

## **PRESIDENT MICHAEL J. RICHARDS COMMENTS ON TUITION AND UNIVERSITY RESOURCES**

November 15, 2018

As the governing board of Iowa's public universities, we get to see firsthand the impact that the University of Iowa, Iowa State University and the University of Northern Iowa have on their students, families, communities and the state as a whole. Iowans should be extremely proud of the work done every day on their behalf at these three great universities.

Our founders were wise in how they developed Iowa's public universities. Unlike many states, our universities do not have multiple campuses, but they do each have specific missions. Those that came before us chose to focus their efforts on making each university strong and impactful instead of spreading the resources out to smaller localized campuses. By focusing their efforts, Iowa's public universities are among the best in the nation. Iowa students can attend any of our three universities and get as good an education – if not better – as they can anywhere in the nation.

The Board's core mission, above all else, is to maintain the quality of education provided by our public universities, and keeping them affordable and accessible for every Iowa student that wants to attend.

To that end, we have been studying the funding of the universities for the last several years. We have held numerous public meetings where we have received input for the Board to consider as we try to come up with the best approach to managing our resources.

One key theme we heard in our discussions and meetings with students, family & legislators has been: predictability. A key aspect of this is being predictable on tuition, so that students and

families can plan accordingly. Predictability also includes what we request the taxpayers to support, and the expectation that the universities will strive to reallocate and become more efficient every year.

These three primary areas – tuition, state appropriations, and reallocations – need to work in concert to support our universities. In addition, we also expect the universities to remain innovative with their financial and capital resources. We expect them to look for additional opportunities to leverage our physical and intellectual assets in new ways. We want them to look at other creative initiatives that have been implemented across the country and determine if they will work here in Iowa.

Our conversations and analysis have led us to one fundamental conclusion: We cannot look at the three primary areas of funding individually; we must look at them collectively. Each is interdependent on the other and we cannot talk about one without affecting the others.

When we presented our state appropriation request in September for the state budget, the presidents not only talked about the request for student financial aid, but also began the conversation about the total resources required to maintain and strengthen our universities. Each talked about their internal reallocations in conjunction with the state appropriation request.

This brings us back to our conversation about tuition.

Another key theme from our analysis and conversation was differentiation of resident undergraduate tuition. In the past, all the universities were treated the same. Clearly, they are not the same. Each one is unique; they have different missions with different focuses and

programs. Over the last several years, the Board began taking steps to differentiate programs at each university but kept the same undergraduate rate for all three universities.

This practice led to much discussion during and following the Tuition Task Force meetings about different resident tuition rates. When comparing resident undergraduate rates, the University of Iowa and Iowa State University are considerably lower than comparable universities.

Conversely, we learned that the University of Northern Iowa needs to be more competitive in pricing than other Midwest comprehensive universities, which will help them attract students.

Clearly, one size does not fit all anymore.

As I referenced earlier, the three areas of funding need to work in concert. The lynchpin of these three is state appropriations. In September, we made our state appropriations request, and we know our estimated university savings and reallocations.

Predictable tuition is the last piece needed to complete the puzzle.

- First, we are going to continue the practice in which the Board does a first reading of tuition in April with a second and final reading in June. In the past, tuition was set in the fall or winter before the Board had enough information about the state budget. When our appropriation request was not fully funded, or had to make mid fiscal year reductions, this led to additional tuition increases after it had already been set. This is not how we want to treat Iowa students and families. We will set tuition once.
- Second, we cannot continue to treat the institutions the same. For UNI, if the state fully funds their request we will begin to take steps to make them more competitively priced

with other Midwest comprehensive universities. The degree and the amount will be determined by their appropriation.

- Third, as I stated last spring, for the University of Iowa and Iowa State University, we will set guardrails around their base resident undergraduate tuition increase. If the state fully funds the appropriation request, the base resident undergraduate rate increase will be 3 percent. If the state provides no additional funding, the base undergraduate rate increase will be 3 percent plus the projected Higher Education Price Index (or HEPI). For this current fiscal year, HEPI is projected to be 2 percent. If the state partially funds our appropriations request, the base undergraduate rate will be somewhere within the defined range.

Those are the “outside guardrails” we will be working with for tuition going forward.

We believe this model provides tuition predictability for students and their families moving forward. It is our intention to follow this approach for the next 5 years. Obviously, unforeseen circumstances could cause us to re-evaluate.

I would like to end the same way I started. Our founders were wise in how they developed Iowa’s public universities and we intend to continue their efforts going forward. Iowans should be extremely proud of the work done every day at these three great universities.

Thank you.