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Iowa Budget Proposal May Spark 'Family Feud' Among Universities



Jeff Cook, Quad-City Times, ZUMAPRESS.com, Newscom

Sally Mason, president of the U. of Iowa, asked regents to consider her institution's research costs.

[Enlarge Image](#)

By Eric Kelderman

Most states are moving away from allocating public colleges' money based entirely on enrollment and toward rewarding them according to benchmarks for access and completion. A proposal to do that in Iowa highlights the difficulties of creating new rewards for some institutions without punishing others.

The governing board for Iowa's three public universities is considering a new formula that would eventually appropriate about 40 percent of the state money based on criteria like number of degrees awarded and job placement of graduates. The rest would be distributed based on the number of in-state students each institution enrolls.

Supporters of the plan say it will provide more-equitable support for the public universities while encouraging them to focus more on recruiting and retaining students from within the state.

But critics of the proposal say it is a "one size fits all" approach that devalues research and professional degrees and makes no sense in a state where the population of future college students is declining. The draft proposal, to be considered by the full Board of Regents in June, has also spurred complaints of favoritism—and not just because the five-member panel that developed the measure included only one University of Iowa alumnus. If approved, the new formula could strip as much as \$60-million in annual appropriations from the University of Iowa to be redistributed to Iowa State University and the University of Northern Iowa.

Administrators at the University of Iowa have largely avoided commenting on the details of the plan, but some faculty members have been more outspoken, including Edward A. Wasserman, a professor of psychology at Iowa. In an email, Mr. Wasserman called the proposed cut "devastating and demoralizing" and "short-sighted."

Failing to recognize and reward the distinctions between the three universities creates a needless "family feud," Mr. Wasserman wrote, and will lead to "negative, long-term consequences."

Outmoded Model

Like most states, Iowa is looking for different ways to pay for public higher education and to give universities financial incentives to meet the education and work-force needs of its economy.

About half of states now have some formula in place to appropriate state money to institutions based in part on the number of degrees awarded, completions by low-income and minority students, or degrees awarded in high-need fields. While many states devote just a small percentage of tax dollars to rewarding these kinds of outcomes, Tennessee now appropriates nearly all state money to public colleges based on a complex set of benchmarks that vary by the mission of the institutions, and Ohio is moving in a similar direction.

In Iowa, the proposed formula is meant to replace a decades-old practice of allocating money to the universities based largely on the amount they received in the previous year, with increases based on the requests of the institutions and the discretion of state lawmakers. Art Hauptman, a policy consultant who specializes in higher education, gave a presentation to the Iowa panel that was set up to consider a new budgeting model. Going from no formula at all to any kind of systematic allocation was an important move, he said, since many states began appropriating higher-education dollars based on enrollment in the 1960s.

While Iowa's budget practice has stayed roughly the same since at least 1950, all three universities have changed significantly, the panel's report said, with resident enrollment increasing 13 percent at Iowa State, declining 16 percent at Iowa, and remaining about the same at Northern Iowa.

Nonresident undergraduate enrollment grew at all three institutions, doubling at Iowa and Iowa State and more than tripling at Northern Iowa.

As enrollment has shifted, the institutions have continued to receive about the same proportions of state money. The University of Iowa receives about 46 percent of the appropriation to the

universities, while it enrolls 34 percent of the in-state students at the three institutions, according to the panel's report.

Iowa State enrolls 43 percent of in-state students at the universities but gets 36 percent of the money allocated for the institutions. Northern Iowa enrolls about 23 percent of the in-state students and receives 18 percent of the appropriation.

The solution, according to a majority of the five panel members, is to redistribute the appropriations, initially based solely on the share of in-state students at each institution. One scenario presented in the panel's report would reduce the University of Iowa's state appropriation by more than a quarter, while Northern Iowa would receive about 37 percent more state money. Iowa State would get a 16-percent increase.

In the future, state money would be awarded annually based on the institutions' improvement on the benchmarks, with 60 percent of the appropriation awarded for increases in in-state enrollment and 15 percent based on credit completion and number of degrees awarded.

As for the remainder, 10 percent would be distributed for enrolling low-income students, minorities, community-college transfers, and veterans; 5 percent for some measure of job placement (still to be determined); and another 10 percent based on research spending and other metrics that would be set by the individual universities.

Sheila Doyle Koppin, a spokeswoman for the Board of Regents, said that the \$60-million redistribution was just one possibility considered by the panel. A more likely outcome is that \$6.5-million to \$13-million would be redirected annually over two to four years.

The panel's report recommends that any changes in the state appropriations should be accompanied by more money from the state government to lessen any negative impacts.

"We do not endorse a wholesale transfer" of state appropriations from the University of Iowa, the panel wrote.

Universities Split

Despite such assurances from the panel, the plan creates clear winners and losers. Iowa State's president, Steven Leath, and Northern Iowa's president, William N. Ruud, had asked the panel to focus the new formula on in-state enrollment. University of Iowa President Sally K. Mason, on the other hand, had called on the members to consider the higher costs of educating students at a research university and the economic value of graduate and professional programs.

None of the universities want to see money cut from another institution, said Scott A. Ketelsen, director of university relations at Northern Iowa and interim director of enrollment management. But the panel was formed to rectify the inadequate amount of state money that's been allocated to Northern Iowa, he said.

"We've been getting the short end of the stick for some time now," Mr. Ketelsen said.

But focusing on in-state enrollment sets up an unhealthy competition for a shrinking number of students, said Gary C. Fethke, who served as interim president at the University of Iowa in 2006-7.

The new formula could also limit the access of low-income students, Mr. Fethke said, because of the unusual policy that now bars the universities from using in-state tuition to provide financial aid. Instead of providing need-based grants, the institutions could be driven to use more money—from out-of-state tuition or the endowment—to attract in-state students regardless of their financial situation, he said.

And there is a sense on the Iowa City campus that the panel was stacked against the University of Iowa from the beginning. Three of the five members attended Northern Iowa or Iowa State, and the chairman is an alumnus of Drake University, a private institution in Des Moines.

"I think it was set up in a way that predetermined the outcome," Mr. Fethke said.

The panel's sole alumnus from the University of Iowa, the former Maytag Corporation leader Len Hadley, is expected to offer an alternative proposal at the Board of Regents meeting on June 4. Mr. Hadley suggests giving more weight to graduate and professional students, protecting 20 percent of the universities' base appropriation from the formula, and phasing in the changes over a longer period.

Whatever the board approves would still have to be presented as a request to the Iowa governor and legislature, who could choose a completely different way to distribute the money, said Ms. Doyle Koppin.