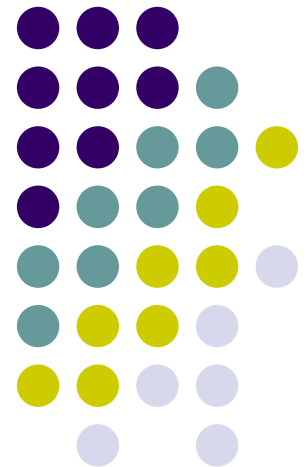


The Public University as a Public-Private Partnership

Iowa State Faculty Conference
Elizabeth Hoffman, Provost
March 23, 2007



Recent Trends in Public University Public and Private Budgets

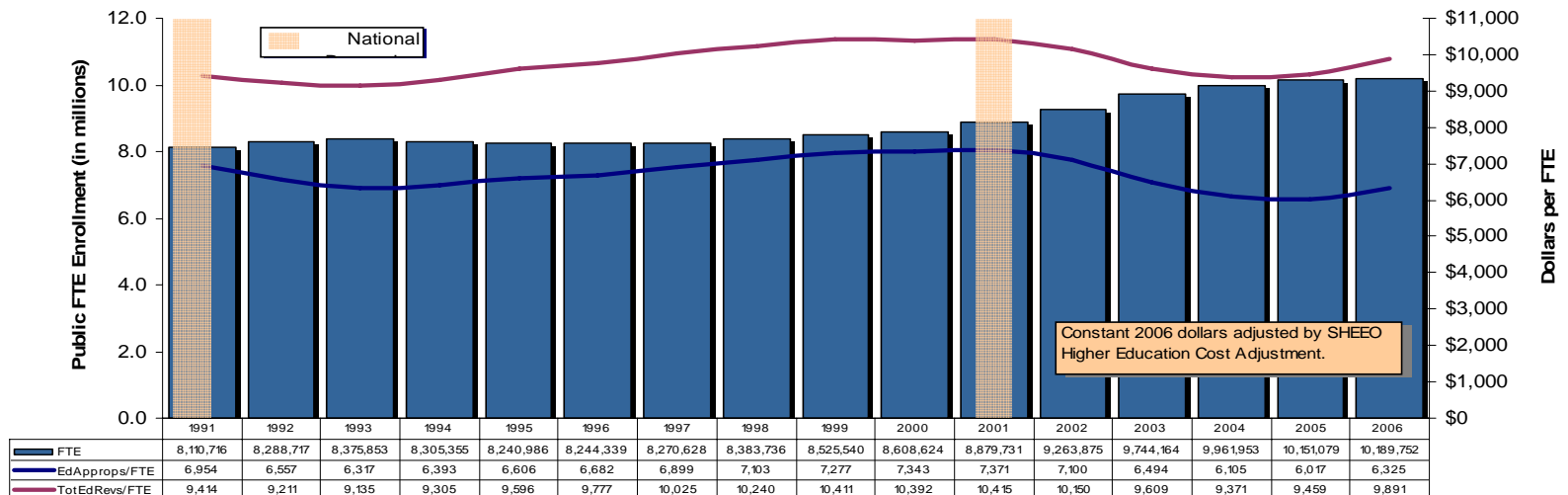


- Declining reliance on state funding
- Tuition increasing faster than CPI
- Record private fundraising
- Increasing reliance on federal funding
 - Student aid
 - Research funding
 - Earmarks
- More corporate funding

Enrollment and Appropriations

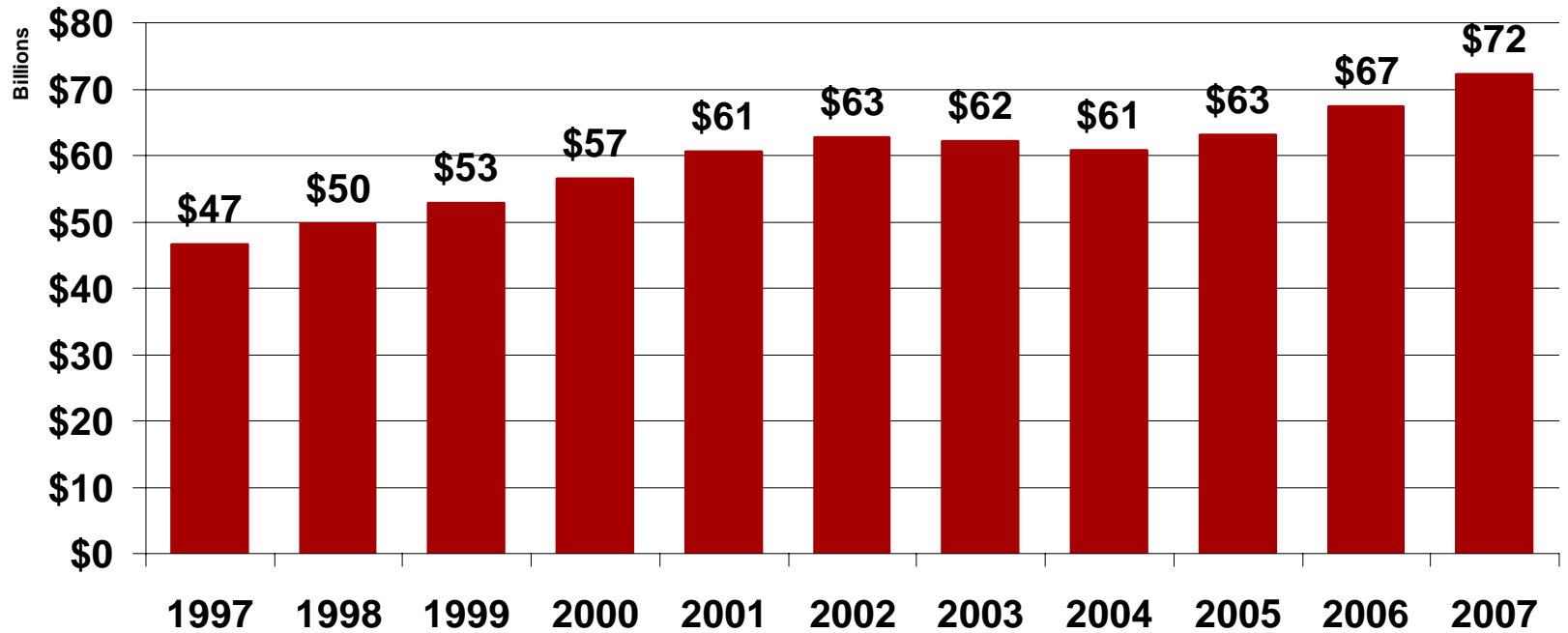


United States Public Postsecondary Enrollment, Educational Appropriations per FTE, and Total Educational Revenue per FTE, Fiscal 1991-2006





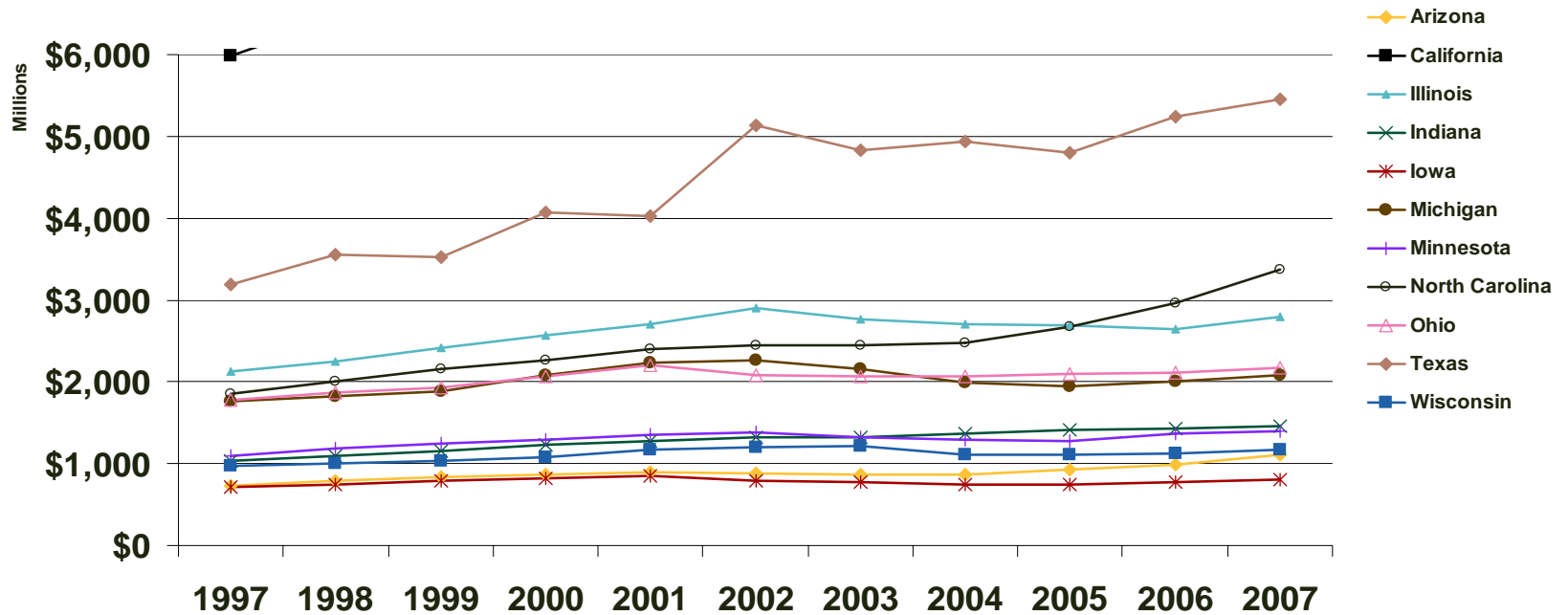
National State Appropriations for General Operation of Higher Education FY 1997 to FY 2007



State Appropriations to Higher Education



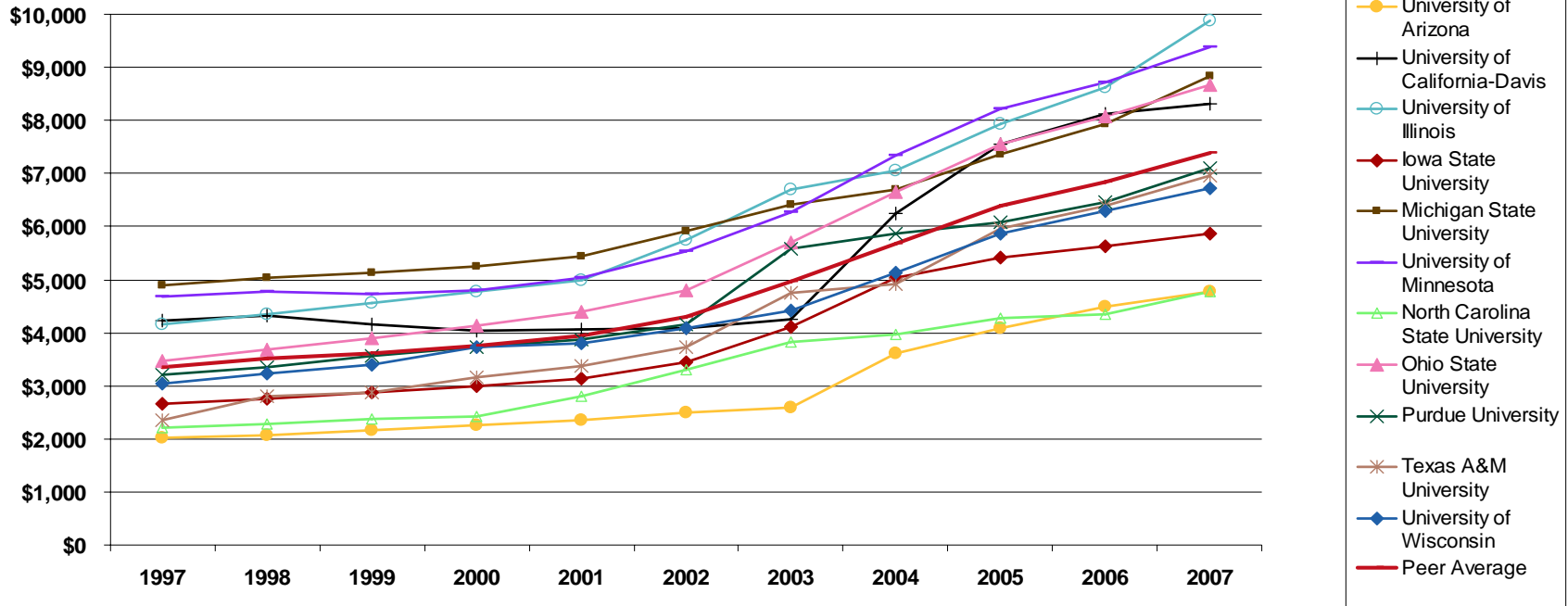
State Appropriations for Higher Education, FY 1997 to FY 2007
Iowa and States where Peer Land-Grant Universities are Located



Resident Tuition and Required Fees



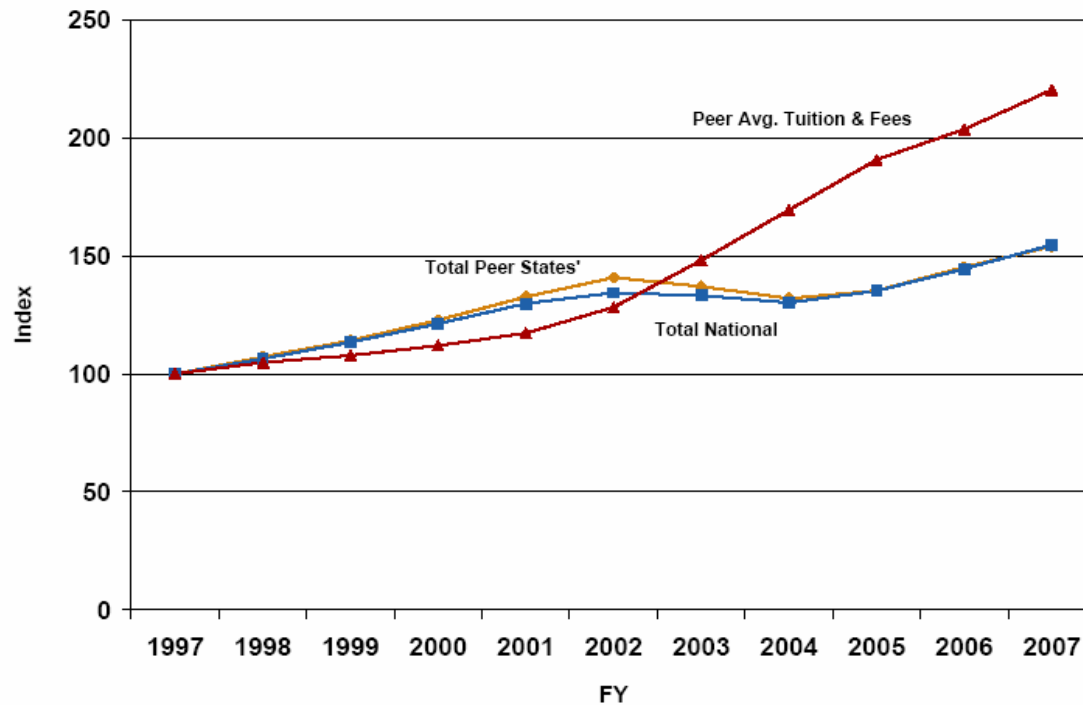
Peer Land-Grant Universities
Undergraduate Resident Tuition and Required Fees



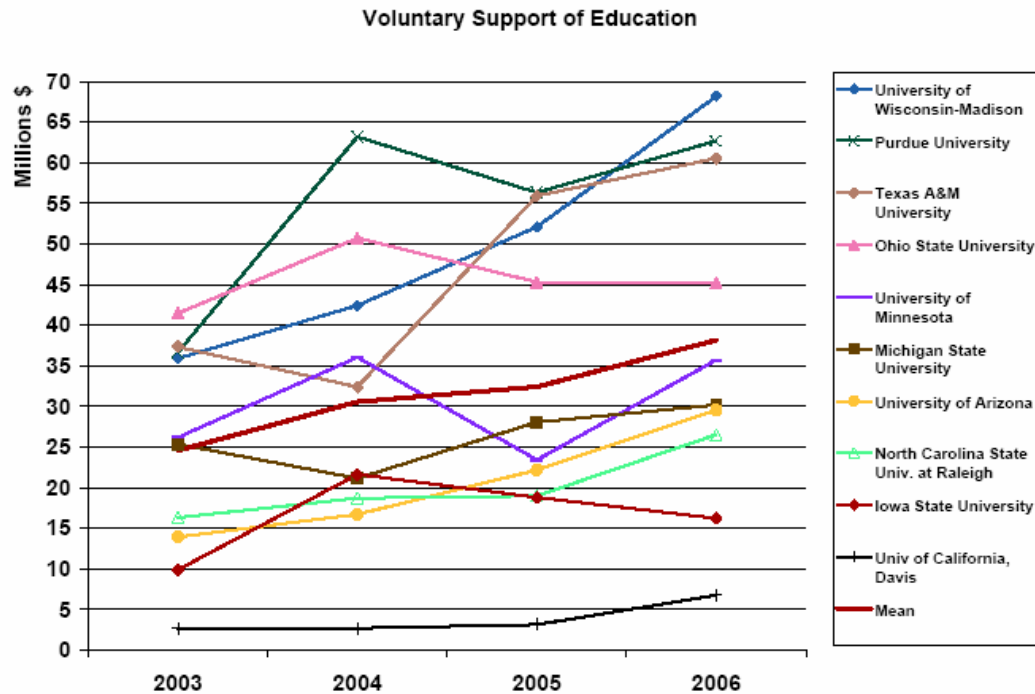
Comparison of Trends in Tuition and Appropriations



Index of Tuition & Fees of Average Peer Land-Grant Universities
Total National and Total Peer States' Appropriations for Higher Education
FY1997 through FY2007
(1997 = 100)



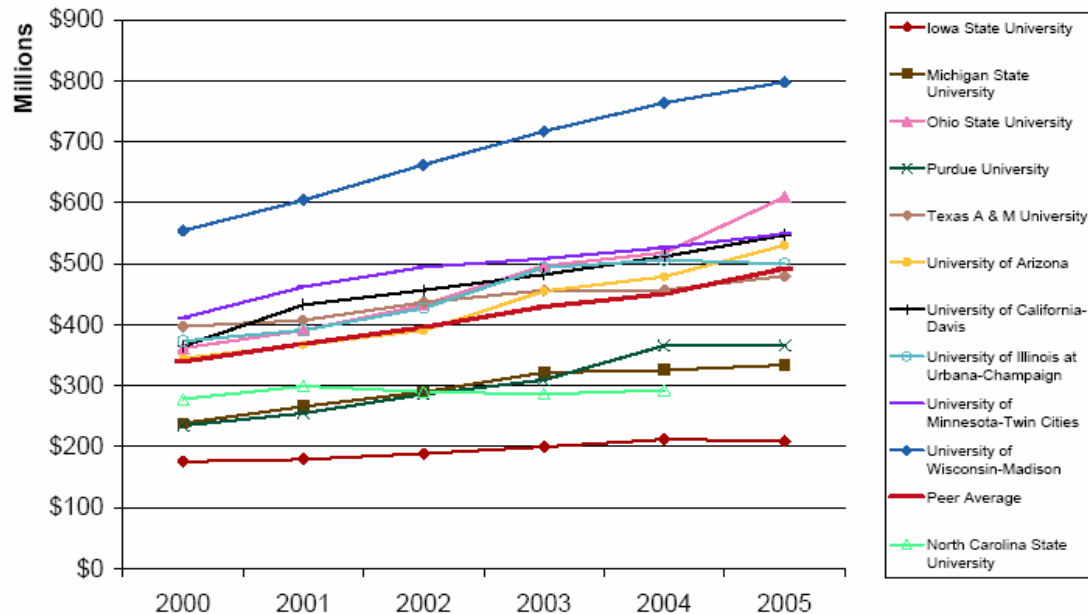
Private Giving to Higher Education



Higher Education R&D Revenues

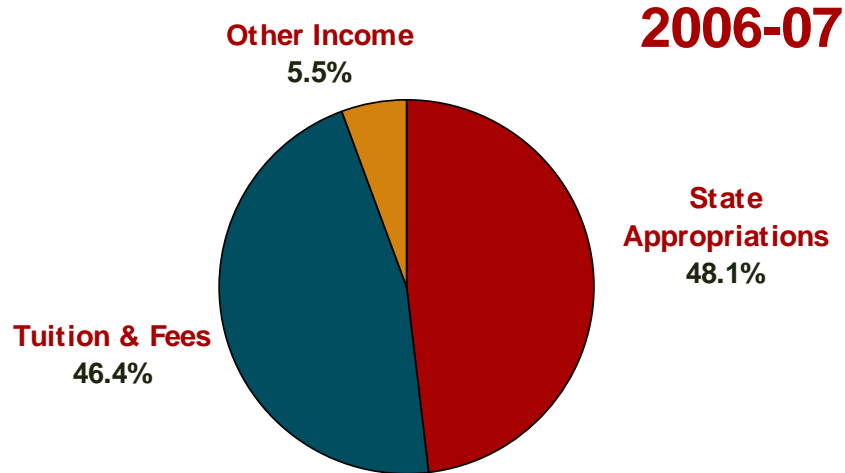
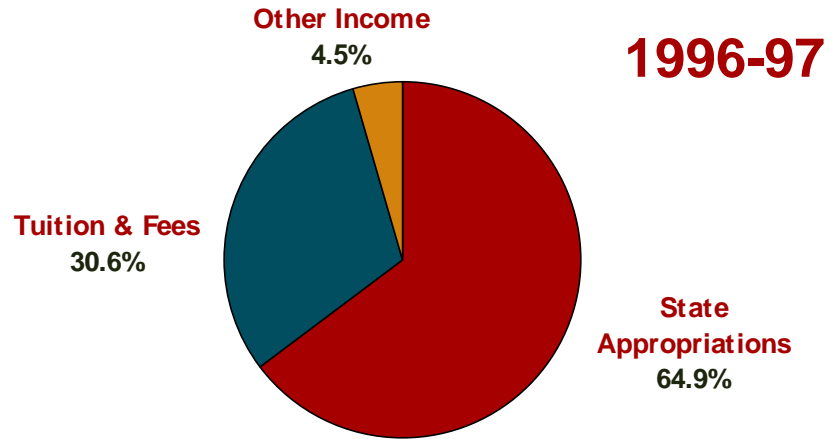


Total R&D Expenditures, FY 2000 to FY 2005
Iowa State and Peer Land-Grant Universities





Higher Education Revenues by Source



Benefits of Public Funding



- Faculty more likely to look inward to institution than outward toward external competition
- General predictability of funding
- Low tuition, easier access for students
- More faculty time for teaching and reflection

Costs of Public Funding



- Political intrusion into faculty composition or research content
 - Don't anger agricultural commodity groups
 - Culture wars – past and present
 - Who will be faculty?
 - What will they teach?
 - What is acceptable research?
 - Funding linked to political views about taxation

Costs of Public Funding



- Possibility of low expectations
 - Salaries
 - Research funding and publications
 - Funding in general
- Lack of competition
 - For students
 - For research dollars
 - For faculty

Costs of Market-Driven Funding



- Possible overemphasis on competition at the expense of institutional cooperation
- Possible emphasis on money over quality
- University priorities may be driven by money or the demands of outsiders rather than by academic excellence
- Uncertainty of funding streams
- Possible erosion of institutional culture

Benefits of Market-Driven Funding



- Enhanced control over each unit's destiny
 - Better service to students results in more tuition revenue
 - More successful grant proposals result in more indirect cost revenues
 - More successful fundraising results in more funds for faculty, students, and programs
 - Units don't "beg" for funds, they can plan strategies to enhance funding

Benefits of Market-Driven Funding



- Possible change in institutional culture from a constrained view of what is possible to planning for revenues, expenses, and quality enhancement over the long run
 - Costs and benefits of hiring more faculty of a particular type internalized to units
 - Costs and benefits of adding or deleting degree programs internalized to units

The Importance of Transparency in a Market-Driven University



- Distribution of Tuition Revenues
- Distribution of Indirect Cost Revenues
- Payments for Essential Services
- Creation of Institutional Excellence Fund
- Distribution of State Funds

Steering the Ship in the Market-Driven University



- Make Essential Services a Part of the Cost of Doing Business
 - Library
 - Student Recruitment and Student Services
 - Space
 - Human Resources
 - Operations
 - Maintenance

Steering the Ship in the Market-Driven University



- Institutional Excellence Fund
 - Recruiting and retaining a high quality, diverse faculty
 - Making sure there is sufficient startup money to recruit the best faculty in disciplines requiring significant startup
 - Partner accommodation to assist in recruiting a high quality diverse faculty

Steering the Ship in the Market-Driven University



- Institutional Excellence Fund
 - Nurture Interdisciplinary Education and Research
 - Cost matches for center and institute grants
 - Interdisciplinary undergraduate and graduate programs
 - University-wide competitions for seed funding

Maintaining Ethical Behavior in a Market-Driven University



- Rules for Proprietary Research
 - Academic Freedom
 - Protection of Graduate Students and Junior Faculty
- Faculty and Student Conduct Policies
- Protection of Need-Based Financial Aid
- Build in Rewards for Cooperative Behavior