As many on campus already know, the Iowa legislature recently cut appropriations to the University of Iowa by $8 million. Legislators have asked the Iowa Department of Management to cut an additional $11.5 million from the state budget, so the university may receive further reductions.

These cuts come out of our base budget, returning us to the level of state funding provided in fiscal year 2014. This means that even if the state increases appropriations for next year, we will still receive less money than we did last year. Therefore, single-year solutions or short-term decreases in spending are not viable options.

The UI is also managing a $16.7 million operating budget deficit, which stemmed from changes in last year’s composition of enrollment, particularly a decrease in international students. Variations in enrollment that were experienced this year have become a vulnerability for our financial health due to the long-term disinvestment of the state. Moving forward, we have begun to develop processes that will reduce this vulnerability for our institution.

Given these fiscal realities, we’ve put together a five-year plan that includes a managed reduction in spending in order to minimize the shortfalls as well as protect critical programs from sudden change. As an example, the university will reinvest $2.5 million in contingency funds and $8 million that was set aside for flood recovery.

The UI spends more than $100 million annually on student financial aid, which while beneficial to families, does reduce the revenue available for our core academic mission of education, research and discovery. To balance these reductions with the need to invest in key academic programs, the university has placed a priority on need-based and merit scholarships.

Some of the financial aid that is not based on need or merit will be ended. This includes the Iowa Heritage program, which reduced tuition for students whose parents or family member attended the UI. Students who are impacted by this change will be contacted yet this week.

The Summer Hawk Tuition program has also been redesigned to help ensure the university is spending limited resources wisely. We would like to thank members of the Office of the Provost for reviewing how students use Summer Hawk so that our alterations align with student use to maximize the program’s effectiveness and minimize any reduction in opportunity for students.

These efforts are only part of the university’s overall funding strategy that involves increased efficiencies, philanthropy, and enhanced partnership with business enterprises that reap the rewards of our cutting-edge research and excellent education. We must persist as a magnet for world-class faculty, and we remain committed to raising compensation to recruit and retain the best candidates locally and nationally.

The university provides the most affordable, world-class education within our national peer group and continues to spend less on administrative overhead than our various peer groups. Our budgeting principles remain unchanged, and the administration—in collaboration with
academic leadership and shared governance—will continue to align next year’s budget with the UI Strategic Plan, student success, quality indicators, UI values, and a vision for the UI’s future.

We continue to welcome your questions and hope to respond to your concerns as we face these fiscal challenges together.

Bruce Harreld  
President

P. Barry Butler  
Executive Vice President and Provost

Rod Lehnertz  
Senior Vice President for Finance and Operations