

**Governing Iowa's public
universities and special schools**

University of Iowa
Iowa State University
University of Northern Iowa
Iowa School for the Deaf
Iowa Braille and Sight Saving School
Lakeside Laboratory Regents Resource Center
Northwest Iowa Regents Resource Center
Quad-Cities Graduate Center
Southwest Iowa Regents Resource Center



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October 14, 2014

Honorable Members of the Iowa General Assembly
State of Iowa
State Capitol Building
Des Moines, IA 50319

Dear Senators and Representatives:

We are writing to outline the Board of Regents new Performance Based Funding model adopted in September and to urge you to adopt a budget that reflects that model during the upcoming legislative session.

More than 30 states have now adopted some form of performance funding while several others are discussing the idea. These states have discovered there is no tool more powerful than constructing a budget that rewards public higher education for achieving the goals and priorities established by policy makers. With that in mind, the Board of Regents appointed a Performance-based Revenue Model Task Force chaired by former Regent David Miles. The task force spent several months hearing expert testimony from speakers from across the country and reviewing best practices in other states.

After considerable deliberation, the Task Force recommended a performance model that ties 60 percent of state funding to resident enrollment and 40 percent to outcome metrics that reflect the priorities of the Board and the state of Iowa. This model provides equity across the universities and creates a direct link between state taxpayer dollars and Iowa students. It moves away from the long-standing practice of determining the universities' annual budget request by simply seeking greater funding than the year before; a model that is outdated and no longer serves institutions or the taxpayers.

The Performance Based Funding model rewards the universities for improving timely graduation rates and access for veterans, minorities, and low-income families. It also recognizes the unique mission of each institution by including a metric for sponsored research and graduate and professional students. This approach is intended to reward each institution based on their strengths not to create competition between them.

Under the new formula the University of Northern Iowa would receive an additional \$23.6 million, Iowa State would receive an additional \$22.8 million, and the University of Iowa would see a decrease of \$46.4 million. In order to minimize the impact, the Board of Regents voted to cap reallocation annually at 2% of the University of Iowa's general education revenues, which is \$12.9 million in the first year. The Board requests the Iowa Legislature serve as a partner in the transition to Performance Based

Funding by providing supplemental funding of that amount to avoid any short-term disruptions caused by the reallocation.

We, the board and University Presidents, believe this new model is equitable and transparent while demonstrating accountability to the legislature, governor, and citizens of Iowa. We appreciate the Iowa General Assembly's consideration and welcome any questions over the coming weeks.

Sincerely,



Bruce L. Rastetter
Board President




Katie Mulholland
President Pro Temp



Sally Mason
President
University of Iowa



Steven Leath
President
Iowa State University



Bill Ruud
President
University of Northern
Iowa