Presentation Outline

1. Budget Video
2. The Facts
3. Student Success and Forces Defining the University of Iowa
4. Questions Raised
5. The Roadmap to Excellence: The UI Strategic Plan
6. The Path Forward
Budget Video

State Funding

- 70%
- 60%
- 50%
- 40%
- 30%
- 20%

1990

Tuition

- 64.5%
- 29.3%

2018

The University of Iowa
FY 1998 vs. FY 2018

• Gas Prices in Iowa
  • FY 1998 – $1.19/gallon
  • FY 2018 – $2.21/gallon  ➲ 85.7%

• Consumer Price Index June ’97–June’17 ➲ 53%

• Support from the state for the University of Iowa
  • FY 1998 – $224 million
  • FY 2009 – $277 million
  • FY 2018 – $217 million (at CPI – $342m in FY17)
Total Revenue Changes 1990–2015

From 1990–2015, 11 states saw a reduction in resources (appropriation + tuition) per student. Iowa is one of those 11.

*Source: Cato Institute*

**Table 1: Revenue Changes by State**

<table>
<thead>
<tr>
<th>Appropriations increase, tuition and fees increase</th>
<th>Appropriations decrease, tuition and fees increase more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska, Illinois, Kentucky, Nebraska, North Dakota, West Virginia</td>
<td>Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, Hawaii, Indiana, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Mexico, New York, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia</td>
</tr>
<tr>
<td>Average net per student change (per year): $169</td>
<td>Average net per student change (per year): $63</td>
</tr>
<tr>
<td>Average total change in revenue (per year): $34,825,412</td>
<td>Average total change in revenue (per year): $43,909,211</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Appropriations decrease, tuition and fees increase less</th>
<th>Appropriations increase, tuition and fees decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average net per student change (per year): -$30</td>
<td>Average net per student change (per year): $83</td>
</tr>
<tr>
<td>Average total change in revenue (per year): $68,388,753</td>
<td>Average total change in revenue (per year): $15,268,073</td>
</tr>
</tbody>
</table>

UI Peer Group 2016-2017 Non-Resident Tuition/Mandatory Fees

- Michigan
- UCLA
- Texas
- Indiana
- North Carolina
- Arizona
- Illinois
- Wisconsin
- Iowa
- Ohio State
- Minnesota
- North Carolina
- Texas
- Wisconsin
- Arizona
- Illinois
- Michigan

Tuition/Mandatory Fees:
- $0
- $5,000
- $10,000
- $15,000
- $20,000
- $25,000
- $30,000
- $35,000
- $40,000
- $45,000
- $50,000
Controlling Expenses and Directing Resources

Institutional Support as % of Core Expense

<table>
<thead>
<tr>
<th>Category</th>
<th>Support as %</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAU Publics</td>
<td>8.0%</td>
</tr>
<tr>
<td>Regents peer group</td>
<td>7.6%</td>
</tr>
<tr>
<td>Big Ten Peers</td>
<td>8.3%</td>
</tr>
<tr>
<td>IPEDS peer group</td>
<td>8.2%</td>
</tr>
<tr>
<td>Iowa</td>
<td>6.5%</td>
</tr>
</tbody>
</table>
Controlling Expenses and Directing Resources

• The UI operating O/H is 14.5% more efficient than its national peers

• 2009 - 2012 State cuts ($67M) forced efficiency efforts throughout

• TIER/”TIER+” ongoing & constant
Controlling Expenses and Directing Resources

• ACTA studied higher education spending

• Average ratio of spending on administrative support similar to the UI is $.17/$1.00

• UI ratio of spending on administrative support is $.136/$1.00
Improving graduation rates while maintaining costs

Real General Education Fund Expenditures per Student (indexed for inflation) and 4-Yr Graduation Rates

- **Real GEF per Student (left axis)**
- **4-Yr Graduation Rate (right axis)**

**FY 1970** to **FY 2016**
Defining Forces

✓ Attracting top faculty and researchers

• AAU is **THE** standard for top tier research universities (only 62)
• Membership is based upon many metrics including research/scholarship, doctoral education, National Academy Members
• Iowa has fallen relatively, against its peers, over the past 10 years
Defining Forces

✓ Attracting Students

• Rankings are a key source for students & families (especially top students with many choices)

• Over the last 10 years: UI has dropped 18 places, to #82 (near bottom of its peer list)

• 4 year grad rate 12% below peers
### Rankings and Reputation

<table>
<thead>
<tr>
<th>School</th>
<th>US News &amp; World Report Ranking - Public</th>
<th>US News &amp; World Report Ranking - Public/Private</th>
<th>Retention Rate</th>
<th>4 Year Graduation Rate</th>
<th>Earnings per year 10 years post freshman year</th>
<th>AAU</th>
</tr>
</thead>
<tbody>
<tr>
<td>UCLA</td>
<td>#2</td>
<td>#24</td>
<td>96%</td>
<td>74%</td>
<td>$59,600</td>
<td>Yes</td>
</tr>
<tr>
<td>Michigan</td>
<td>#4</td>
<td>#27</td>
<td>97%</td>
<td>75%</td>
<td>$57,400</td>
<td>Yes</td>
</tr>
<tr>
<td>UNC - Chapel Hill</td>
<td>#5</td>
<td>#30</td>
<td>97%</td>
<td>82%</td>
<td>$51,000</td>
<td>Yes</td>
</tr>
<tr>
<td>Illinois - Champaign Urbana</td>
<td>#10 - tied</td>
<td>#44 - tied</td>
<td>94%</td>
<td>71%</td>
<td>$56,600</td>
<td>Yes</td>
</tr>
<tr>
<td>Wisconsin - Madison</td>
<td>#10 - tied</td>
<td>#44 - tied</td>
<td>95%</td>
<td>57%</td>
<td>$51,600</td>
<td>Yes</td>
</tr>
<tr>
<td>Ohio State</td>
<td>#16</td>
<td>#54</td>
<td>93%</td>
<td>59%</td>
<td>$42,900</td>
<td>Yes</td>
</tr>
<tr>
<td>Texas - Austin</td>
<td>#18</td>
<td>#56</td>
<td>95%</td>
<td>52%</td>
<td>$53,000</td>
<td>Yes</td>
</tr>
<tr>
<td>Minnesota - Twin Cities</td>
<td>#26</td>
<td>#71</td>
<td>92%</td>
<td>59%</td>
<td>$48,300</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Iowa</strong></td>
<td><strong>#33</strong></td>
<td><strong>#82</strong></td>
<td><strong>86%</strong></td>
<td><strong>51%</strong></td>
<td><strong>$49,100</strong></td>
<td><strong>Yes</strong></td>
</tr>
<tr>
<td>Indiana</td>
<td>#36</td>
<td>#86</td>
<td>89%</td>
<td>60%</td>
<td>$44,700</td>
<td>Yes</td>
</tr>
<tr>
<td>Arizona</td>
<td>#60</td>
<td>#124</td>
<td>81%</td>
<td>43%</td>
<td>$44,000</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>19</td>
<td>56</td>
<td>93%</td>
<td>63%</td>
<td>$50,910</td>
<td></td>
</tr>
<tr>
<td><strong>UI vs Average</strong></td>
<td>14</td>
<td>26</td>
<td>-7%</td>
<td>-12%</td>
<td>-$1,810</td>
<td></td>
</tr>
</tbody>
</table>
Defining Quality

✓ Student to Faculty ratio
✓ Quality of Faculty
✓ Faculty pay

Faculty pay is determined by Tuition Revenue (65%)*, State Appropriations (29%), Indirect Rec. (6%)

- Indirect Cost Recoveries (research) – trending downward
- State Appropriations –trending downward (↓ $60M since ’09)
- What is left? Tuition
Resources: A Peer Example

University of North Carolina

*Nearly the same size and institutional make-up*

- Greater Resources
  - $18M/yr. additional tuition revenue
  - $240M/yr. additional state appropriation
  - $258M more each year for the same mission
Resources: A Peer Example
University of North Carolina

✓ Greater Success

- US News & World Report ranking: #5
- 82% 4-year graduation rate
- 97% retention rate
- Higher average earnings 10 years post graduation
Developed 4 budget principles: 
**Student Success, Quality Metrics, Our Values, and Our Future**

Line by line review of the budget: 
**Empowered Deans in budget process**

Strategic Plan developed and aligned with the Board of Regents strategic plan

Aligning existing and new resources with the strategic plan
# Moving Towards Quality

## Collegiate Economic Model

### Revenue
- Tuition
  - (Student Financial Aid)
- Net Tuition
- Indirect Cost Recovery
- Interest & Other

**Total Net Revenue**

### Expenditures
- Direct Collegiate Expenditure
- Shared Collegiate Expenditure Allocated by:
  - Student Headcount:
  - Research (by funds)
  - Building Space & Replacement Value
  - Employee Headcount
  - Employee and Student Headcount

**Total Expenditure**

**Net Expenses in the College** (faculty, staff, etc)

**Shared expenses** (HR, Research, IT, etc)
Implementing the UI Strategic Plan

- Additional GEF Funding needed by SFY 22
  - $154.5 - $164.5 million

  - Cultural Diversity and success of non majority students - $10 million
  - Economic Development increased by 10% - $6 million
  - High Impact Practices for students - $5.5 million
  - Faculty Compensation - $4.8 M (Median of Peer Group)
  - Funded Federal Research - $127 M (Median of Public AAU universities)
  - Citations in publications Covered in $127 M (Median of Public AAU universities)
  - National Academies – Covered in $127 M (Median of Public AAU universities)
  - Faculty Awards, Fellowships, - Covered in $127 M (Median of Public AAU universities)
  - Increased graduation rate (4 year undergrad - 60% 6 year doctoral – 75%) - $2 million

The University of Iowa
The Strategic Plan – Student Success

Examples of High Impact Practices

✓ Iowa Interns Program (IIP)

The IIP program would bridge the skills gap between our students and industry in Iowa.

$500,000 annually would provide 125 students access to summer internships through stipends that will help the students as well as industry in Iowa.
The Strategic Plan – Student Success

Examples of High Impact Practices

✓ Iowa Center for Research by Undergraduates (ICRU) Expansion

Undergraduate research experiences is another proven strategy for increasing student retention and cultivating transferrable skills for the job market.

$1M annually would enable ICRU to expand the research and scholarship program ensure that the majority of undergraduates are engaged in experiential learning.
The Strategic Plan – Student Success

Examples of High Impact Practices

✓ Undergraduate Research

• College of Liberal Arts and Sciences, Department of Physics and Astronomy

• 38 Undergraduate Research Projects (2016–2017)

• Students worked on the Voyager program, the Cassini spacecraft, Mars Express program, (2016–2017)
The Strategic Plan – Research & Scholarship

✓ Focused hiring in strategic areas of growth
  (Human Simulation, Neuroscience, Autonomous Vehicles)

100 New Faculty
• 50 Associate/Full
• 50 Assistant

25 Research Scientists

Retaining current faculty through competitive compensation

Providing the research/scholarship budget needed to recruit and retain strategic hires
The Strategic Plan - Faculty Salaries

- UI’s 11 colleges compared to peers: (Does not reflect 2018 investment)
  - 0% of faculty are in the top tier
  - 16.5% (171/1034) of faculty are in middle tier
  - 83.5% (863/1034) of faculty are in the bottom tier

<table>
<thead>
<tr>
<th>College</th>
<th>Assistant Professor</th>
<th>Associate Professor</th>
<th>Professor</th>
</tr>
</thead>
<tbody>
<tr>
<td>College of Business</td>
<td>22</td>
<td>21</td>
<td>33</td>
</tr>
<tr>
<td>College of Dentistry</td>
<td>12</td>
<td>15</td>
<td>22</td>
</tr>
<tr>
<td>College of Education</td>
<td>19</td>
<td>26</td>
<td>19</td>
</tr>
<tr>
<td>College of Engineering</td>
<td>19</td>
<td>23</td>
<td>44</td>
</tr>
<tr>
<td>College of Law</td>
<td>0</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>College of Liberal Arts &amp; Sciences</td>
<td>117</td>
<td>181</td>
<td>234</td>
</tr>
<tr>
<td>College of Medicine</td>
<td>21</td>
<td>28</td>
<td>42</td>
</tr>
<tr>
<td>College of Nursing</td>
<td>8</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>College of Pharmacy</td>
<td>8</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>College of Public Health</td>
<td>17</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>Graduate College</td>
<td>6</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>249</td>
<td>337</td>
<td>448</td>
</tr>
</tbody>
</table>
Funding the Strategic Plan
Campus Incremental Revenues

• SFY 18–22
• $11.7 Million/FY of campus incremental resources (TIER/realignment of resources to priorities)
Establishing Predictable Tuition

<table>
<thead>
<tr>
<th>Peer Average</th>
<th>U of I Actual</th>
<th>U of I Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fall 16</td>
<td>Fall 16</td>
</tr>
<tr>
<td>5 year - R UG</td>
<td>$10,537</td>
<td>$7,128</td>
</tr>
<tr>
<td>Tuition Only</td>
<td>$32,288</td>
<td>$27,366</td>
</tr>
<tr>
<td>$ Increase</td>
<td>$1,764</td>
<td>$606</td>
</tr>
<tr>
<td>% Increase</td>
<td>6.45%</td>
<td>2.08%</td>
</tr>
</tbody>
</table>

* Assumes no reduction in state appropriations.
Predictable Resources = A Secure Future

✓ The Plan

• Control overhead and ensure current expenditures are in alignment with strategic plan
• Establish a predictable/affordable 5 year plan for tuition increases
• Maximize scholarship opportunities for need-based students and merit-based students
• Invest in strategic plan to deliver on student success goals