

INTEROFFICE COMMUNICATION

Date: April 21, 2020
To: Provost's Council
From: Jonathan Wickert
Senior Vice President and Provost
Subject: FY2021 and FY2022 Financial Planning



This communication summarizes background, key assumptions, and principles to guide multi-year financial planning and decision making in the Division of Academic Affairs as part of the current budget development process. Please distribute and share with your leadership and financial planning teams.

As communicated recently by President Wintersteen, all divisions and the President's units are to plan for a 5% budget reduction in FY2021, and an additional 5% reduction in FY2022. In addition, performance-based compensation increases will not be made on July 1, 2020, for faculty, P&S staff, postdocs, and contract associates. Merit staff will receive increases at that time as consistent with the union contract.

Iowa State University and our peers across the nation are faced with significant financial challenges related to COVID-19. Successfully navigating this crisis requires that we look at the full range of options to reduce expenses and grow revenue, including items we have not been forced to consider in previous budget reductions. Our goals are to use every tool at our disposal to maintain our mission; build upon programs that make us unique and offer comparative advantages over other institutions; share the burden; and benefit from the innovation of our faculty and staff in the planning process.

Planning for FY2021 and FY2022

Protecting the mission and culture of Iowa State University is more important than ever. Academic leaders are to implement differential budget reductions with a focus, in the context of scarce resources, to best support our teaching, research, extension and outreach missions, and to sustain and enhance revenue generation. Whenever practical, a line-by-line approach will be taken to reduce costs, keep strong programs strong, and enhance long-term financial sustainability.

The Office of the Senior Vice President and Provost (SVPP) will lead the following measures centrally for the Division of Academic Affairs:

1. Temporarily freeze non-safety, non-gift funded renovation projects. Exceptions may be granted by the SVPP on a case-by-case basis.
2. Temporarily freeze the distribution proportions of allocated cost pools from FY2020.
3. Support and innovate central programs for student recruitment, retention, and success.
4. Review the financial model and incentive structure for online instruction.
5. Review the Principal Investigator Facilities and Administrative incentive policy in the context of its goals to enhance sponsored funding and support the university's teaching, research, and extension and outreach missions, and revise as appropriate to ensure active planning and timely reinvestment of funds to support pursuit, management, and growth of external funding.
6. Coordinate cost-share and sponsorship requests for the division.

College, department, and unit leaders within the division are to analyze and implement the following measures, as practical and appropriate to the needs and issues of their respective organizations:

1. Plan and budget from an all-funds perspective, and develop by July 1 a bridging plan to FY2021 and FY2022 for review by the SVPP.
2. Review and reduce faculty and staff hiring to align with resources and enrollment levels.
3. Review and reduce term faculty renewals and/or appointment lengths in accordance with contractual obligations and in alignment with resources and enrollment levels.
4. Review academic programs and prioritize, restructure, reduce, or eliminate.
5. Review support programs and prioritize, restructure, reduce, or eliminate.
6. Review policies related to research effort and pay with respect to departmental and college support, summer salary, and course buyout.
7. Review faculty responsibilities and expectations and reconfigure Position Responsibility Statements as appropriate to ensure accountable levels of activity across areas of faculty responsibility.
8. Pursue efficiency in utilities, physical space, start-up costs, staff responsibilities, and equipment purchases.

The present situation is also an opportunity for academic leaders at all levels to explore entrepreneurial initiatives that not only address current challenges, but also position units and the university for future success. Examples include:

1. Supporting and innovating programs for student recruitment, retention, and success in colleges, departments, and programs, in collaboration with Enrollment Management.
2. Expanding online instruction based on a business plan to generate net tuition revenue, and course development and delivery support for online programs.
3. Exploring new degree programs and credentials based on a business plan to generate net tuition revenue.
4. Helping faculty pursue sponsored research, teaching, and extension grants; manage awards; and mentor graduate students and financially support them on external funds.
5. Exploring new critical community partnerships that serve Iowans.
6. Enhancing collaborations between colleges, departments, and units.

FY2021 Revenue and Expense Projections

While current projections assume that students will return to campus for the Fall 2020 semester, the impact of COVID-19 on enrollment, and therefore on tuition revenue, is yet to be determined. While FY2021 state appropriations and tuition rates are also unknown at this time, both are presumed to remain flat for planning purposes.

Because of these variables, and the future course of the pandemic, I encourage you to be conservative and plan for multiple scenarios, including the possibility of forthcoming budget decreases beyond the 5% level as currently projected.

Next Steps

Please begin strategic discussions to plan around and implement the measures described above, as appropriate to the specific situation, needs, and issues of your respective colleges and units.

Specific revenue and allocated cost information will be distributed individually to your academic fiscal officers as it becomes available. In the meantime, please don't hesitate to reach out to Ellen Reints or me if we can be of assistance.

JAW/jj

C: Wendy Wintersteen, President
Pam Cain, Interim Senior Vice President for Operations and Finance
Dr. Jonathan Sturm, President, Faculty Senate
Amy Ward, President, Professional and Scientific Council
Academic Fiscal Officer Council members