AGENDA

1. Budget Trends in Higher Education
2. FY 2017 Budget Shortfall and Process to Address
3. President Harreld’s Initiatives
4. FY 2018 Budget Timeline
5. New GEF Budget Model
6. Your Role
7. Short Video on UI Budget
Trending of University Budget Models in U.S.

Increasing Number of Institutions Moving Towards Hybrid Models

**Historical Trend**
- Incremental
- Hybrid
- RCM

**Emerging Trend**

**Common Limitations:**
- Does not incent unit revenue growth or cost control
- Difficult to maintain in periods of stagnant growth
- Do not flexibly accommodate changes in enrollment patterns

**Common Limitations:**
- Yields few resources for central strategic investment
- Devolves decision-making power to units at expense of central strategic vision
- Shifts resources to units based on market trends and dean performance rather than institutional priorities
Branstad: first budget cuts, then two years of growth

Regents take biggest hit in adjustments

FY 2017 Budget Shortfall

• Budget shortfall is $25.9 million
  – $9.2M from St. Approp. Reduction
  – $16.7M from budget deficit

• Why budget shortfall?
  – Change in R/DNR Mix;
  – fewer international students;
  – Student Financial Aid:
    • FY07 = $30.4M; FY 17 = $80.8M; an increase of 165%
  – Veterans reclassified from NR to R
Addressing the FY17 Budget Deficit

- Reducing contingency funding $2.5M
- Eliminating flood recovery & mitigation funding $8.0M
- Changing Summer Hawks program to break-even $1.5M
- Cut Summer Hawks incentive funding to colleges $5.0M
- Reduce student aid $8.9M

Total $25.9M
President Harreld’s Initiatives

• Increase University’s ranking relative to peers
• Improve faculty pay relative to peer institutions
• Pay staff a competitive salary
• Grow areas of excellence
• Budget decisions made using following principles:
  – Student success
  – Quality metrics
  – UI Values
  – Future
• Invest in Strategic Initiatives
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/13/17</td>
<td>UI Budget Retreat Team</td>
</tr>
<tr>
<td>3/27-3/29</td>
<td>1:1 meetings w/ each Business Unit – finalize unit budget</td>
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<tr>
<td>April TBD</td>
<td>Strategic Initiative Reviews</td>
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<tr>
<td>5/9/17</td>
<td>UI Budget Retreat Team – President presents FY18 budget</td>
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New GEF Budget Model

1. Characteristics -
   - Value-based/Principle-based/Transparent
   - Flexibility to support UI Strategic Plan
   - Based on the GEF “Collegiate Economic Analysis”

2. Goals -
   - Maximize net tuition
   - Accommodate long-term trend in State Appropriations
   - Incentivize new revenue development/cost containment
   - Strategic Initiative funding
   - Collegiate/Unit accountability
   - Improve salary competitiveness vs peers
   - Multi-year projections
3. Create Shared Cost Center Advisory Committees:
   • Each represented by 2 Deans + Service Area Leaders/Experts
   • Shared Service Area Themes -
     1. Enrollment Management/Student Financial Aid
     2. Student Support
     3. Academic Centers/Resources
     4. Research & Economic Development
     5. Buildings & Grounds Support
     6. Information Technology Services
     7. Central Administrative Support
### Collegiate Economic Analysis Format

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Tuition</td>
<td>$433,640,000</td>
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<tr>
<td>Less: Financial Aid</td>
<td>$104,150,000</td>
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<tr>
<td>Net Tuition</td>
<td>$329,490,000</td>
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<tr>
<td>% Discount</td>
<td>24.0%</td>
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<tr>
<td>Indirect Cost Recov</td>
<td>$42,260,000</td>
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<tr>
<td>Total Direct Revenue</td>
<td>$371,750,000</td>
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<tr>
<td>State Appropriation</td>
<td>$231,880,000</td>
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<tr>
<td>Total Revenues</td>
<td>$603,630,000</td>
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</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
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<tbody>
<tr>
<td>Direct Collegiate</td>
<td>$351,430,000</td>
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<tr>
<td>Direct Exp Units (center)</td>
<td>$189,340,000</td>
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<tr>
<td>Overhead Units (center)</td>
<td>$62,860,000</td>
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<tr>
<td>Total Expenses</td>
<td>$603,630,000</td>
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</table>
Your Role

• Engage with your dean or VP in developing strategic initiatives

• Consult with Staff Council leadership on being appointed to serve on one of several committees.
  – Strategic Implementation Team (SIT) subcommittees,
  – Operations Team (OT) subcommittees,
  – UI Budget Retreat Team, or,
  – Shared Cost Center Advisory Committees

• Consult with colleagues serving on these subcommittees

• Be creative in developing new revenues or improving operational efficiencies
UI Budget Video

https://www.youtube.com/watch?v=FVng0PNdU2Q