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Sent: Friday, February 26, 2010 7:57 AM
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Subject: President Miles' Presentation to Iowa City Rotary

Regents,

Attached is the presentation that President Miles gave at yesterday's meeting of the Iowa City Rotary.

Sheila



DWM IA City
Rotary presentatio...

David W. Miles

Remarks to Iowa City Rotary

February 25, 2010

Good afternoon, I am delighted to be here today. My thanks to Tom Cilek for inviting me, and thank you, Iowa City Rotarians, for having me. Rarely do I have the privilege of addressing a group so committed to or knowledgeable about higher education.

I would also like to thank my good friend and fellow Regent, Bob Downer, for his very kind introduction. Those of you who know Bob – and who in Iowa City doesn't? – will appreciate that I find it increasingly difficult to imagine a Board of Regents without Bob Downer. Of course you are probably also aware that the Iowa Board of Regents will celebrate its 101st year in 2010. Bob, I would say you have held up very well all things considered!

I come to you today to address the present and future of Iowa's public universities. My remarks today will be brief, so as to leave more time for discussion. But I would be remiss if I did not begin by recognizing and thanking the outstanding president of the University of Iowa, Sally Mason.

There is little I can share about President Mason that those gathered here today do not already recognize and appreciate.

In less than 3 years on our campus, Sally Mason has met with not one, but two, challenges that many university presidents would not face in a lifetime in higher education. The first, as you know all too well, was the devastating flooding

that overran this community and our University in the summer of 2008. Before, during, and in the many days since, Sally's leadership has been inspiring.

As the flood waters approached, the UI quickly rearranged and relocated critical University operations and summer classes and amassed an army of campus and community volunteers to build floodwalls to protect the campus. UIHC carefully managed its many critical patient care operations in response to reduced utilities and other services. And, faculty, staff, students and volunteers relocated endangered and valuable books from the University Library collection, and evacuated specialized laboratory equipment and highly valuable research from the Iowa Advanced Technology Labs.

All in all, it was herculean and heartwarming effort on the part of everyone at the University, as well as in the local community. And on that note, I want to recognize the Iowa City Rotary and other area service groups for assisting the University in its flood response. Please accept the thanks of the Board of Regents for your tremendous assistance to the University of Iowa in its time of great need.

Thanks to Sally's leadership, and the work of the entire Iowa City community, despite damage to nearly two dozen buildings, the University reopened for summer classes in just a few days, and a full complement of class offerings was available for the fall semester.

And today, as the flood recovery continues, the University is experiencing an exciting campus revival, which will be crowned by a revitalized arts campus for the 21st century, and work on rebuilding Hancher Auditorium and the School of Music is moving forward.

Now, if a 500 year flood was not enough of a challenge, President Mason has had the opportunity to lead the University of Iowa through some of the most difficult financial decisions in its history as well. Thanks to excellent planning and management, and a strong commitment to the people of the University community, the UI has weathered the budget storm while minimizing the collective burden to our campus community. I will say more about our current financial woes in a minute, but it should be noted that Sally has done a great job in addressing the financial challenges that have come to UI.

Is it any surprise then, that despite record floods and unprecedented cuts in state funding, the University continues to move forward? In 2009 UI faculty and staff shattered a research funding record, posting a 10% increase over the previous year at \$429 million, and placing the University in the top 20 among public universities, and at 13th in National Institutes of Health funding. UI researchers have received 141 American Recovery and Reinvestment Act grants for scientific research, totaling nearly \$53 million over the next three years, which has created or retained 288 jobs.

Talented UI students continue to win major awards and scholarships. And earlier this month, 1,300 dedicated, compassionate—and stamina-filled—UI students completed another record-breaking Dance Marathon, raising nearly \$1.1 million to support patients and their families in pediatric oncology programs at the UI Children's Hospital.

Fiske Guide to Colleges 2010 has named the University of Iowa one of its 44 "Best Buy" universities, and *Kiplinger's Personal Finance* magazine ranks the UI among the top 100 best values in higher education.

Sally, I was pleased when you became the University of Iowa's 20th president on August 1, 2007. I stand here today even more delighted and thankful for your leadership, dedication, and wisdom. Thank you for all that you do to preserve and enhance the excellence of this great university. We are fortunate to have you here, and I am very pleased to recognize you and your accomplishments among members of your community.

As I noted earlier, Iowa's public universities are suffering from the effects of the global financial crisis. This crisis affects our students and their families, our staff and faculty in multiple ways. Perhaps nowhere is the effect more pronounced than with respect to our state appropriations.

Not unlike the flood of 2008, the financial crisis rose slowly at first, leading to cuts in our state appropriations in late 2008 of \$17.5 million. Our institutions responded swiftly and decisively to initiate spending reductions across our campuses.

As the financial crisis continued to reduce State tax receipts, additional appropriation reductions were made. For FY 2010 state appropriations were reduced by \$86 million, and by mid-year, another \$60 million across the board cut became necessary. In all, in the span of less than 18 months, cuts reached a cumulative total of \$165 million, or nearly 25 percent of the State's initial FY09 appropriation to the Regent enterprise.

To be clear, in FY 2010, \$80 million of that reduction was offset by federal ARRA or “stimulus” funds. But those moneys were one-time only, and will end in 4 months.

It is difficult to express how momentous a challenge these dramatic cuts have posed for Iowa’s public universities and special schools. However, we have strived to respond in a highly responsible manner, with a deliberate focus on minimizing the impact on our students.

The Board of Regents, along with the faculty, staff, and students at our institutions, have all worked together to preserve the availability of a world class educational experience for present and future generations. Together we have reduced costs and focused on our priorities. We have worked effectively across the enterprise and with numerous State agencies. And, unlike public university systems in a number of other states, where tuition levels jumped by 15, 20 or even 32%, the FY11 tuition increase we just approved was a mere 6%. By the way, this 6% increase closes less than one-fifth of the gap left by lower state appropriations.

In short, we have, without fail, made students, and their access to an affordable, high quality education, our first priority.

While the institutions have done an outstanding job of managing through these difficult times, the magnitude of recent budget cuts has made it impossible to hold students harmless. Class offerings have been reduced, programs have been eliminated, and class sizes are larger. Unsurprisingly, these steps negatively affect our efforts to preserve the quality educational experience that Iowans expect from their public universities.

The net result is that our students are paying more and getting less. That weighs heavily upon all of us, even if it is only temporary.

My broader concern is this: The need to do more with less is not new to our institutions. This latest round of cuts follows many years of reductions in State funding to Iowa's public universities. In FY 1991, 68% of our general education funds came from State appropriations. In FY 2010, for the first time ever, the State of Iowa's contribution to the general education budget for Iowa's public universities fell below that paid by students (41% vs. 53%, respectively). In fact, measured in current dollars, FY 2010 State support to Iowa's public universities and special schools had dropped to the same level as that of FY 1997.

In response to these reductions our institutions have continued and intensified our efforts at finding efficiencies and redesigning our business model to ensure that our institutions are maximizing the effectiveness of every dollar that is invested in Iowa's public universities.

In recent years, the Governor and General Assembly made unprecedented investments in our public universities. However, the economic downturn eroded all of their good work and has forced a 25% reduction of state support to the tune of \$165 million.

I credit Governor Culver, who proposed in his FY11 budget message to restore \$30.4 million in funding in FY10 and again in FY11. And I thank the Legislature for considering these proposals.

Frankly, we are nearing a tipping point. If we continue down the path of further reducing financial support, the quality of our institutions will inevitably be

eroded, making us less attractive to both resident and non-resident students, and beginning a cycle of decline.

The State of Iowa cannot afford to go down this path. Our children's futures, as well as the continued prosperity of our State demand that we reverse course.

How then to do so?

If we consider the long-term trends, the realities are clear: The future of Iowa's public universities will necessarily be one of increasing self-sufficiency, not just during this global economic crisis, but for the foreseeable future.

I remind us all today what many of us already know to be true for our own lives and those of our children, higher education has long been transformative for individuals.

Let us also take a moment to remind ourselves of the profound benefits of higher education to our State.

Higher education has been an essential element in the success of the State of Iowa, and it is absolutely critical for the State's continued growth. The State of Iowa has received tremendous benefit from the approximately 211,000 alumni of Iowa's public universities who continue to live and work in Iowa, and their many contributions to Iowa's work force, culture, and society.

The graduates of Iowa's public universities can boast the same successes that are reflected in national statistics of college graduates. For example, individuals who graduate from college are more likely to pay taxes, and

on average, generate far more tax revenue to support needed government services than non-college graduates. They are healthier individuals and are more likely to have jobs with employer-provided health insurance. They are less likely to be unemployed or poor and they are less dependent on public resources. They foster higher levels of educational attainment in their children, and they are more likely to volunteer, vote, and make charitable contributions.

The process of educating students at our public universities, and the important innovation associated with this process, creates innumerable opportunities and becomes a significant contributor to the economic development of the State. In FY09 alone, Iowa's public universities contributed more than \$6.4 billion to Iowa's economy.

Iowa's public universities and their graduates are keeping Iowa strong. Accordingly, it is vital that we continue to nurture and grow Iowa's public universities, so that they can continue to create the opportunities that are critical to the State's economy, particularly during difficult financial times.

Going forward, we must preserve and protect the outstanding quality of this University, as well as Iowa State University and the University of Northern Iowa. However, we will not protect what we hold most dear by standing put; ironic as it may seem at first blush, we will only preserve and enhance the seminal role of our public universities for Iowa and Iowans by embracing change. The University of Iowa has not become what it is today by freezing time in 1847. It has grown with the times and evolved with changing needs and opportunities, and it will continue to do so.

As we look forward, I believe that Iowa's public universities must transform themselves in four dimensions:

1. Transform our Operations -- Times are tight, as we all know. The financial crisis will pass, the waters will recede, but the new normal will not be what it was 30 or even 10 years ago. This means that we need to work together -- across the Regent enterprise -- to identify additional ways to share back office operations and services. Iowa's public universities and special schools pursue cost savings and efficiencies as an ongoing practice, and already purchase more \$242 million annually through cooperative purchase agreements. Given today's financial realities, we must redouble our commitment to making our operations as efficient and effective as possible on behalf of Iowa's taxpayers. Stated bluntly, our goal should be to reduce our cost of operations wherever possible, and to get our level of cost increases in line with the overall rate of inflation for the country as a whole.
2. Transform our Funding -- It is timely that I join you during the same week that the Daily Iowan has focused its reporting on declining state appropriations to Iowa's public universities. Let me state clearly, once again, that Iowans and our elected leaders clearly value higher education, and I want to thank this Governor and legislature for their efforts in FY08 - 09 to reverse years of declining State appropriations to Iowa's public universities.

But when the financial crisis ends, I do not expect a return to funding levels of even a few years ago. To protect quality we will need to become more

self-reliant. That will require us to generate more research dollars and private gifts, but it will also mean reviewing tuition levels. Iowa's public universities, including the University of Iowa, continue to deliver world class education, research and service at a truly bargain price to our students. Among its 11 peer institutions, the University of Iowa has the second lowest undergraduate resident tuition and fees. Iowa State University has the same ranking among its peers, and UNI ranks in the bottom half of its peer group. We must ask ourselves whether and how our present tuition levels will continue to support the outstanding quality of our institutions going forward.

It is vital that we provide our students with the necessary tools and support to move our universities closer to the days when achieving a baccalaureate degree in four years was the rule, not the exception.

We must renew our efforts to provide to our neediest students not just access to an affordable, high quality education, but also to reach out to those students, to welcome and encourage their enrollment at our universities on terms that they will embrace.

3. Transform our Educational Delivery Model -- Our educational delivery model has produced outstanding results over many decades. But it too has evolved. The University of Iowa is already doing exciting work in terms of building learning communities to improve student success, which I fully support. I believe that an important part of our efforts must be to offer individualized modes of instruction which combine online, classroom and

externship opportunities in ways that enable students to advance at their own pace toward their precise learning objectives.

4. Transform our Focus on Results -- Our institutions need to measure and report student outcomes, moving over time in the direction of awarding degrees based upon demonstrated competencies rather than classroom hours. We need to evaluate and report on our own performance -- at all levels. Finally, we need to be measured not by inputs, but by the difference we make in the lives of our students and the citizens of Iowa.

If we accomplish these things, then Iowa's public universities, including this great University, will be even more relevant, and have an even more critical role in this great State 10 and 50 years from now than today. And, when people speak of Iowa as the education state, they will refer not only to an outstanding pre-K through 12 system, but also to a higher education system that is the envy of the world. To an educational network led by Iowa's public universities, and including Iowa's independent colleges and universities, and community colleges, that educates Iowans even more effectively by becoming a destination for families from around the United States and the world who want a better life for their children.

The future of Iowa is, I believe, inextricably linked to education. If we want to grow Iowa's population, create quality, knowledge-economy jobs, increase family incomes, and improve quality of life in our State, then we need a sound educational system, from the earliest days of a child's life, and throughout all of

our lives. My ambition for Iowa's public universities is nothing less than to play a leadership role in creating that future.

I am enormously proud of the University of Iowa and the leadership of Sally Mason, the faculty, staff and students of the UI, truly one of the great teaching and research institutions in our nation, as well as our outstanding academic medical center, the University of Iowa Hospitals and Clinics.

Our best days lie ahead!

Thank you, once again, for the opportunity. I would be happy to respond to any questions.