Tuition Task Force

Stable Resources Plan
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

Tuition

64.5%

29.3%
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.

Table 1: Revenue Changes by State

<table>
<thead>
<tr>
<th>Appropriations increase, tuition and fees increase</th>
<th>Appropriations decrease, tuition and fees increase</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): $68,388,733</td>
<td>Average total change in revenue (per year): $15,268,073</td>
</tr>
</tbody>
</table>


*Cato Institute
UI Peer Group 2016-2017 Resident Tuition/Mandatory Fees

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

- Iowa
- North Carolina
- Texas
- Ohio State
- Indiana
- Wisconsin
- Arizona
- UCLA
- Minnesota
- Michigan
- Illinois
UI Peer Group 2016-2017 Non-Resident Tuition/Mandatory Fees

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

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

Institutions:
- Minnesota
- Ohio State
- Iowa
- Wisconsin
- Illinois
- Arizona
- North Carolina
- Indiana
- Texas
- UCLA
- Michigan
Controlling Expenses and Directing Resources

Institutional Support as % of Core Expense

<table>
<thead>
<tr>
<th>Group</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
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><strong>14</strong></td>
<td><strong>26</strong></td>
<td><strong>-7%</strong></td>
<td><strong>-12%</strong></td>
<td><strong>-$1,810</strong></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

<table>
<thead>
<tr>
<th>Revenue</th>
<th>(Student Financial Aid)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition</td>
<td>Net Tuition</td>
</tr>
<tr>
<td>Indirect Cost Recovery</td>
<td>Interest &amp; Other</td>
</tr>
<tr>
<td><strong>Total Net Revenue</strong></td>
<td></td>
</tr>
</tbody>
</table>

### 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

- Economic Development increased by 10% - $6 million
- Cultural Diversity and success of non majority students - $10 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
- Fundamental success of non majority students - $10 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)
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><strong>Total</strong></td>
<td><strong>249</strong></td>
<td><strong>337</strong></td>
<td><strong>448</strong></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)

5 year consistent tuition plan

Any additional state resources above FY 18 base of $217 million used for need based financial aid

$11.7 million in campus based resources
# Establishing Predictable Tuition

<table>
<thead>
<tr>
<th>Peer Average</th>
<th>U of I Actual</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>
<td>Fall 17</td>
</tr>
<tr>
<td>5 year - R UG</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition Only</td>
<td>$10,537</td>
<td>$7,128</td>
<td>$7,486</td>
</tr>
<tr>
<td>$ Increase</td>
<td></td>
<td></td>
<td>$358</td>
</tr>
<tr>
<td>% Increase</td>
<td></td>
<td></td>
<td>5.02%</td>
</tr>
<tr>
<td>5 year - NR UG</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition Only</td>
<td>$32,288</td>
<td>$27,366</td>
<td>$29,130</td>
</tr>
<tr>
<td>$ Increase</td>
<td></td>
<td></td>
<td>$1,764</td>
</tr>
<tr>
<td>% Increase</td>
<td></td>
<td></td>
<td>6.45%</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