



2018-19 Annual Report

Board of Regents

State of Iowa

IMPACTING IOWA

ECONOMIC IMPACT

Iowa's public universities significantly impact economic development in three primary ways.

First, the Regents Enterprise offers research-based expertise and **business assistance** directly to Iowa's people, industry and communities in all 99 counties.

Second, Iowa's public universities conduct **academic research** that results in intellectual property, discoveries and innovations available to business, industry and the marketplace.

Finally, **educating Iowa's workforce**. In 2018-19, more than 77,000 students pursued academic excellence at the University of Iowa, Iowa State University and the University of Northern Iowa.

BY THE NUMBERS


4,766

Jobs at the research parks of Regent institutions.

189

Total companies at research parks

168

New companies at research parks

\$1.09 BILLION

Sponsored funding at Iowa's public universities in FY 2019.

5000

Educated workers added to Iowa's workforce every year.

\$1.1 BILLION

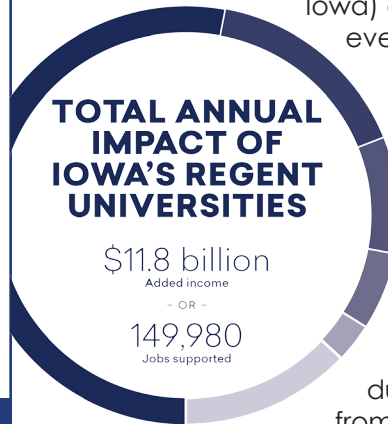
Total financial aid of all types awarded to students in 2017-18

18,235

Degrees awarded in 2018-19

EMSI REPORT

Iowa's Regent Universities provided **\$11.8 billion** in added income to the state, equal to 6.2 percent of Iowa's gross state product during FY 2017-18, according to a new economic impact analysis report from Emsi, a leading labor market analytics firm. The report also notes the sum total of university activity supports nearly 150,000 jobs (one out of every 14 jobs in Iowa) and **returns nearly three dollars** for every taxpayer dollar spent.



University activities include operations spending, construction spending, research spending and alumni impact, among other categories. These activities produce a positive impact on the state economy. For example, Regent University alums currently employed in Iowa added **\$6.2 billion** in added income to the state during the 2017-18 fiscal year. Alumni from the University of Iowa, Iowa State

University and the University of Northern Iowa **earn \$2.4 billion** in net labor income above their non-college-going peers.



For every \$1...



Students gain \$3.70 in lifetime earnings



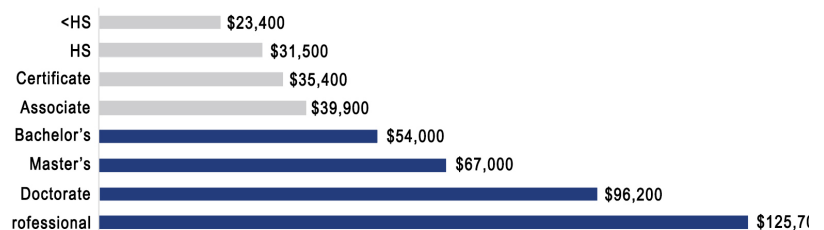
Taxpayers gain \$2.90 in added tax revenue and public sector savings



Society gains \$4.50 in added state revenue and social savings



THE VALUE OF A REGENTS DEGREE



Students who earn a bachelor's degree at one of the three Regents Institutions and work in Iowa earn an average of \$54,000 per year, **\$22,500 per year more** than those without bachelor's degrees. Those who earn master's degrees earn approximately \$13,100 per year more than those with bachelor's degrees. Students who go on to attain doctorate and professional degrees enjoy even larger bumps in average pay. The **more education** the student receives, the **higher their average salary**.

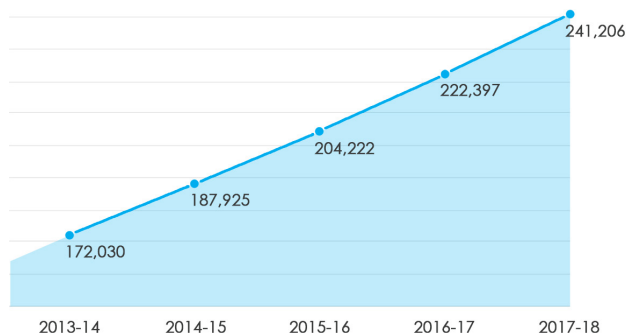
EDUCATING IOWANS

EDUCATION RESOURCES FOR IOWANS

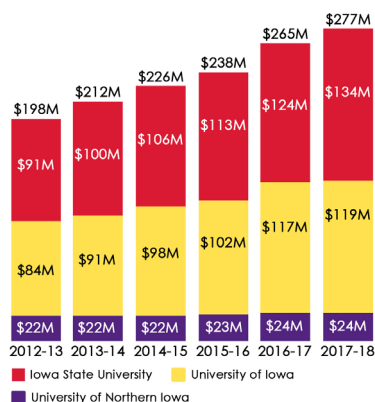
Since 2013, **total distance education enrollment is up 44 percent** and total credit hours taken are up 40 percent. This is by design, as the Regents' strategic plan calls for the expansion of distance education efforts, which are already paying dividends.

These distance education efforts, including greatly improved **online course offerings** and the consolidation of the **Regents Resource Centers** in Western Iowa, have provided students more flexibility in how they schedule their classes and have expanded access to higher education and services throughout Iowa.

Distance Education Credit Hours Taken 2013-18



During the 2017-18 academic year, the Regents institutions awarded **\$410.8 million** in institutional aid, including \$263.5 million in grants and scholarships. Undergraduates were awarded 70 percent of all financial aid, including 84% of the available institutional grants. **Resident undergraduates** — students that call Iowa home — received more than **\$102 million** in aid from Iowa's public universities.

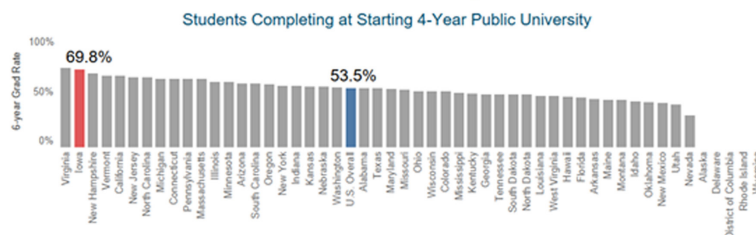


Total Undergraduate Institutional Aid

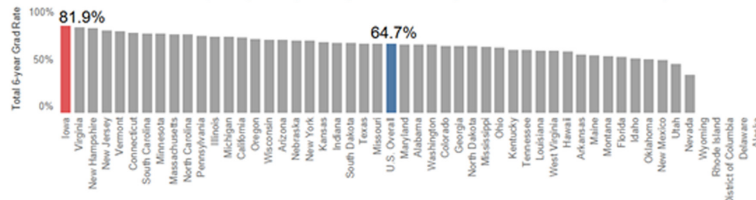
Four-year public universities in Iowa continue to perform well compared to four-year public universities in other states. The percent of students starting at four-year public university in Iowa who graduated within six years from that same university increased from 69% last year to 69.8%. Despite this increase, Iowa slipped to **second nationally** behind the state of Virginia for the entry class of 2011. The state of Iowa continues to have the **highest percentage** (81.9%) of students who start in our 4-year public universities and **earn a degree** at our institutions or elsewhere.

Aggregated across the Regent Universities, **59 percent** of bachelor's degree earners choose to remain in Iowa after they earn their degree. Each year, Iowa's public universities add **5,000 educated workers** to Iowa's workforce. These graduates live in every corner of the state and utilize their education to succeed in every field imaginable.

6-Year Graduation Rates for Entry Class of 2011



Students Completing at any College after Starting at a 4-Year Public University



Source: NSC 2018 Postsecondary Completions Signature Report

NEWSWORTHY

Three Regents, **Rachael Johnson, Larry McKibben** and **Subhash Sahai** were honored for their service to the Board at the April, 2019 meeting. This meeting was the final for Johnson and McKibben, while Sahai left the Board in June, 2018.



Rachael Johnson



Larry McKibben



Subhash Sahai



David Barker



Zack Leist

David Barker, an Iowa City real estate developer, and **Zack Leist**, a student at Iowa State were appointed to the Board by Governor **Kim Reynolds** in 2019. Barker's term expires April 30, 2025, while Leist is filling the unexpired term of **Rachael Johnson**, which expires April 30, 2021.

FINANCIAL PROFILE

The Board of Regents governs a \$6.13 billion enterprise that includes a world-class teaching hospital, two nationally ranked AAU research universities, two Special Schools and more than 77,000 students. A major role of the Board is **financial oversight**, which includes state appropriations, tuition revenues and restricted funds.

For FY 2019, the Iowa General Assembly appropriated **\$570.6 million** to the university general operating fund, an increase of more than \$8 million from FY 2018. While state operating funding for FY 2019 partially restored cuts from FY 2017 and FY 2018, it remains **significantly less than appropriated amounts for prior years**.

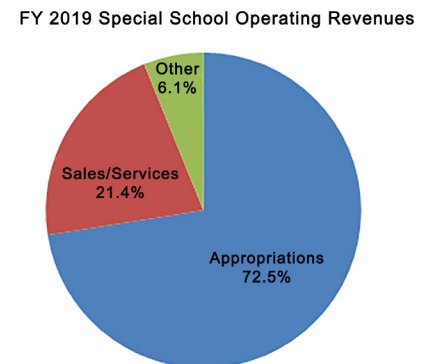
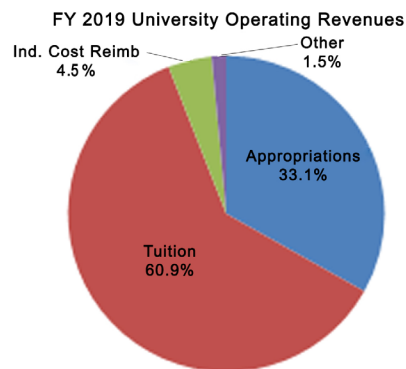
The universities continue to be **more reliant on tuition** revenues and **less on state appropriations**, and the variance continues to widen.

Restricted funds, dollars specifically designated for a particular purpose or enterprise, totaled **\$2.76 billion** in FY 2019. Restricted funds include funding for capital projects, sponsored funding from federal and private sources, athletics, as well as other auxiliary or independent functions such as residence, parking, and utility systems.

The primary revenue sources for General Operating funds for Iowa's public universities and special schools are **state appropriations** and **tuition revenues**. Reflective of our mission to serve more than 77,000 students and lowans in 99 counties, **salary and related benefits constitute 67 percent** of all Regent expenditures, and were slightly under budget.

General Operating Fund - All Institutions				
FY 2019 (excludes UIHC units)				
	Board Approved Budget	Actual	Variance Over/(Under)	% of Budget
REVENUES				
APPROPRIATIONS				
General	\$ 570,638,208	\$ 570,638,208	\$ -	100.0%
RESOURCES				
Federal Support	15,461,970	15,461,548	(422)	100.0%
Interest	3,750,650	4,783,842	1,033,192	127.5%
Tuition	1,031,198,661	1,022,028,666	(9,169,995)	99.1%
Reimbursed Indirect Costs	69,162,898	75,045,856	5,882,958	108.5%
Sales and Services	7,193,308	6,753,091	(440,217)	93.9%
Other Income	2,358,146	3,256,221	898,075	138.1%
TOTAL REVENUES	\$ 1,699,763,841	\$ 1,697,967,432	\$ (1,796,409)	99.9%
EXPENDITURES				
Salaries	\$ 1,130,505,360	\$ 1,124,353,586	\$ (6,151,774)	99.5%
Prof./Scientific Supplies	154,046,655	144,371,196	(9,675,459)	93.7%
Library Acquisitions	33,222,233	31,067,670	(2,154,563)	93.5%
Rentals	10,141,598	9,767,233	(374,365)	96.3%
Utilities	77,977,853	73,249,993	(4,727,860)	93.9%
Building Repairs	32,194,112	43,837,918	11,643,806	136.2%
Auditor of State	1,925,040	1,447,443	(477,597)	75.2%
Equipment	11,491,797	7,011,377	(4,480,420)	61.0%
Aid to Individuals	248,259,193	243,032,815	(5,226,378)	97.9%
TOTAL EXPENDITURES	\$ 1,699,763,841	\$ 1,678,139,231	\$ (21,624,610)	98.7%

FY 2019 operating revenues (including all special purpose units except UIHC) at Iowa's public universities (left) totaled \$1.68 billion. These revenues consisted primarily of tuition revenue and state appropriations. For the special schools (right), state appropriations comprise 72.5 percent of the \$19.5 million total operating revenues.



TUITION

The Board approved tuition rates for the 2018-19 academic year at its June 2018 meeting. Resident undergraduate tuition rates increased 3.8 percent at the University of Iowa and 2.8 percent at Iowa State University and the University of Northern Iowa.

In 2017, the Board established its **Tuition Task Force** to facilitate public discussion of tuition at the Regents institutions. The task force charged the universities to develop a **five-year tuition plan** that provided predictability and sufficient resources, while acknowledging that the universities' differing missions could mean **varied tuition levels**.

Tuition must work in concert with state appropriations and efficiencies to provide the total resources needed at Iowa's public universities. **A predictable, stable tuition model** allows everyone - students, families and the universities themselves - to plan for the future.

At its November 2018 meeting, the Board of Regents established a **five-year "Guardrails" tuition model** designed to provide predictability and stability to tuition rates at Iowa's public universities. The plan establishes three-percent tuition increases for resident undergraduates in each of the next five years (beginning in the Fall 2019 semester). If additional state appropriations are less than the Board's request, resident undergraduate tuition will increase by more than three percent.



		<u>2018-19</u>	<u>2019-20</u>	<u>Inc</u>	<u>% Inc</u>
Resident		7,770	8,073	303	3.9%
	Nonresident	29,736	30,036	300	1.0%
Resident		7,740	8,042	302	3.9%
	Nonresident	22,144	23,230	1,086	4.9%
Resident		7,665	7,665	-	0.0%
	Nonresident	18,207	18,207	-	0.0%

Base undergraduate tuition at Iowa's Public Universities

Given that the \$12 million FY2020 appropriation increase was less than the Board's \$18 million request, the Board's 2019-20 tuition plan included a **3.9 percent increase** for resident undergraduates at Iowa and Iowa State, and no increase for resident undergraduates at UNI. The Board chose to **freeze undergraduate base tuition at UNI** to bring its tuition levels to a more competitive level compared to other Midwest comprehensive universities.

The Guardrails tuition model achieves **three important goals**:

- It provides **predictability** for Iowa students and families. Anyone looking for clarity on tuition at Iowa's public universities can look to the Board's June meeting every year.
- It provides necessary **resources** for the Regent institutions to continue their long history of quality, affordable education.
- It **varies tuition** across the three universities. UNI needs to be more competitive in pricing in comparison to other Midwest comprehensive universities.

PUBLIC-PRIVATE PARTNERSHIP

The University of Iowa began exploring a **public-private partnership** involving its utility system during FY 2018-19. Through a deliberate and measured process, the UI looks to ensure an outcome that is in the best interest of the university and its constituents.

The UI would retain ownership of its utility system, but would enter into a professional services agreement for the system's

operation for up to **50 years**. In exchange, the university would receive an **upfront payment** to be placed into an endowment to be used to fund the UI strategic plan.

Ownership of the utility system would **stay with the UI** and all employees involved in the partnership would **retain employment** with the private company or with the university. Incentives will be in place with

the plant operator to maintain the system in good working order. At the end of the agreement, the university will **retain control** of the utility system.

The UI is studying opportunities to materially impact its future through **investments in its core missions** of teaching, research, and scholarship. A public-private partnership can provide needed resources to ensure the success of the university.



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