

Presentation by David W. Miles, President
Board of Regents, State of Iowa

Sioux City Rotary Club
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IOWA'S PUBLIC UNIVERSITIES AND SPECIAL SCHOOLS – MOVING FORWARD

Good afternoon. I would like to thank you for inviting me to attend today's meeting. It is a pleasure to have the opportunity to visit with the Sioux City Downtown Rotary Club.

Both President Geoffroy and I have prepared remarks to share. However, the most valuable aspect of our time together is the opportunity to discuss issues facing higher education in Iowa. So we intend to leave ample time for questions and discussion.

My objective today is to share with you highlights of our recently adopted strategic plan. Before concluding, I will also address the importance of Iowa's Public Universities and Special Schools to the future of Iowa, and the need for renewed financial support from our State and elected leaders.

As you probably know, the Iowa Board of Regents governs five institutions – Iowa State University, the University of Northern Iowa, the University of Iowa, the Iowa School for the Deaf and the Iowa Braille and Sight Saving School & Statewide System for Vision Services.

Iowa's Public Universities share a common focus – enhancing the quality of life in Iowa and beyond through education, research, and service. These exceptional universities educate Iowans from all 99 Iowa counties – on their campuses, in communities statewide, and through online services. They engage in cutting-edge

research and scholarship in areas ranging from agriculture to the biosciences to health care.

Iowa's Special Schools transform the lives of visually-impaired and hearing-impaired children by providing an appropriate pre-K-12+ education, as well as helping our students to develop independent living skills.

The Board of Regents is comprised of nine citizen volunteers – appointed by the Governor and confirmed by the Iowa Senate. The Board governs Iowa's Public Universities and Special Schools on behalf of the State of Iowa and our citizens. The Board is dedicated to maintaining the trust of Iowans through sound leadership and management of these institutions. One way that we fulfill our fiduciary responsibility to Iowans, is by developing a strategic plan – to create a long-term vision for the Regent enterprise, to establish the course by which the Board and the institutions will achieve that vision, and to maintain strategic focus on high-quality programs for the future.

Why is this important to Iowans? The Board's strategic plan, in concert with the strategic plans of the individual institutions, enables the Regent Enterprise to carry out its mission effectively, efficiently, and to the benefit of all citizens. As the needs of Iowans change, as funding sources fluctuate, and as new discoveries spark exciting opportunities, the Board of Regents will use its strategic plan to ensure that its institutions continue to serve our state, nation, and world.

The Board approved its new Strategic Plan this year and I would like to share aspects of it with you. In its environmental analysis, the Board had an opportunity to analyze how social, cultural, economic, and political issues will affect the educational needs of the state of Iowa and the country in the coming years.

Stemming from this analysis, the Board of Regents identified three priorities for its new Strategic Plan – (1) Access, Affordability, and Student Success; (2) Educational Excellence and Impact; and (3) Economic Development and Vitality.

The title of our strategic plan is “Transforming Lives. Strengthening Iowa through Education, Research, and Service.” I believe that this strategic plan demonstrates the value of Iowa’s Public Universities and Special Schools to students, to Iowa, and to the world.

PRIORITY #1 – ACCESS, AFFORDABILITY, AND STUDENT SUCCESS

In 2009, the Board created an Access and Affordability Advisory Committee to examine strategies which can be implemented to ensure that all qualified Iowa students who choose to attend one of Iowa’s public universities receives the financial support that they need. The Board is currently implementing the eight recommendations of the Advisory Committee.

PRIORITY #2 – EDUCATIONAL EXCELLENCE AND IMPACT

Last year, Iowa’s Public Universities graduated more than 15,300 students who received more than 15,400 degrees. We are very fortunate that nearly 60% of the total number of graduates, or more than 9,100 graduates, will work or continue their education in Iowa.

PRIORITY #3 – ECONOMIC DEVELOPMENT AND IMPACT

In 2010, faculty and staff at Iowa’s public universities shattered a research funding record with a total of \$896.4 million in external funding, an increase of \$121.9 million, or 16%, over the previous year’s funding of \$774.5 million. UI and ISU researchers have received a total of 186 American Recovery and Reinvestment Act grants for scientific research, totaling nearly \$76 million over the next three to four years, which has created or retained **nearly 900** jobs.

The three priorities formed the basis for the eight goals in our Strategic Plan, which are listed on the bookmark that we have shared with each of you.

Goal #1 states that Iowa’s public universities shall be affordable to all academically qualified Iowa residents. The Board wants to ensure that academically qualified Iowans are not deterred from attending the public universities due to need for financial aid.

Goal # 2 states that Iowa's public universities shall increase the degree attainment of underrepresented minority students. The population of minorities in Iowa is expected to grow significantly in the coming years. It is vital that we do all that we can to ensure that all Iowans attending our universities complete their education.

Goal #3 states that Iowa's public universities shall increase the percent of undergraduate students who graduate within four years. This goal is one of the recommendations of the Access and Affordability Advisory Committee. Students who graduate in four years have a lower average debt upon graduation.

Goal #4 states that Iowa's public universities shall increase distance education opportunities for life-long learning especially for place-bound and non-traditional students in Iowa to support their educational and professional goals and enhance their quality of life. This goal is aimed at improving the proportion of Iowa adults who possess a bachelor's degree. Currently, Iowa ranks in the bottom third in the United States of adults who possess a bachelor's degree.

Goal #5 states that the Iowa Braille and Sight Saving School and the Iowa School for the Deaf shall meet or exceed state academic standards in reading and mathematics. The Board wants to ensure that the achievement levels of students who are blind or visually impaired or deaf or hard of hearing are prepared to be fully functioning citizens as they pursue postsecondary education or employment.

Goal #6 states that Iowa's public universities and special schools shall demonstrate that their student outcomes assessment programs help students achieve identified learning goals. The Board is committed to ensuring that students at Iowa's public universities receive a value-added education and that they are prepared to become productive citizens of the state and the world.

Goal #7 states that Iowa's public universities shall contribute to the expansion and diversification of the Iowa economy. Iowa's public universities are a significant

economic engine for the state. As I mentioned before, in the last two years, their external research funding brought approximately \$1.5 billion to the state. In addition to the monetary impact, this has included the creation of new jobs and the discovery of new knowledge which has the likelihood of affecting all of us in such areas as medicine and agriculture.

Goal #8 states that Iowa's public universities and special schools shall be increasingly efficient and productive. This goal recognizes that Iowa's public universities and special schools must be transparent and accountable to the people of Iowa. The Board expects them to demonstrate effectiveness and efficiency in their operations.

Through accomplishment of these goals, we will ensure that Iowa's Public Universities and Special Schools continue to provide world-class educations to our children and grandchildren. And, when people speak of Iowa as the education state, they will refer not only to an outstanding pre-K through 12 system, but also to a higher education system that is the envy of the world. To an educational network led by Iowa's public universities, and including Iowa's independent colleges and universities, and community colleges, that educates Iowans even more effectively by becoming a destination for families from around the United States and the world who want a better life for their children.

Why is this plan and these goals important?

Because the future of Iowa is inextricably linked to education.

If we want to grow Iowa's population, create quality 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. My ambition for Iowa's Public Universities is nothing less than to play a leadership role in creating that future.

Iowa's Public Universities have encountered significant challenges in the past two years. Iowa State, UNI, and the University of Iowa have been placed under enormous financial pressure by what has come to be called the Great Recession. Even though Iowa fared better than many other states in terms of the impact of the financial crisis on our economy, according to the Almanac of Higher Education published in August 2010, nowhere in the nation was funding for public higher education reduced more significantly from FY 09 to FY 10 than over the past five years, state support for higher education dropped faster in Iowa than 45 other states, according to the Illinois State University annual Grapevine survey

Starting in December 2008, and continuing through June 2010, the State's contribution to ongoing operations at Iowa's Public Universities fell nearly \$153 million. These state appropriations go directly to fund "general education." This is the contribution Iowans make to our most important function – educating our young people.

As a result, in FY 2010, for the first time in Iowa's history, the State of Iowa's contribution to the general education budget for Iowa's Public Universities fell below that paid by students. And not just by a little. In FY 2010, the State's share was a mere \$0.41 of every dollar, while students & their families paid \$0.53. As recently as 1991, the State invested \$0.68 of every dollar. Taking out the effects of inflation, FY 2010 State support to Iowa's public universities and special schools had dropped to the same level as it was in **1997**.

Those spending cuts have not been restored. In FY 2011 – July 1, 2010 through June 30, 2011 – total state appropriations to Iowa's Public Universities are \$143.4 million less than in FY 09. Said differently, state support for public higher education has been cut more than 20% in roughly 18 months time. In FY 2011, the state's relative support fell even further, to 39.7% while the students' share rose to 54.4%. A recent review by the State Legislative Services Agency of tuition rates at Iowa's Public Universities found that State appropriations would need to increase by \$229 million to bring State support up to levels achieved 10 years ago.

It is difficult to express the enormity of the challenge these cuts have created for Iowa's public universities and special schools. It is true that in FY 2010 the blow was cushioned by the receipt of \$80 million in ARRA or "stimulus" funds, but those dollars are gone. This means that in just a few short months, Iowa's Public Universities have had to trim their operating budgets significantly, all the while experiencing record enrollments and ever greater demand for services.

The Board of Regents cannot adequately thank the administration, faculty, staff, and students at our institutions, who have worked together so effectively during this financial crisis to preserve the availability of a world class educational experience for present and future generations. Together we have reduced costs and focused on our priorities. And, unlike public university systems in a number of other states that have bumped tuition levels by more than 15, 20, or even 30%, the FY 11 tuition increase approved by the Board was a mere 6%.

Just one other word on tuition. This Board was loathe to increase tuition at a time when Iowans were, and still are, facing financial hardships. For those who would argue in favor of expense reductions over tuition increases, let me be clear – that is exactly what we did. The 6% tuition increase for FY 2010 narrowed the gap caused by the lack of state funding **by less than one dollar for every five dollars lost**. The remaining shortfall was addressed by reducing our operating run rate – not one-time costs, but adjusting our ongoing costs of operations, and by generating revenues through expanding enrollment.

Our universities have become more efficient and productive. And, so far, thanks to the outstanding leadership of institution heads like President Geoffroy, we have largely protected the quality of these world-class institutions. And, we have, without fail, made students, and their access to an affordable, high quality education, our first priority.

Still, while the institutions have done an outstanding job of managing through these difficult times, the magnitude of the state budget cuts has made it impossible to hold students harmless. Class offerings have been reduced,

programs have been eliminated, and class sizes are larger. Unsurprisingly, these steps negatively affect our efforts to preserve the quality educational experience that Iowans expect from their public universities.

When Iowans are hurting, it is only right for Iowa's Public Universities and Special Schools to share in the sacrifices needed. And we have done so without complaint.

But 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.

As the economy of Iowa continues to improve, Iowans and our elected leaders have critical value judgments to make. Will we reinvest in our State's future, by funding public higher education?

I say to you today that the State of Iowa cannot afford to continue on the path we have been on for too many years. This current financial storm is beginning to clear, and as it does so, we must chart a different course. Our children's future, as well as the continued prosperity of our State, depends upon it.

And, I remind us all today what many of us already know to be true for our own lives and for those of our children: Higher education is transformative – not just for individuals, but for our communities and our State.

The graduates of Iowa's public universities can boast the same successes that are reflected in national statistics of college graduates. Let's start with the pure dollars and cents. Individuals who graduate from college are more likely to generate sufficient income to pay taxes, and on average, generate far more tax revenue to support needed government services than non-college graduates. They are healthier and are more likely to have jobs with employer-provided health insurance. They are less likely to be unemployed or poor, and they are less dependent on public resources. They foster higher levels of educational attainment in their children, and they are more likely to volunteer, vote, and make charitable contributions.

Some seem to believe that however valuable higher education might have been “back in the day”, it is not so important today. “Iowa” jobs, they say, require less education than needed in other states.

My answer is that the kind of quality, knowledge-economy jobs that will make for a better Iowa, will require more education, not the same (or less). An analysis conducted by the Georgetown University Center on Education and the Workforce, 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 for Education between now and 2018, Iowa will need to fill about 527,000 vacancies resulting from job creation, worker retirements and other factors. Of these job vacancies, 319,000 will require postsecondary credentials.

The Lumina report goes on to make the point that “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.

“Data on wages are even more telling. . . . [I]t is well known that college graduates make more money than those who have only completed high school, who in turn make more money than high school dropouts.... What is less well understood is that the gap in earnings between these groups is growing. Even in this job market, employers are paying an increasing premium for college graduates. This same phenomenon is occurring in 29 of the 30 most developed countries....

“Employers increasingly depend on the skills and knowledge of their workers, and they are paying a premium to get those skills. Meanwhile, the well-paying, low-skill jobs that American industry used to provide in abundance are disappearing quickly. What is left, as documented by MIT economist David Autor, is a stratified job market in which jobs are either high-skill/high-wage or low-skill/low-wage. In this economy, workers with jobs in the former category are in

the middle class or above; those with jobs in the latter category are the working poor. Just as importantly, the only route between the two strata is through education to obtain the skills and knowledge the global marketplace demands....”

If we want a more prosperous future for Iowa, then there is no better place to invest than in education.

It should also be noted that the *process* of educating students at our public universities, and the important innovation associated with this process, creates innumerable opportunities and becomes a significant contributor to the economic development of the State. In FY09 alone, Iowa’s public universities contributed more than \$8 billion to Iowa’s economy.

Iowa’s public universities and their graduates are keeping Iowa strong. Accordingly, it is vital that we continue to nurture and invest in public higher education in our state. Higher education is not just good for the students that we educate, it is a sound long-term investment in Iowa’s future.

As the Governor-Elect and our legislators gather in Des Moines this January, it is essential that they renew Iowa’s commitment to funding education and restore the historic investment by Iowa in public higher education.

I am enormously proud of Iowa’s Public Universities, truly among the great teaching and research institutions in our nation, the leadership of Presidents Geoffroy, Mason and Allen, our faculty and staff and students, as well as our outstanding academic medical center, the University of Iowa Hospitals and Clinics.

And I am confident that our best days lie ahead!

Thank you, once again, for the opportunity to visit with you today.

I would now like to welcome to the podium, Greg Geoffroy. Greg Geoffroy became president of Iowa State University on July 1, 2001, and for more than nine

years has provided outstanding leadership to ISU. He is the senior leader among our institution heads, and I frequently turn to Greg for his sound advice and wise counsel on matters affecting the Board and Iowa's Public Universities. The State of Iowa is very fortunate to have one of the nation's premier leaders in higher education at the helm of its land-grant university, and it is an honor to be here with President Geoffroy. Please give him a warm welcome.