

President Mason's Speech to Budget Appropriations Subcommittee

Like our sister universities, the University of Iowa is preparing for **unprecedented challenges** resulting from the current economic situation.

What we are **absolutely committed to do** is preserve our top priorities of **education, research, creative excellence and our excellent patient care**. We have counseled our deans that we must maintain the **highest quality standards for their core functions** – standards that have helped the University of Iowa become known as **one of the nation's premier public research and educational**

institutions and yet we know that budget cuts of this magnitude are not made easily or without consequences.

We are committed to offering our students a **richly vibrant and integrated academic experience**. Their education will continue to be **affordable and accessible**, regardless of whether they are Iowa residents ... from another state ... or from another country.

We are also committed and will continue to expand our collaborative efforts across the State of Iowa to provide greater flexibility for students.

Therefore, we will work to protect certain critical areas, such as student financial aid ... library acquisitions ... research funding ... and the growth of **emerging centers of excellence** which represent the **future of science and industry as well as arts and culture**. And, we will support **pioneering initiatives**, including our new certificate in sustainability studies, which we will begin offering this fall.

We cannot abandon the roughly **3,900 undergraduate** students to whom we grant need-based scholarships each year, **funded through our University Tuition Set-Aside funds**. **These students represent close to 20% of our total undergraduate enrollment**. We know that in this

economy, **more than ever**, the University of Iowa's financial aid may mean the difference between attending a world-class research institution like the University of Iowa, or not going to college at all. For me this is an issue that is **deeply personal**, as I was the first one in my family to attend a university. I **know first-hand** how much a college education means to those students and their families.

We have students whose families have been displaced by flood or tornadoes, and those whose parents have lost jobs because of the economic downturn – the hope for these young people and their future is best realized by

continuing their education and we are determined to help them.

Iowa is also a state that has an aging demographic. The University of Iowa is not only among the largest employers in the state – it also educates and trains the largest number of young people from Iowa and elsewhere than any other entity in the state.

We must be able to continue to **recruit the best and brightest students** from Iowa and beyond, providing merit scholarship money that will entice them to come to our university and to begin their post-graduation lives **in Iowa.**

We must be able to continue to **attract and retain highly respected scientists**, such as Mike Welsh, a distinguished scientist and Howard Hughes investigator, whose research in cystic fibrosis is **admired throughout the world**. Or Bruce Gantz and Kate Gfeller, **who have broken ground** in their work with cochlear implants and speech therapy. Or Alec Scranton, who holds nine patents, and whose research is on pollution prevention and energy conservation. All of these, and many more, renowned scientists are Iowa natives who have **contributed vast knowledge and prestige to our state**.

We also must be able to continue to support the birth and incubation of **new commercial enterprises** resulting from research and business collaborations. **Integrated DNA Technologies** is one such University spin off that has achieved **double-digit growth** during the past ten years. Currently, it supplies more than 60,000 customers worldwide with custom nucleic acids, and **works closely** with our university in DNA research.

These examples illustrate why we **cannot detour from our mission**, despite these challenging times. Our mission has an impact on countless lives within Iowa and around the globe. Our mission also contributes to a positive economic impact throughout the state.

- Regardless of whether they were born in Iowa, many of our graduates **remain in Iowa** and enrich their communities with their knowledge as they **boost their local economy** with their employment. In fact, we educate many of the state's professionals, including:
 - **79 percent** of Iowa's dentists
 - **50 percent** of Iowa's physicians
 - **47 percent** of Iowa's pharmacists
 - **45 percent** of Iowa's bachelor-degreed nurses

- The University is also an economic engine for the state.
 - Our health care operations at the University of Iowa **are a 1 billion dollar** economic enterprise.

- In the past year we were awarded **nearly 400 million dollars in gifts, grants and contracts.**

These restricted funds are aggressively pursued by the University which is nationally competitive for grant funding.

- And, for every dollar the State of Iowa appropriates to us, University of Iowa **generates an additional six-point-eight dollars.** That's a **680 percent return on investment.**

- Let me repeat, for every state dollar you invest in the University of Iowa, the University generates nearly seven dollars for the state's economy.

Investments in our states' human capital are investments that will transform Iowan's lives and

will pay dividends for years to come. That is true economic stimulus.

Without your support of University of Iowa's core priorities, this impact on Iowans and the state's economy **would not exist**. So, let me put our current situation in perspective.

Just like the state's general fund is the **backbone of the state's budget**, the **General Education Fund** is the backbone of our University budget. The General Education Fund is comprised of **two primary revenue sources** – state appropriations and tuition.

We require our auxiliary enterprises, including **Athletics, Residence Halls, Utilities, UIHC, Parking and Transportation, to be self-sustaining.** Their charges and fees cover their costs and **we do not support them with state appropriated funds.**

Make no mistake, however -- the General Education Fund finances **the majority** of expenses related to providing an undergraduate education – **our biggest priority.** In the past, we have been **responsible stewards** of the core support we've received from the State, and we will continue to be.

While the University of Iowa colleges and enterprises continue to work on their plans to manage the Fiscal 2010 budget cuts, I have appointed **six central task forces to explore potential cost savings** that could have an impact University-wide. These include:

- **Human resources-related options**, such as early retirement incentives and benefits savings.
- **Deferring capital expenditures**
- **Reducing support for non-academic enterprises.**
- **Reducing energy costs.**
- **Savings in facilities and grounds maintenance**
- **Organizational changes**, such as consolidation of some functions.

We are examining **every program and function** at University of Iowa for **potential long-term savings**. My administration, the colleges and each department **will consider ALL options**.

All of this is being done in the context of two issues that inform our actions now and will continue to be critical to consider as we move forward. First and foremost, there are continuing and enormous **flood recovery efforts** to consider. Our initial estimate of \$230 million in damages, we now know represents only a portion of the eventual costs of recovery. What the total cost may be is still being determined and will be presented to the Board of Regents later this month. Second, there are **unavoidable**

cost increases associated with running the University. We may have to employ **short-term measures**, such as temporary pay reductions **in some form**, while we **realign the University of Iowa for the long term**. Be assured, however, that **we will leave no cost saving option unexamined**.

Let me say finally, that I could not be **more committed to public universities** in general, and specifically to the power of the University of Iowa to **transform lives** – the lives of its students and faculty, as well as those who benefit from their accumulated talents and expertise. I am a product of public universities, and I believe they are **truly the foundation for the world's greatest successes**.

So, while we, like all Americans, must **tighten our belts**, I believe we **cannot hesitate** when it comes to **investing in our mission as a public university**. We must work together to ensure that new students are given the best opportunities:

- to **learn and grow**;
- to **fuel the ongoing discoveries** that will ultimately save and improve human lives;
- to **support greater understanding** of our lives and the world;
- and to create a culture where we become **more responsible stewards** of the environment – to protect ourselves, our children and their children.

Such investments in the future are **critical and will**
return dividends in many forms for the remainder of this
century and beyond.

Thank You.