higher education for some time, slide 6 makes the point that the last three years have been far more challenging. In the current fiscal year state appropriations to fund general education at Iowa's Public Universities in FY11 are $118 million less, or 20% lower, than they were just three years prior.

Think about that for a moment. In the last three years alone state cuts have reached the equivalent of completing eliminating the University of Northern Iowa, not just once, but one and a half times.

In nominal dollars the cuts that have already been visited upon Iowa's Public Universities have turned back the clock to 1997. In real dollar terms our current funding equals levels of 30 years ago. This despite much larger enrollments today.

And, as slide 7 reflects, Fiscal 2010 cuts to public higher education in Iowa were disproportionately large compared to the rest of the nation.

We come to you today with nothing but the utmost respect for each and every one of the elected officials charged with making critical decisions about how best to manage our state's finances. We know that all involved are working constructively toward the right outcome for all Iowans.

Our perspective is straightforward: It is vital that we put a stable floor under state funding of the Regent institutions.

And this brings us to slide 8.

The House Omnibus Bill asks the Regent institutions to absorb another $41 million in budget cuts on top of the $118 million already incurred over the last 3 years.

Said differently, funding for Iowa's Public Universities would be rolled back yet another year – to 1996 – despite the fact that enrollment at our institutions has grown the equivalent of an entire university in those 16 years.

These cuts are particularly hard on UNI. In contrast to the University of Iowa and Iowa State University, UNI's major source of general fund revenue is from state appropriations (50% compared to about 38% at the other two universities). When state budgets are cut, UNI suffers to a greater extent. The effect is further compounded in tuition revenues. UNI is proud to serve Iowa students – having a student body where 93% of undergraduates and 80% of graduate are Iowans. However, their dependence upon resident enrollment leaves them much more vulnerable to cuts in state appropriations.

If the House Omnibus Bill is adopted in its current form, UNI will face a deficit for FY 2012 of approximately $6 million.

The Iowa Braille & Sight Saving School and Statewide System for Vision Services is in the midst of major changes to how services to blind and sight-impaired children in our State are delivered. As is described in greater detail on slide 9, year-over-year cuts of 30% threaten to derail those efforts.

We are deeply concerned about the impact of this budget on the Iowa School for the Deaf. Unlike our public universities, ISD is almost entirely dependent upon state funding to fulfill its mission. As slide 10 describes, a further 10% cut in funding will necessitate additional staff reductions – reductions so severe as to raise doubts about ISD's ability to provide the education deaf and hearing-impaired children and their parents expect from this state.

While the universities have done an outstanding job of managing through these difficult times, the cumulative magnitude of state budget cuts over the last 3 years, combined with additional cuts proposed in the House Omnibus Bill, will make it impossible to hold students harmless. We have a number of student leaders here this morning to address the impact on students of further reductions. Before turning the presentation over to them, on slide 11 we note some of those potential impacts, including:

- Reversing gains made over the past three years in student retention and graduation rates
- Larger class sizes and reduced course offerings
- Fewer support staff, such as advisers and counselors
- More crowded laboratories
- Less direct faculty contact

- The loss of top faculty to other states and universities
- Reduced service hours in buildings and libraries
- Elimination of positions, including teaching assistant jobs

The Board of Regents has warned for some time now that public higher education in Iowa can only do more with less for so long before quality, access and affordability are all compromised – perhaps beyond repair. Whether we have reached that point may not be known with certainty for many years. But surely it must be apparent that we are dangerously close.

Investment in Iowa's Public Universities and Special Schools, at stable and predictable levels, is necessary to provide quality, affordable education to the citizens of our state.

Thank you.

BOARD OF REGENTS
STATE OF IOWA

FUNDING THE FUTURE:
STATE APPROPRIATIONS FOR IOWA'S REGENT INSTITUTIONS

Fiscal 2012

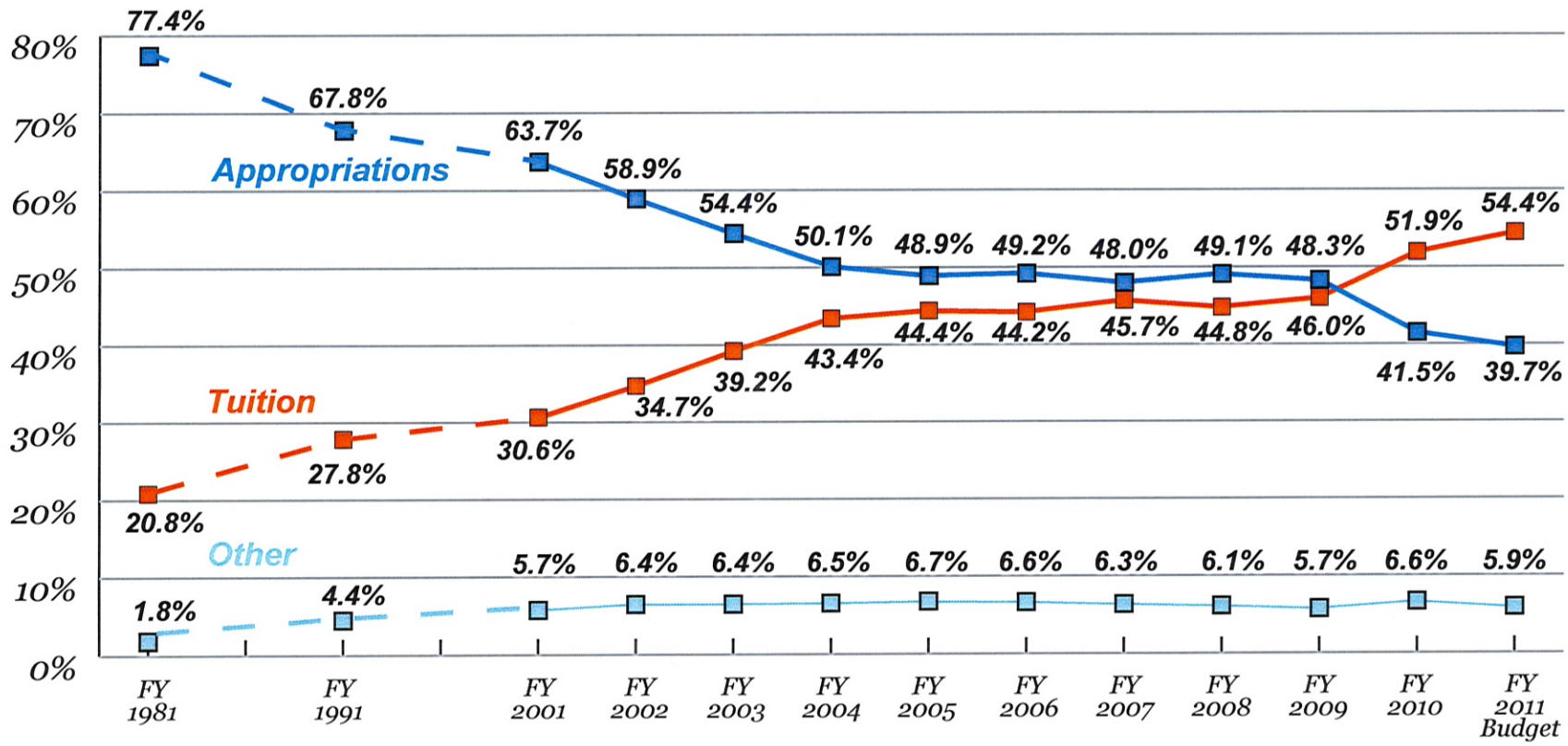
Iowa Facts

- Analysis conducted by Georgetown University shows that fully 60 percent of jobs in the U.S. will require postsecondary education by 2018.
- Today, only 39% of working age Iowans hold at least a two-year degree, and only 28% hold a bachelor's degree or higher.
- September 2010 report from the Lumina Foundation concludes that Iowa will need to fill 319,000 jobs requiring postsecondary credentials by 2018.
- Nationally, 70% of the 2010 high school graduates started college, the highest percentage on record.

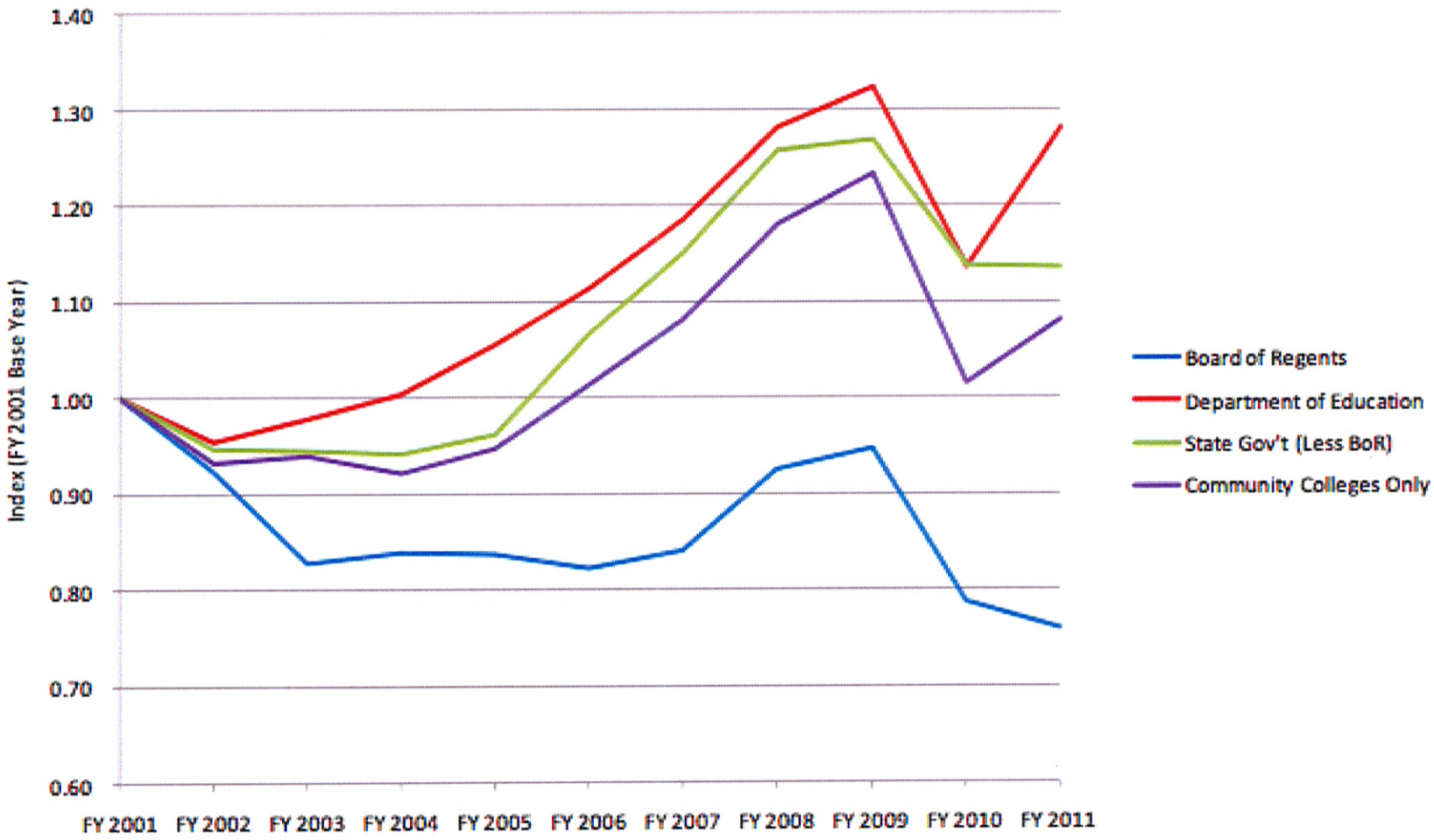
Impact of Iowa's Public Universities

- Iowa's public universities contribute between $8–$9 billion annually to Iowa's economy
- Through external funding, they contributed $896 million to Iowa's economy in FY 2010
- $335 million entered the state of Iowa in the form of tuition from out-of-state students in FY 2011
- 228,400 public university alumni live in Iowa
- The Regent Enterprise has a $4 billion budget, 17% funded by State dollars

Comparison of Funding Source Per FTE Student



Comparative State General Fund Appropriations



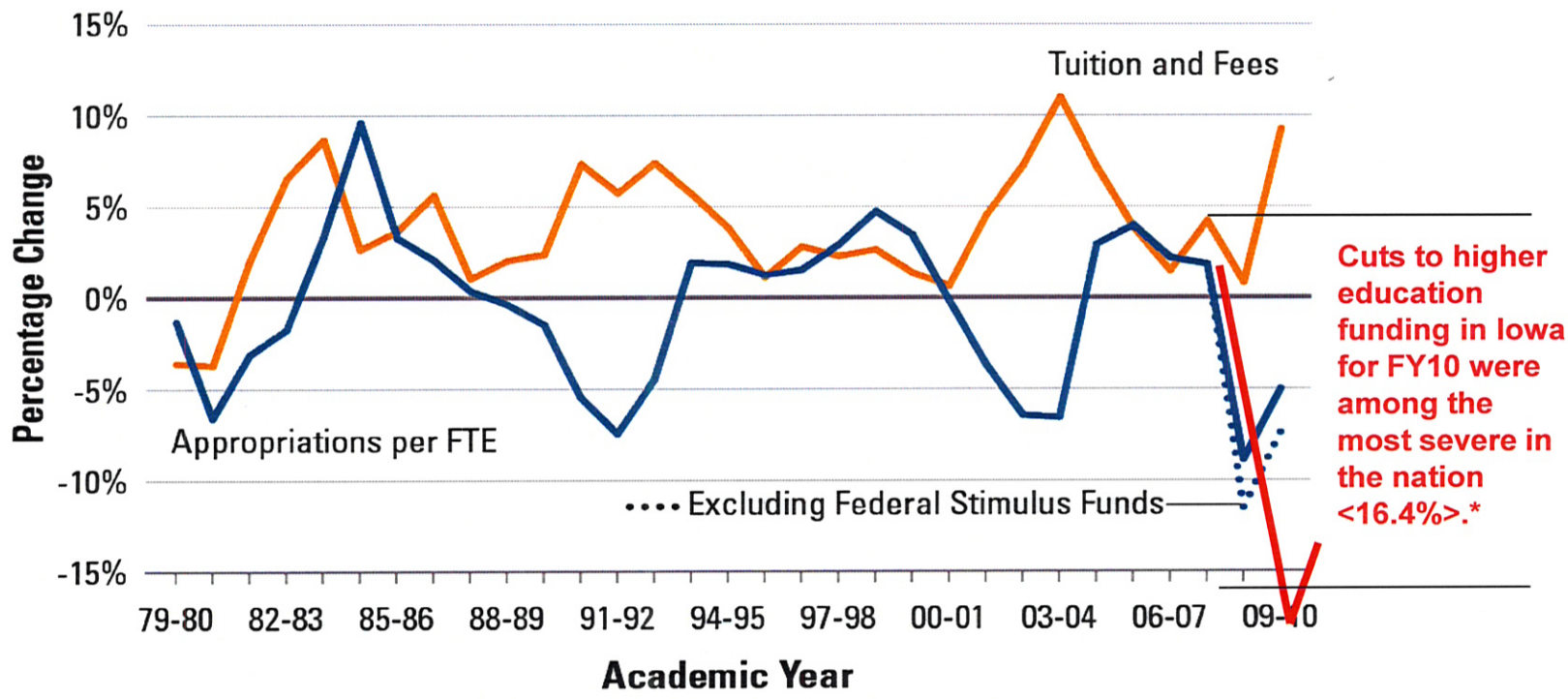
Source: LSA's Gray Book

Perspective on State Appropriations

- Appropriation cuts since FY 2009 for general education total $118 million – the equivalent of defunding UNI 1.5 times
  - (adding cuts for economic development and other services brings the total to $143.5 million)
- Iowa's Public Universities have absorbed 20 percent in cuts the last three years.
- FY 2011 funding rolled back to 1997 levels; in real dollars, our appropriation is the same as it was 30 years ago, despite steady enrollment growth.
- Cuts to Iowa's Public Universities last year were among the most severe in the nation.

FY 2010 Cuts to Iowa's Higher Education Worse than National Trend

Annual Percentage Changes in State Appropriations for Higher Education per Full-Time Equivalent (FTE) Student and in Tuition and Fees at Public Four-Year Institutions in Constant 2009 Dollars, 1979-80 to 2009-10



SOURCE: The College Board, *Trends in College Pricing 2010*, Figure 10A.

** The initial FY10 of <21.1%> ranked Iowa 50th in the nation; after the Supplemental appropriation our rank improved to 45th.*

Impact of House Omnibus Bill

- General education funds cut an additional $41 million
- Iowa's public universities rolled back 17 years to funding at FY 1996 levels
- At the same time, FTE enrollment has grown 11,402 since FY 1996 - Equivalent of UNI's total enrollment
- UNI disproportionately affected
- Iowa Braille and Sight Saving School cut 30%
- Iowa School for the Deaf cut 10%

Iowa Braille and Sight Saving School

- Reduction in work force of 35 employees with expertise in the education and care of students who are blind or visually impaired representing 32% of the workforce.

- Financial and personnel shortage threatening the ability to implement the recommendations of the Board of Regents study committee on residential services aimed at increasing the intensity of services to students who are blind or visually impaired statewide to reduce or eliminate the need for costly residential placements.

- Financial and personnel shortage leading to cuts in regional learning programs and summer services for students who are blind or visually impaired as required for learning in areas of the expanded core curriculum.

Iowa School for the Deaf

- Cut 18 positions; 16 of which are direct student service providers
- Eliminate Summer Program
- Eliminate postsecondary "4PLUS" program for ages 18-21
- Eliminate Work-based Learning opportunities for ISD seniors
- Eliminate weekly transit of students for home visits
- Eliminate repairs and maintenance of facilities

Omnibus Bill Affects Students

- Reversing gains made over the past three years in student retention and graduation rates
- Larger class sizes and reduced course offerings
- Fewer support staff, such as advisers and counselors
- More crowded laboratories
- Less direct faculty contact
- The potential loss of top faculty to other states and universities
- Reduced service hours in buildings and libraries
- Elimination of positions, including teaching assistant jobs