

Notes on Presentations , Discussion and Decisions at the Iowa Board of Regents Meeting on October 29, 2009 at UNI in Maucker Union Expansion

The meeting was called to order at 8:45 AM

First item of business --- Item 8 on the agenda, approval of BOR strategic plan was removed for another session due to the need to address the state budget crisis

In preparation for this meeting, the institutional heads of all BOR units were asked to address 8 specific items in dealing with the state budget shortfall. The institutional heads will each make a representation of their plan for address the budget crisis and then there will be presentations from various constituency groups. Each constituency group will have 5 minutes to address the Board. The BOR will then consider approving plans that address the state budget funding shortage in fiscal year 2010, if at all possible. The current mid-year reduction in funding to Iowa Regent's schools is about \$60 million. The Board will also consider tuition and fee charges for the 2011 fiscal year as part of the BOR regular review process. The BOR will also take up the issue of an additional surcharge on tuition to deal with the 2010 fiscal year budget shortfall.

University of Iowa, President Sally Mason – Due to difficult times , she is giving back her 15% pay performance bonus

Iowa State University, President Geoffrey – Declines performance based bonus for current year, also he as a public official he does not favor these types of performance bonuses because of the message it sends from a public relations standpoint.

University of Northern Iowa, President Allen – Difficult times, asking others to share in dealing with the state budget shortfall, requests to return his 7% pay performance bonus, agrees with President Geoffrey that such bonuses are difficult to deal with in terms of a public servant working for the public good receiving a bonus as part of their job.

Presentations by Institutional Heads:

Iowa Braille and Sight Saving School – Statewide Vision Services

10% cut == → \$547,425

Cuts are to the school with 9 students, but these funding shortages will impact vision impaired children across Iowa [429 students throughout Iowa]

Operating Expense Savings ----- \$203,047

Personnel Cuts ----- \$344,378

Cuts to: Situational positions, planned open positions, reduction in force, temporary leaves of Absence

The temporary leaves are voluntary. This plan does not share the cost of cuts equally among all groups --- some faculty are compensated in ways that do allow for it, and in some cases faculty are needed to provide services that can't be taken away.

Retirement package --- Faculty can choose between IPERS or TIAA/CREF, those who go to TIAA/CREF receive a match that is the same as IPERS [6% of salary] --- so there would not be any potential saving from reducing the retirement contribution to IPERS in this area.

Iowa School for the Deaf

Didn't experience the same level of budget reduction last Spring. The school runs under mandated school days which limits any reduction in terms of a layoff/furlough.

Salary Reductions for 13 Institutional Officers/P&S	\$18,900
Benefits Revisions/Reductions	\$125,000
Delay/Revise Specific Support Services	\$218,584
Vehicle Replacement	
Curriculum Development/use older texts	

There will be no additional faculty losses in 2010, however since 2000 the school has lost 22 faculty. Also there is a concern in terms of retention/recruitment of faculty. This plan does not share the cuts across all employee groups. The focus in making cuts was on maintaining the quality of education with current faculty, if there are additional cuts the question becomes how to meet the needs of students.

One idea would be to eliminate the summer program, however it is currently being provided for free --- so students would lose this benefit due to the cost savings.

University of Northern Iowa

Reductions to the university since 2008 up to this point ---- \$23 million , impact on UNI budget is significant because of the relative importance of state appropriations to the overall budget of the university, although we are dealing with this mid-year shortfall, there is also a concern about fiscal year 2011. The strategy for developing our plan on seeking input from various campus groups maintaining transparency and accountability within the process, there has been room for honest disagreements ---

Budget Funding Need for 2010 =====> \$8.8 million

Iowa Math Education Program must handle achieving \$400,000 in cuts on their own.

Focus of these cuts is two fold --- maintain fairness to all employee groups and protect financial aid.

Details of the Strategies

Use Unbudgeted Tuition [increased enrollment] funds =====>	\$2.7 million
Reallocations from each Division of UNI [a permanent reduction strategy]	\$1.0 million
Redirect portion of ARRA [Fed. Stimulus Money]	\$1.0 million
These funds were going to student learning initiatives	
FY2010 and FY2011 TIAA/CREF Reduction	\$1.2 million
2% of Employee Salary	
Temporary Layoffs [graduated]	\$1.8 million
\$60,000 or less	3 days
\$60,000 - \$120,000	6 days
\$120,001 or more	9 days

This option will require the cooperation of UF

President Allen will take 12 days leave without pay	
Tuition Surcharge \$100/full-time student Spring semester	\$1 million
Reluctant to include this measure, parents and students have already completed budgeting for this year, the charge would be unexpected and represent a hardship for some students, it could also erode the trust of students and their parents	
Special Line Items within UNI's Budget	\$.4 million
Total Amount to Meet State Shortfall	\$8.9 million

Strategies for 2011

Continue temporary reduction in TIAA/CREF match (2%) through June 30, 2011
 Impact on educational quality => classes sizes will increase

Layoffs – time frame for implementation to achieve savings, the layoffs still need the cooperation of UF. It may be possible to do temporary layoffs for AFSME employees under their contract, but it might be more difficult without opening their contract.

Regents ---- TIAA/CREF what is the amount that can be saved, if we start now and continue through 2011? The reduction salaries due to layoffs will also lower BOR contributions to TIAA/CREF. Why not tie the retirement contribution to what the BOR puts into IPERS for some employees –i.e., 6.17% rather than 8% as is being proposed?

Regents --- Sooner or later UNI will have to address scholarship football. Concerns about tuition surcharge, what is the other alternative if the surcharge is not approved? President Allen, money will be taken out of the ARRA Federal Stimulus money instead.

Iowa State University

10% reduction =====> \$24.5 million

Strategy – (1) Actions to get through Fiscal Year 2010 and (2) How to take into consideration plans to address Fiscal Year 2011

Combination --- One time cuts + permanent cuts

A graph was presented showing the dramatic decline in state appropriations to the university over the last several years ---- the % of the budget coming from state appropriations is well below 50%

ISU Budget Model gives highest levels of responsibility for dealing with budgets to the budget leaders --- Provost ==> VPS====> Deans==> Department Heads

Strong Incentives in the following areas:

- (1) Student Enrollment
- (2) External Support
- (3) Entrepreneurial Initiatives
- (4) Efficient Use of Resources

Need to protect financial aid to students

\$24.5 million assigned to all budget areas with cuts coming forward through budget leaders

Revenues from Student Surcharge --- going directly to academic colleges

Credit savings generated via university wide personnel cuts, not proposing temporary salary reduction, will propose furloughing, program eliminations will flow through budget areas into Fiscal Year 2011

Actions: Student Surcharge	\$2.4 million
TIAA/CREF Effective 11/1/09	\$2.6 million
For this year only restored In Fiscal Year 2011	
Temporary Layoffs/Furloughs Beginning 12/1/09	\$7.0 million
Partial Closing of ISU 12/24-1/3 4 days	
Furloughs	
4 days for those whose income <= \$60,000	
6 days \$60,001 to \$120,000	
8 days > \$120,000	
10 days Senior Administrator	
12 days President	
Personnel Savings	\$3.3 million
Delay filling/eliminating positions	
Operating Expense Savings	\$4.1 million
Program Reductions	\$1.0 million

Proposed Retirement Incentive Program 2

Extend to age 57 and over, 10 years of service – give 5 years of health benefits, cut off date for applications in March 2010, with retirement on 7/30/2010

Other considerations --- faculty furloughs may mean faculty may not meet the needs of their students, fewer student services, growing class sizes, how do students know that a surcharge might not continue after this year, situation may not improve in Fiscal Year 2011, should we address TIAA/CREF reduction in Fiscal Year 2011, shouldn't all the Regent's schools have the same policy in regards to this reduction?

ISU – faculty salaries at ISU are at the bottom of the Big 12, the retirement benefit has one way ISU has been able to recruit and retain good faculty, the TIAA/CREF reduction may impact faculty retention and recruitment--- ISU could become non competitive with its peer institutions in terms of faculty.

Budget Savings for being closed over the holidays ===> \$5,000

The main savings is in personnel costs having people take layoffs during this period.

We are in a deeper budget whole than our peers in the Big 12 => they are not considering furloughs and layoffs, focus on using a one-time TIAA/CREF reduction this year, and not commit

to a reduction for next year until we know what the Fiscal Year 2011 picture is in terms of a budget.

Regent --- Given your earlier perspectives on performance bonuses do you think college athletic coaches should receive those types of bonuses --- President Geoffrey ---- it is not appropriate to give those bonuses, however, in college athletics those bonuses are part of how coaches get paid and so incentive bonuses are a standard part of the contract.

Where would you get money if the surcharge were not available? ISU would look at making budget adjustments in other areas to raise the additional \$1.2 million

University of Iowa

Context of these budget cuts --- U of Iowa has already absorbed \$65 million in cuts, and these savings initiatives are already being implemented. The new state budget reductions represent a cut of another 24% reduction in state support this year. \$35 million in federal stimulus money has helped, but that money is temporary. University of Iowa has also had to deal with the consequences of the flood during this same period.

Guiding Principles ---- Affordability of the cost of education to students, currently our costs are lower to students than at the other Big 10 institutions, also consideration to retaining good people

Strategy for the Remainder of Fiscal Year 2010

Building/Equipment Savings	\$5.119 million
ARRA [Federal Stimulus Funds]	\$13.00 million
Spring Student Surcharge	\$ 2.179 million
Temporary TIAA/CREF Ben. Reduction	\$3.250 million
Total	\$23.548 million

Note: This budget allocation does not involve faculty furloughs/layoffs as presented, most of the funds come from the Federal Stimulus Funds [ARRA].

U of IA position --- the student surcharge needs to be one-time not continue into next year All employee groups will be treated equally, those who make more give up more, those who make less will give up less. The cuts will impact U of IA services --- Hygienics Lab --- impact on the ability to deal with H1N1 for the state of Iowa.

Reducing employee paychecks not in the best interest of those working at U of IA given the current economic downturn, need to look at cost reductions and efficiencies within the university, the consequences of these cuts will forever change the university, it is testimony to

the good will of faculty, staff and students that the university has been able to deal with the significant budget cuts and an uncertain set of circumstances.

Retirement Benefits --- All employees will see a cut in TIAA/CREF benefits, even if they are under contract.

Regents Staff ---\$13 million savings is a back of the envelop estimate of total savings from TIAA/CREF at the Regents Schools

Responsibility of BOR to the Bargaining Units in terms of Furloughs --- Ability to do furloughs? BOR authorize campus presidents to work with AFSME, on implementation of details, contract language for AFSME allows for temporary layoffs however there may be better ways to negotiate it.

BOR Cuts ---- cuts to travel, have a telephonic meeting, salary reductions, staff cuts, having a telephone meeting will save \$3,000

Presentation by Campus Representative Groups [5 Minutes]

U of IA Campaign to Organize Grad Students

150 fewer grad students at U of IA, more cuts to grad. student funding.

Against Tuition Surcharge and cuts to grad. student funding

These cuts will hurt U of IA's fulfillment of its mission

Loss of grad students reduces the universities ability to deliver undergrad courses

Difficulty for grad students to complete degrees with drop in funding --- some may leave to pursue work elsewhere ==> brain drain from the university and Iowa

Noted: U of Mich. Saved \$35 million in the areas of supplies, energy, budget efficiencies

Problem in Iowa --- tax cuts that create funding cuts to higher education that filter down to the universities --- crippling cuts to the universities will not solve the state's problems.

U of IA Faculty Senate

10% cut put into perspective --- these cuts follow a stream of state appropriations reductions that have impacted faculty at the University of Iowa --- higher class sizes, less faculty available to work with students, complete research projects, and service. Faculty and members of the U of Iowa community have had to deal with the financial, physical impacts of the flood in the area. Need to protect the research and teaching mission of the university.

View should be to protect people's jobs, faculty are willing to take a financial hit to compensation, and reduction in TIAA/CREF retirement match --- there is a strong expectation that this cut have a sunset clause. =====.> need to consider the issues of recruiting/retaining outstanding faculty.

ISU Faculty

Aware of pain throughout the state due to the economic crisis

October Faculty Senate Meeting spent looking at salary cuts.

Under Consideration: Faculty Furloughs, Retirement Benefit Reductions, Surcharge, Preserving the Core Mission of the university

Furloughs --- agree it is impossible to implement, cuts without furloughs are most equitable

De facto salary reduction --- implicitly reducing salaries by cutting the TIAA/CREF contribution --
- this reduction was universally condemned by the faculty because of its long term impact on the university.

ISU faculty are the most poorly paid of all faculty in its peer institutional group. --- the only significant benefit has been in ISU's benefit package.

Long-term consequence of TIAA/CREF reduction --- faculty will work longer at ISU which is already a problem due to the retirement accounts being drawn down with the rest of the economy, may block hiring of new faculty, may impact the vitality of the university.
The short-term savings is more than lost by the long term consequences of the cut in the TIAA/Contribution by the BOR.

Tuition – shift of support by the state is deplored by the faculty, they will support furloughs, against the TIAA/CREF reduction, will support a surcharge.

ASFME Presentation

Importance of Communication, one goal is to represent our membership in such a way as to give them a voice. Bargaining unit members have lost jobs due to past cuts more than administrators and supervisors. The Iowa Governor two days ago sent a letter asking to reopen the contract --- we are willing to go through the process of opening the contract. The concept of furloughs do not exist in our contract, no language, we need to save jobs this year and the next, AFSME employees are doing more with less --- wage freeze July 1st last year, only reward for that freeze was job reductions, layoffs of bargaining unit members, there is a problem with span of control in these organizations, in some cases there is a supervisor who supervises another supervisor, too many supervisors not enough workers, span of control refers to the number of employees per supervisor, under current legislation there should be one manager for every 14 bargaining unit members --- we need to look at the number of workers per supervisor and begin moving towards that 14 to 1 ratio.

University of Iowa Nurses --- SEIU Local 199

2800 registered nurses at University of Iowa

Budget Reductions --- any reduction that impacts nurses will effect patient care, should consider the long term interests of Iowans, reputation of the University of Iowa Hospitals and Clinics, with high quality care according to Medicare data, you can save on costs, registered nurses improve patient outcomes, lower costs of health care delivery, look at reducing RN turnover at the University of Iowa Hospitals and Clinics which could reduce costs, improve cooperation by developing union/management partnerships, develop collaborative teams and treatment plans that involve registered nurses.

ISU P&S Council

Results of a Survey of P&S employees

2300 surveys with 1500 respondents

Furloughs should be temporary, TIAA/CREF temporary

Highly important --- communication with the administration

Early Retirement package --- lower age and encourage people to take it.

UNI P&S Council

711 employees – vital to UNI

Survey of P&S Staff ---- 438 respondents

P&S employees are willing to take a temporary layoff, they hold dear their benefits,

Any permanent reduction in benefits would impact retention/recruitment of good employees.

University of Iowa Staff Council

Dialogue with Shared Governance Groups

Viewpoints --- treat all groups fairly, redeploy resources, protect salary and benefits as much as possible, grateful for collaboration, concerned about the erosion of benefits and reduction of salaries.

Regent's International Council

Morale issue – rumors which may impede collaboration, need to emphasize common predicament, 1,000 non-bargaining merit staff, staff support furlough in lieu of salary reduction, have furloughs over consecutive days, against benefit reductions == → concerned that they may become permanent, another issue --- decrease in 75 positions already and the impact of these cuts on morale and productivity.

UNI – United Faculty --- Go to the Link for Han's Remarks to the Board of Regents

University of Iowa Grad Students

Support for Tuition charge of \$100 for Fiscal Year 2010, support for increase in U of Iowa Law School tuition, also medical school--- however also concerned about funding burden placed on future physicians in Iowa, noted that all increases represent not a 6% but rather a 9.75% increase for next year.

ISU Student Body President

Tuition Surcharge --- concern that those students who enrolled at the beginning of this year now would face a new, unplanned expense, the \$100 represents money that could be used for food, medical costs, rent – no small matter, you are also taxing students, access and affordability is the main issue for current and future students, can't support surcharge, however willing to work with whatever the BOR decides, if you lower student costs you can recruit more students, retain them and have them graduate, the problem now is with the

decline in state funding --- a drop in the state's investment in higher education, can not support the 6% increase in tuition next year.

UNI Student Body President

Tuition Surcharge --- is a problem in terms of students who set a budget at the beginning of the year

Mandatory Fee Increase --- supports 3% increase as a fair allowance for inflation

The \$100 tuition surcharge could be used by a student to feed a one year old child for one month. Students don't support the surcharge, we need to look at the surcharge issue for each campus as to whether it should be used, 6% increase in tuition next year --- not opposed but the BOR needs to consider the trend in lower funds from the state legislature --- and the fact that students have made sacrifices year after year.

Undergrads at University of Iowa

3 Issues to Consider – (1) Surcharge --- supports it, however something he is not enthusiastic about, (2) Tuition increase --- supports it, supplement --\$60 earmarked for retention at U of Ia helps develop a long term revenue stream for the university from students.

Regent's Decisions

Several regents expressed concern about the tuition surcharge --- burden to students,

Motion: To approve the institutional plans as presented by the various BOR units as presented, but leave to the BOR's December meeting a decision about whether to approve a \$100 Student Tuition Surcharge for the Spring semester.

VOTE: 5 For, 4 Against the motion carried.

The meeting ended around 2:45 PM

Note - Disclaimer: These notes represent a compilation of information as it became available at the BOR meeting on Thursday, October 28, 2009. Further details that may be more accurate might be available from the BOR office once minutes have been transcribed from the actual taped meeting. This set of information is intended to provide as accurate a record of what was said as could be written down at that meeting.