From: Matthes, Peter S
Sent: Wednesday, October 21, 2015 2:40 PM
To: Goff, Ann Frances V
Subject: Fwd: Budget Adjustment Update

Begin forwarded message:

From: "Fethke, Gary C" <gary-fethke@uiowa.edu>
Date: October 21, 2015 at 2:04:09 PM CDT
To: "Matthes, Peter S" <peter-matthes@uiowa.edu>
Subject: FW: Budget Adjustment Update

From: Description for cba-all List [CBA-ALL@LIST.UIOWA.EDU] on behalf of Gardial, Sarah
Sent: Wednesday, September 23, 2015 9:32 AM
To: CBA-ALL@LIST.UIOWA.EDU
Subject: [CBA-ALL] Budget Adjustment Update

Although it is late in the fiscal year (begun on July 1) to be making budget adjustments, that is exactly where we are. We recently received enrollment data for the fall semester, and it quickly became clear that our budget would take a hit. We have been conducting considerable data analyses in the dean's office to better understand the enrollment changes that we are seeing, as well as to identify where in the college we can make and/or should not make budget adjustments in the short term. The following three bullets are important in understanding where we are right now.

- First, the new funding formula for the campus allocation (just shy of 50% of our operating budget) has a marginal adjustment based on student credit hours, and our overall student credit hours this fall have dropped both at the undergraduate and graduate levels.
- Second, undergraduate enrollments play the largest role in our campus allocation. Although our undergraduate enrollment (headcount) *overall* is at an all-time high, this total masks an increase in lower division (freshman/sophomore) enrollment and a decrease in upper division (junior/senior) enrollment. The latter group generates the lion's share of our student credit hours, so the decrease in upper division enrollments has hit our budget particularly hard. (At this time we are still doing analyses to determine the reason for this decrease.)
- Third, since 2012 we have been on an aggressive, strategic trajectory regarding hiring and promotions both for faculty and staff. However, it is clear that we need to temporarily take our foot off of that accelerator.

In sum, the deficit that we were already predicting this year – discussed at the All College Meeting a few weeks ago - is now worse than projected. Under the circumstances, the prudent fiscal decision is to slow down our cost increases until the revenue stream picks back up (see below). Slowing down costs means reining in both faculty and staff hiring, as well as making prudent decisions with our operating budget. While nobody is happy about this turn of events in the short run, there is good news on the horizon.

- The enrollments at the lower division level are on a steady increase, and we know that the retention on our Direct Admit students is extremely high. That will translate into more upper division students in the coming years.
- We are aggressively marketing our degree and non-degree programs through the School of Management, and we have potential new master's degrees on the horizon. A more diverse portfolio of SOM offerings will help balance risk as well as grow enrollments.
- Our private fund raising is going extremely well. While these funds cannot be used for base salaries, they can be used to increase overall faculty compensation through summer research support and chair/professorship/fellowship awards, program support, and the renovations in our building. We will continue to raise and utilize our private gifts to these ends.

In short, while we are appropriately concerned about the current budget, we are also making the needed adjustments short term, and investments in fund-raising long term, to maintain our upward trajectory.

Please feel free to ask questions of me, Kurt, your DEO, or your associate dean. As always, we want to be transparent about our sources and uses of funds, as well as our decision criteria.

Most importantly, keep doing all of the good work that is going on in the college. The strategic plan is unchanged and we will continue to move towards our vision.

Many thanks for all that you do.

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"It is a waste of important potential if (institutions) do not make use of the special freedoms they have been given...to facilitate change rather than automatically endorsing the status quo...to act and not merely react; to initiate, even to gamble and dare." Waldemar A. Nielson