

5.A - Core Component 5.A

The institution's resource base supports its current educational programs and its plans for maintaining and strengthening their quality in the future.

1. The institution has the fiscal and human resources and physical and technological infrastructure sufficient to support its operations wherever and however programs are delivered.
2. The institution's resource allocation process ensures that its educational purposes are not adversely affected by elective resource allocations to other areas or disbursement of revenue to a superordinate entity.
3. The goals incorporated into mission statements or elaborations of mission statements are realistic in light of the institution's organization, resources, and opportunities.
4. The institution's staff in all areas are appropriately qualified and trained.
5. The institution has a well-developed process in place for budgeting and for monitoring expense.

Argument

5.A.1.

Fiscal resources

ISU is in a strong financial position to support its operations. According to the [2014 ISU Financial Report](#), ISU had total assets on June 30, 2014 of \$2.1 billion, which was \$94.6 million higher than the prior year. Net capital assets comprised \$1.2 billion of the \$2.1 billion in assets, which was a similar proportion to that of June 30, 2013. Total liabilities were \$783.7 million at June 30, 2014, a decrease of \$24.3 million. The net position of the University increased \$118.9 million, or 9.6%, over the previous year, to a net position at June 30, 2014 of \$1.4 billion.

When comparing the financial position of the University at the time of the last HLC comprehensive review (FY2005-06 to FY2013-14) year, the University has increased its total net assets \$834 million from \$1.3 billion to \$2.1 billion and increased its net position \$582 million from \$778 million to \$1.4 billion.

Total revenues increased \$70.6 million from FY13 to FY14 (from \$1.1 billion to \$1.2 billion). Tuition and fees accounted for 24.9% of total revenue in FY14, while state appropriations accounted for 23.5%.

As of June 30, 2014, ISU had \$2.4 billion invested in capital assets, with accumulated depreciation and amortization of \$1.2 billion, for net capital assets of \$1.2 billion. Depreciation and amortization charges for FY14 totaled \$77.2 million. During FY14, several new buildings were placed in service. Some of the largest were Troxel Hall (funded with private gifts and institutional funds), Frederiksen Court Apartments expansion (funded with debt financing), and the Jeff and Deb Hansen Agriculture Student Learning Center (funded with private gifts and institutional funds). In addition a significant renovation of Curtiss Hall was completed (funded with private gifts and institutional funds).

As of June 30, 2014, ISU had \$483.5 million of outstanding debt compared to \$465.8 million at the end of the prior year. In FY14, ISU issued \$43.8 million of Utility System Revenue Bonds, Dormitory Revenue Bonds, and Academic Building Revenue Refunding Bonds. This increase in bonds payable

was offset by the normal paying down of debt from other issuances. ISU carries an institutional bond rating of Aa2 from [Moody's](#) and an AA rating from Standard & Poor's.

ISU and the Iowa State University Foundation, at the end of FY14, had \$777 million in [endowment funds](#) to support the University. The endowments have steadily grown since 2009. In 2013, the University and its Foundation endowment placed the University ninth among its self-identified 11 peer land-grant universities.

[Sponsored funding](#) in FY14 came in at \$368 million. Federal funds accounted for \$210 million (57%) of all sponsored funding.

ISU's [FY2015 General Fund operating budget](#) included sources of income of \$656 million and total income sources of \$1.33 billion, including restricted funds. This compares to a [FY2014 General Fund operating budget](#) of \$614 million and a total budget of \$1.29 billion. (As another point of comparison, the University's General Fund operating budget at the time of the last HLC review [FY05-06] was \$440 million with a total budget of \$949 million.)

In the FY15 budget, the general university fund totaled \$585 million. Of this, \$211 million was allocated to instruction, \$106 million to scholarships, \$102 million to academic support, \$71 million to operations and maintenance, \$39 million to institutional support, \$33 million to student services, \$17 million to research, and \$5 million to public service.

Human Resources

As ISU's enrollment has grown over the past several years, the President has made a commitment to hiring additional faculty and staff to meet the needs of a growing student population. [Faculty headcount](#) has increased from 1766 in Fall 2011 to 1892 in Fall 2014. During that same time period, total employee headcount (including faculty) has increased from 14,427 to 16,268. The student to faculty ratio, calculated via IPEDS and reported as a part of the HLC Institutional Update, has increased from 16:1 in 2004 to 19:1 in 2014.

In Fall 2013, the [average section size](#) for undergraduate courses was 38.9 students, and 12.0 students for graduate courses. Graduate section size has remained fairly constant the past several years, with Fall 2009 also having a 12.0 average. However, undergraduate course section sizes have been gradually increasing from 36.3 in Fall 2009.

Attracting and retaining faculty members is critical to maintaining strong academic programs. ISU salaries for faculty in [2014 were at 94% of its peer institutions](#). This statistic has varied from 94% to 98% over the past 10 years.

Physical Resources

The University has just over [5.6 million net assignable square feet of buildings, plus an additional 3.4 million net assignable square feet associated with residence halls](#). These buildings are located on 11,438 acres of total land, including 1,812 acres associated with the main campus, sporting venues, and veterinary medicine campus. The remaining acres are associated with farms and land tracts in the Ames area and across the state. The University provides an annual update to the Board on the status of all facilities, including information on deferred maintenance issues.

The [2016-2020 capital plan](#) submitted to the Board showed planned expenditures of \$314 million and included a new student innovation center and funds for remodeling existing buildings to meet new

educational needs.

In 2013-14, ISU conducted a Classroom Improvement Study to assess classroom and learning space needs. The study looked at both utilization and classroom facilities/configurations. The [final report](#) identified several areas where the University could make improvements to meet the teaching and learning needs, including classroom improvements and upgrades, faculty support and involvement in planning, as well as changes in room scheduling policies and practices. The University is moving forward with the [implementation plan](#) for general university classrooms, with a pilot of \$1.5 million spending over the next year. Funding for this initiative is coming from Provost's Office, Capital Renewal Fund, and colleges/departments.

Technological Resources

University IT support specialists work closely together to provide systems, services, and facilities that support student learning regardless of the mode of delivery of instruction. The campus central IT group provides key infrastructure components, such as networking, video storage, the learning management system, help desk, technical support for university classrooms, and technology explorations with faculty. Departmental IT specialists assist faculty and students with curriculum-specific IT needs and collaborate with central IT staff to provide seamless IT support to the campus community. IT also supports the business systems of the university.

At the core of this effort is a networking fabric that connects over 60,000 clients (using 100,000 networked devices in any given day) to essential IT services, both local and worldwide. ISU is among a handful of top research universities that provide 100 gigabit campus backbone service with high capacity network connections to all buildings. Connections to the Internet2 national research and education network is made through our co-owned BOREAS (Broadband Optical Research, Education and Sciences Network) regional fiber optic network that provides 100 gigabit waves to major US network hubs in Chicago and Kansas City. With BOREAS and a leading-edge campus network, ISU provides an abundance of network capacity for activities ranging from big data research to online learning experiences to seamless integration of commercial cloud services. Mobile computing is supported through a vast campus wireless network, which is currently being upgraded to the latest gigabit wireless networking (802.11ac) services. This follows a recently-completed project that significantly expanded wireless capacity in the residence halls so that there is now an access point in every student room.

University business services and academic services of all types are available 24 hours a day, seven days a week through the ISU AccessPlus portal.

In 2013, ISU conducted an assessment of the learning ecosystem on campus; both the physical and electronic learning spaces. The purpose was to gain a better understanding of faculty educational technology needs while getting a better sense of student expectations around learning with technology. The effort included interviews with University leadership, focus groups with faculty and students, and broad surveys of faculty, support staff, and students. The year-long engagement led to a [report](#) from independent consultants as well as more specific [recommendations from a campus steering committee](#).

In 2014, ISU began implementing an [Online Learning Innovation Hub](#) (OLI Hub). The OLI Hub will foster collaborative innovation and implementation of online and blended learning approaches and technologies across all University programs. ISU uses a mixed model of support for online learning, including both centralized and college-based support. Central support includes 215 general assignment classrooms, all of which have technology for basic functionality, including projection or

flat-panel display, networked (remote) control systems, Ethernet at the podium, and wireless capacity for all occupants. Information Technology Services (ITS) maintains a central Panopto server for lecture capture (in- or out-of-class) so any classroom can serve as a capture classroom with an instructor laptop with webcam. Selected classrooms have additional features, such as fixed cameras, document cameras, DVD video playback, and audio systems. The ITS-hosted Panopto server provides video hosting and streaming, and is fully integrated with the Blackboard Learning Management System. Selected college units provide other systems that utilize Camtasia and Echo 360 capture systems. College units also maintain several studio-type capture classrooms and video production support.

To support research and graduate education, ISU recently unveiled its most powerful computer ever. [“Cyence”](#) is capable of 183.043 trillion calculations per second with total memory of 38.4 trillion bytes. The project is collaboratively funded by National Science Foundation grants and University funding.

5.A.2. In 2005, President Geoffroy established a Budget Model Study Group to investigate changing to a resource responsibility center model for the allocation of revenues and expenses. The Resource Management Model (RMM) was implemented for development of the FY09 operating budget. A review of the model was conducted in 2011-12. In his 2015 annual address, President Leath shared that an analysis of the RMM would be conducted this year, with a focus on increasing the revenue flows to academic colleges and student services areas. The following principles were used to guide the development of the RMM:

The model should:

- Incorporate incentives that reward high-quality programs
- Link funding and costs to the responsibilities and performance of units
- Distribute revenues in a manner that is transparent and informed by data
- Attribute the cost of central administrative and support services to units that benefit from those services
- Engage campus in setting priorities for investing resources
- Work effectively during years of funding growth and decline
- Increase flexibility and improve ability to conduct multi-year financial planning

Under the RMM, tuition, appropriations, and other [revenues flow](#) to the Responsibility Resources Centers (RRCs) such as academic colleges, central research, and Extension and Outreach. These units are responsible for their direct [expenses](#) such as salary and benefits, supplies, and equipment, as well as their share of expenses associated with central administrative units. The distribution of revenue and costs to academic colleges and other RRCs is based on data such as student enrollment, student credit hours taught, number of faculty and staff, and square footage assignment. The RMM has created increased transparency on budget allocations to colleges and units; the data used to allocate revenues and expenses is available using the University’s e-Data central reporting tool. Decisions on how to allocate resources within an academic college are managed by the dean of the college.

[Advisory budget committees](#) at various levels (university, provost, student affairs, business and finance) provide guidance and oversight of decisions related to budget allocations. The President communicates [budget priorities](#) and budget updates are provided to the campus throughout the budget development cycle.

ISU uses auxiliary enterprises as a method of ensuring that supporting/secondary efforts are appropriately self-sufficient and do not divert funds away from core university purposes. [Auxiliary enterprise revenues](#) primarily represent revenues generated by the Athletic Department, University Book Store, Iowa State Center, Memorial Union, Parking System, Recreation Services, Regulated Materials Handling Facility, Reiman Gardens, Residence Department, ISU Dining, Student Health Center, Telecommunications System, and Utility System. Auxiliary enterprise revenues are pledged as security for bonds issued for the purposes of these units.

5.A.3. ISU's strategic plan outlines the desire to pursue excellence in education, research, and public service. Resources described in 5.A.1. are invested to support the three-pronged land-grant mission of instruction, discovery, and engagement. The RMM is utilized to [allocate general fund revenues](#) directly to academic colleges, the Vice President for Research, and the Vice President for Extension and Outreach in support of the mission and strategic plan. For many units, the budget request process includes a direct link to the strategic plan. As an example, colleges and units in the academic division, led by the Senior Vice President and Provost, develop [three-year strategic operating plans](#) where plans and budgets must be linked to strategic plan priorities.

5.A.4. Hiring qualified faculty (see 3.C.2) and staff (see 3.C.6) is a priority of the University. As a part of the hiring process, the position posting for any faculty or staff position must include the required (and preferred) education and experience needed to fulfill the requirements of the position. In accordance with the [Employment Verification and Background Checks policy](#), the University conducts a confirmation of academic credentials of the selected candidate for any position for which a degree is required or preferred. For any position at the University that requires or prefers a license or certification, the license or certification must be current and in good standing. ISU has contracted with a third-party vendor to conduct these verifications.

The University supports professional development and training for faculty and staff in a variety of ways, including support previously described for faculty (see 3.C.4.) and advisers/academic support staff (see 3.C.6.) Workshops and training opportunities are offered through the [Center for Excellence in Learning and Teaching](#) on a wide range of topics. The [Online Learning Innovation Hub](#) was created to serve as a one-stop shop for faculty wanting training and support for teaching distance education and online courses. The newly created Grants Hub provides support and professional development for faculty and staff researchers. University Human Resources offers a wide range of professional development opportunities for staff, including skill development workshops on topics such as conducting performance reviews and managing difficult situations. [Environmental Health and Safety](#) offers a wide range of trainings to ensure that faculty, staff and students are appropriately trained to handle materials and situations that may pose a risk to individuals. ISU offers training opportunities related to the business processing systems of the University, such as training on use of the Quali Financial System, e-Data reporting, travel/employee reimbursements, purchasing card, purchasing, payroll, and sponsored programs accounting. Equal Opportunity offers trainings on the Harassment and Discrimination policy and related topics. The Emerging Leaders Academy is a cohort based program for faculty and staff who have an interest in advancing to leadership positions within the University.

In the 2011 [University Life Survey](#), 64.5% of faculty, 61.1% of merit employees, and 65.3% of professional and scientific employees agreed that the university offered opportunities for personal development.

5.A.5.

Budgeting Process

The budget development process is coordinated by the Office of the President. The [annual operating budget development schedule](#) is driven by both internal planning processes and Board reporting requirements. The budget development timeline for the upcoming fiscal year begins in August of the preceding fiscal year and ends with board approval of the budget in August, for a fiscal year beginning in July. The President's Office releases [regular budget updates](#) during the process to keep the campus informed of the budget development status. Within each division (e.g., units under a single senior vice president) there are additional timelines and processes established to coordinate with the overall University budget development process.

Financial System Controls

Iowa State has invested heavily in its financial systems and is virtually paperless for financial transactions. The technology infrastructure provides for efficient, cost-effective transactional processing with built-in controls and edits to ensure compliance with University policies and procedures and external reporting requirements. Over 500,000 transactions were processed through the system in FY14.

The University uses the Kuali Financial System (KFS) which incorporates electronic workflow and transaction processing. KFS also includes system parameters which provide controls over the system that ensure separation of duties and standardization of procedures. The system provides automated notification to facilitate the timely discovery of improper conduct in conjunction with transaction processing. The Controller's Department monitors KFS to ensure procurements requiring Purchasing Department oversight, in accordance with University and Board policies, follow established standards and procedures. Any transactions falling outside of the University's and Board's procurement standards are re-directed back to the Purchasing Department for corrective action.

Transactions outside of KFS, such as employee reimbursement, payroll, contract buying, and purchasing card transactions, utilize electronic workflow and transaction and system parameters to provide appropriate internal controls. Each transaction type has established standards for central audit with appropriate notifications, corrective measures and follow-up. Some of the University's oversight processes include system generated affirmation and attestations certifications where required by federal, state agencies or the University, such as in the case of potential conflict of interest vendors, costs transfers to federal awards, payments to subcontractors from federal funding, and validation of travel reimbursement requests.

The Controller's Department periodically evaluates the effectiveness of its compliance procedures, policies and procedures, and system internal controls, and makes adjustments as needed.

Transaction approvers and delegates are provided with training on using the University's financial and business transaction systems for processing and outlining their roles and responsibilities. Unit heads and college fiscal officers have been provided with reporting to assist them in identifying personnel in KFS workflow approval/delegate roles so proper segregation of duties for the purposes of reconciling account statements and transaction reviews are maintained. The Controller's Department and Purchasing Department maintain websites with resources and training documents dedicated to assisting units with maintaining appropriate internal controls.

Academic departments have access to numerous [standardized reports within the e-Data reporting system](#) to assist them in monitoring expenses. A new department portal was recently developed to group commonly used reports in a way that allows departments to easily monitor the current year and look at historical data for key data elements.

Financial Audits:

ISU is audited each year for federal compliance and against U.S. generally accepted accounting principles. Audits include the University's Report on the Financial Statements, [State of Iowa Single Audit \(federal compliance\)](#), National Collegiate Athletic Association (NCAA) athletic audit, various audits conducted by the Board's [Internal Audit](#), and various audits by external sponsors. These audits include reviews to determine that the University is in compliance with its own policies and procedures, federal and state regulations, and has adequate internal controls in place.

Sources

- 2014 ISU budget book
- 2015 ISU budget book
- Annual Financial Report Year End June 30 2014
- Average Section Size by College F13
- Budget Advisory Committees
- Budget Development Timeline
- Building Facilities by Function and Inventory of Land
- CELT Workshop Summaries
- Classroom Improvements Planning
- Cyence Press Release
- Department e-Data Portal
- EH&S Training Information 11-17-2014
- Employee Headcount FTE by Class
- Employment Verification and Background Checks
- Endowment Funds FY14
- Fact Book Sponsored Funds
- Faculty Salaries Peer Comparisons Chart
- FY 2016- FY 2020 Capital Request
- FY15-17 Compiled Acad Div-Operating Plans -1.28.14
- FY16 Budget Four Priorities- Inside Iowa State
- FY16 Budget Updates
- ISU Classroom Improvement Study Final Booklet 05 22 2014
- Learn Ecosystem ISU Final Report
- LEARN Steering Recommendations 5-14-14
- Moody's Rating Letter Aug 4 2014
- Online Learning Innovation Hub
- Resource Management Model - Expenses
- Resource Management Model - Resource Flow Diagram
- S&P Rating Letter August 2014
- Single Audit HEOA Compliance Letter June 2014
- State and Internal Audit Reports BOR Meeting Agenda Items September 2015
- University Life Survey 2011 Final Report