

Executive Summary to the Reports on UNI's Auxiliary Enterprise Unit Deficits,
Its Independently Audited Financial Position as of June 30, 2011, the
Budget Process and Administrative Allocations over the last 3 Years

UNI's mission statement : "The University of Northern Iowa at Cedar Falls is recognized as having a mission of sufficient scope to enable it to be a distinguished arts and sciences university with an outstanding teacher education program. It provides leadership in the development of programs for the pre-service and in-service preparation of teachers and other educational personnel for schools, colleges and universities. The institution offers undergraduate and graduate programs and degrees in liberal and practical arts and sciences, including selected areas of technology. . . " [1.02 UNI Mission Statement: www.uni.edu/policies/102]

For the past 14 years, the UNI administration has been diverting general education funding away from academic programming into auxiliary enterprise units to overcome budget shortfalls at the end of each fiscal year. These general education funding transfers have come without consultation involving faculty whose teaching has been impacted from those allocations. Over the last 14 years, \$102 million has been transferred from academic programming to meet auxiliary enterprise deficits with 60% of that amount being moved over to the Intercollegiate Athletic Department. In other words, some \$61 million has been spent propping up the Athletic Department at a time when academic programming and faculty positions have been cut at the university. These diversions of funds have occurred despite a mission statement that gives emphasis to liberal arts education and the development of an outstanding teacher education program. Up until 2001, UNI defined auxiliary enterprise units as being self sustaining, meaning they were to be operated on a break even or better basis. However, beginning with the 2001 financial statement that definition was changed to allow for a reporting of only revenues and expenses with no mention of deficits. This change to the definition of an auxiliary enterprise unit occurred without faculty input.

Up until Spring 2011, there was no clearly defined UNI budget process available either on the UNI website or in university documents faculty could access. After requesting a statement of the UNI budget process from the VP of Finance, the faculty received a two page document that provided a summary of a budget process. The budget process as defined in that document had no provision for direct, open and transparent faculty input into budget allocations. To date, there is no UNI budget process that recognizes the importance of faculty input when allocating or in the midst of a budget shortfall, re-allocating university funds.

Two years ago, when faculty were asked to accept a cut in salary and reduced benefits, there was an actuarial surplus in the university health care plan of over \$6 million, UNI was receiving federal ARRA stimulus funds, and there was \$7.2 million in general education funding being transferred from academic programming to auxiliary enterprise units. UNI had cash and cash equivalents of \$28.9 million at the beginning of 2009 and ended the year to start 2010 with a liquidity position of \$44.9 million. At the time the UNI Foundation had assets of \$61.7 million. Despite these advantages the faculty took a cut in pay and benefits relying on statements made by the UNI administration that this was in the best long term interests of the university. During this same period of time, the UNI administration contracted with a Colorado software firm to pay \$2 million for the development of a Student Information System [SIS] without any faculty consultation. At the time, UNI had a Computer Science Department with no less than 8 Ph.Ds doing research and teaching in areas related to software design and implementation. UNI now has an SIS system that by last count had 26 newsletters describing to

faculty, staff and administrators how this complicated reporting system may be used to interact with students during advising sessions. Ironically most faculty are using the tried and true method of helping students by seeing them in their offices and using the internet to access the printed copy of the university bulletin and schedule of classes.

According to UNI's audited Comprehensive Financial Statements the university is in a financially strong position with an A-1 credit rating, a cash/near cash position of \$89 million, a UNI Foundation net asset position of \$95 million, however, in terms of maintaining and growing liberal arts programs and teaching there are significant budget allocation problems. Budget allocations over the last decade have been increasingly supportive of administrators over faculty in the classroom. Back in the 1980's and 90's, 40% of the budget was allocated to administration with the remaining 60% going to instruction. Now, we have 60% allocated to administration with 40% given to faculty for teaching. The result of these decisions has been to increase the use of temporary instructors, and adjuncts while raising classroom size. During the period when UNI has been in a "budget crisis", the UNI administration has had little problem with increasing the number of administrative positions, size of administrative budgets and subsidies to athletics and other auxiliary enterprise units on campus. For example, when faculty were giving up salary and benefits, the UNI basketball coach's salary went from \$289,000 to \$450,000, a 55.7% increase in salary, at a time when athletics generated a \$4.55 million deficit. During this same period, the UNI administration allocated \$815,170 to the President's Fund for Strategic Initiatives; \$406,271 to the Provost's Fund for Strategic Change; \$1,137,466 for Public Relations; \$521,340 for Government Relations with a Special Assistant to the President making \$170,622; \$2,265,756 for Budget Facilities Planning with a director making \$154,000; \$219,055 for Athletics Promotion Marketing; \$290,324 for a Ticketing Department; \$159,111 for Event Operations; \$90,000 for University Branding; \$2,592,842 for an Information Systems Department; \$1,320,307 for an Information Systems Users Department; \$3,015,135 for an Information Systems Networks Department; \$622,157 for an AF Tech Services Department; along with assorted directors, VPs, associate directors and VPs all making salaries well above \$110,000, not to mention benefits. These allocations were made without the benefit of any faculty input or consultation which would have required the administration to provide a rationale and/or an explanation for such funding decisions. Both Iowa and Iowa State run their Athletic programs on a self-sustaining basis, why can't UNI? In some states, such as Washington, there is legislation that requires all auxiliary enterprise units be run on a self-sustaining basis? Those states have not had robust academic programming in favor of such things as athletics. Have the athletic programs at the University of Washington or Washington State really been hurt by this requirement?

Given the recent decisions on the part of the UNI administration and the Iowa Board of Regents to close programs and seek termination of tenure/tenure track faculty, it is likely that the AAUP will initiate an investigation as to whether the university has violated the principles of academic freedom, tenure and shared governance. A final determination will be made after an independent evaluation of the university's financial position, and decisions in relation to AAUP standards. What may be at stake with these proceedings is whether UNI may be found in violation of AAUP principles and standards, in which case the school could be placed on the AAUP censure list. Such a distinction would be a clear signal to faculty throughout the US that UNI and Iowa may not be a friendly place for doing research, teaching

and service. It would be important to a state that prides itself in the quality of its educational system and has publicly stated a commitment to AAUP principles and standards, that this possibility be avoided.

Ultimately, in the midst of what the UNI administration has defined as another “budget crisis,” the issue is one of priorities that lead to funding allocations supporting the primary purpose of UNI as a university. The university mission statement is clear, “The University of Northern Iowa at Cedar Falls is recognized as having a mission of sufficient scope to enable it to be a distinguished arts and sciences university with an outstanding teacher education program.” It is difficult to comprehend how that mission may be fulfilled when the UNI administration is seeking to close down liberal arts programs, a museum, and historical, unique and innovative laboratory school. It is also somewhat baffling to consider closing down the public safety department and outsource it to the local police given incidents at public schools over the last decade where a quick response time might be important.