• Budget Challenges FY12 and Beyond

• Choices for Addressing Budget Challenges

• Why Change is Important

• Q&A
**Budget Context**

- **Demand for Higher Education**
- **Changes in Competitive Environment**
  - Four-year colleges
  - Community colleges
  - For-profit institutions
- **Federal Government Financial Challenges**
  - Direct impacts
  - Indirect impacts
- **State Funding**
Budgeted Appropriations and Fall Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Budgeted Appr</th>
<th>Fall Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 09</td>
<td>$98.3M</td>
<td>12908</td>
</tr>
<tr>
<td>FY 10</td>
<td>$83.8M</td>
<td>13080</td>
</tr>
<tr>
<td>FY 11</td>
<td>$79.0M</td>
<td>13201</td>
</tr>
<tr>
<td>FY 12</td>
<td>$74.7M</td>
<td>13168</td>
</tr>
</tbody>
</table>

State $ Per Student:
- FY 09: $7,615
- FY 10: $6,407
- FY 11: $5,984
- FY 12: $5,673

Source: Board of Regents, State of Iowa Reports
Changes in State Appropriations and Tuition Revenue

Source: Board of Regents, State of Iowa Reports
## Budget Shortfall for FY12

<table>
<thead>
<tr>
<th>Major budget changes from FY 2011</th>
<th>$ Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>State appropriations decrease</td>
<td>(4.3)</td>
</tr>
<tr>
<td>Salary/fringe increase</td>
<td>(3.3)</td>
</tr>
<tr>
<td>Indirect cost recovery/interest/sales &amp; services decrease</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Estimated net tuition (after additional set aside for student aid)</td>
<td>2.7</td>
</tr>
<tr>
<td>Net projected shortfall</td>
<td>(5.0)</td>
</tr>
</tbody>
</table>
FY12 Budgeted Expense by Division

- President: $8,969,327 (6%)
- Academic Affairs: $19,584,857 (12%)
- Student Affairs: $21,379,101 (13%)
- Admin & Financial Svcs: $100,782,805 (63%)
- General Institutional: $9,351,145 (6%)

Total: $110,074,331
FY12 Budgeted Expense by Category

- **Personnel**: $14,803,230, 9%
- **Supplies & Services**: $5,414,000, 4%
- **Library Materials**: $1,992,009, 1%
- **Utilities**: $9,624,910, 6%
- **Student Aid**: $14,803,230, 9%
- **Utilities**: $5,414,000, 4%
- **Building Repairs**: $1,200,000, 1%

Total Budgeted Expense: $127,033,086, 79%
Cost Containment & Revenue Enhancement Task Forces

• Spring 2009 Task Forces

• Cost Containment
  – Process
  – Substantial items

• Revenue Enhancement
  – Tuition and fees
  – External, outreach and advocacy

All reports available:
http://www.uni.edu/president/task-forcescouncils
Efforts in Recent Years

- Reorganized academic and non-academic units
- Reduced workforce
- Refinanced bonds to achieve future savings
- Reduced employer paid benefit programs
- Collaborated with Regents institutions in academic affairs, student affairs and financial services
- Outsourced services
- Reduced support for auxiliaries
- Revenue enhancement
• Operating Budget Requested Increases
  – General Fund = $3 M
  – Coverage of Salary and Benefits Cost = $4 M
  – Economic Development = 4% and $.5 M
  – IMSEP Initiative = $4 M

• Special UNI Appropriations Request
  – Budget base adjustment of $4 Million
  – High dependence on state appropriations
  – High dependence on in-state tuition revenue
## FY13 Budget Challenge

<table>
<thead>
<tr>
<th>Major budget changes from FY 2012</th>
<th>Scenario 1</th>
<th>Scenario 2</th>
<th>Scenario 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>State appropriations change</td>
<td>(3.7)</td>
<td>0</td>
<td>4.0</td>
</tr>
<tr>
<td>Salary/fringe increase</td>
<td>(4.0)</td>
<td>(4.0)</td>
<td>(4.0)</td>
</tr>
<tr>
<td>Indirect cost recovery/interest/sales &amp; services decrease</td>
<td>(0.6)</td>
<td>(0.6)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Estimated net tuition (assuming 3.75% increase, enrollment projection of 13250)</td>
<td>3.2</td>
<td>3.2</td>
<td>3.2</td>
</tr>
<tr>
<td>Recoup FY12 Tuition Shortfall</td>
<td>(1.4)</td>
<td>(1.4)</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Other operating cost increases</td>
<td>(0.4)</td>
<td>(0.4)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Net projected shortfall</td>
<td>(6.9)</td>
<td>(3.2)</td>
<td>0.8</td>
</tr>
</tbody>
</table>
Leadership and Innovation for the Future: Transforming Opportunities into Reality

1. Be a leading undergraduate public university that provides a strong liberal arts foundation

2. Provide rigorous and relevant graduate education that meets the needs of graduate students, the university and the community

3. Lead the state and nation in pre K-12 education

4. Create and maintain an inclusive educational environment that prepares students to thrive in a diverse global environment

5. Enhance the economic, social, cultural, and sustainable development of the state

6. Ensure accountability, affordability and access
Guiding Principles for Budget Decisions

1. Maintain affordability and accessibility (increase aid to students with financial need)
2. Ensure program quality and timely graduation
3. Maintain a safe campus
4. Make strategic changes rather than across-the-board cuts
What if Analysis

<table>
<thead>
<tr>
<th>Impact on Revenues:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>For every 1% change in State Appropriations</td>
<td>$747,346</td>
</tr>
<tr>
<td>For every 1% change in tuition rate, the net Tuition Revenue impact:</td>
<td>$644,446</td>
</tr>
<tr>
<td>Net Tuition Revenue change, if Enrollment changes by 100 students</td>
<td>$525,456</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Impact on costs:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact of 1% change in salaries</td>
<td>$1,121,693</td>
</tr>
<tr>
<td>TIAA-CREF contributions by UNI change by 1%</td>
<td>$936,618</td>
</tr>
</tbody>
</table>
Possible Budget Choices/Strategies for FY13 and Beyond

• **Revenue-related strategies/tactics**
  – Advocacy for legislative proposals
  – Increase in enrollment

• **Cost-containment – near term**
  – Continuous improvement activities
  – One time actions

• **Cost-containment – longer term**
  – Reductions in services/programs
  – Selective outsourcing
  – Innovation
Recognition & Ongoing Initiatives

Evidence:
National and Regional Rankings
- U.S. News & World Report
- Washington Monthly
- Forbes List of Nation’s Best Colleges
- Princeton Review Ranking
  - College of Business Administration
  - Nationally Recognized Jazz Program

Initiatives:
Liberal Arts Core
- Cornerstone Course for 1st Year Students
- Revisions to LAC

University-Wide Collaborations
- 1st Year Experience
- MAP-Works & Retention Council
- Foundations of Excellence: Transfer Focus

Continuous Improvement
- Academic Advising Assessment Plan
- Faculty Development
Evidence:
We serve Iowa’s students who then serve Iowa
• 92% of our students are from Iowa
• 74% of our alumni who graduated in the last decade live in Iowa

Community Service Rankings
• Presidential Honor Roll
• Carnegie Classification
• Military Friendly School

We support Iowa’s economic development
• Our efforts reach 100% of Iowa’s counties

Initiatives:
Faculty Development Awards for Service-Learning
Kids Programs in GBPAC
Business Incubator
Center for Violence Prevention
• Share your good ideas

Web site: http://www.uni.edu/president/

- Everyone wants progress but no one wants change. Anonymous