

General Assembly Joint Finance Committee

President Dennis Assanis

February 4, 2021



Good afternoon, Representative Carson, Senator Paradee and other members of the Joint Finance Committee. Thank you for this opportunity to discuss the recommended operating appropriation for the University of Delaware for FY22. We appreciate your time and attention today.

Let me start by saying that I hope all of you, your families and your friends are safe and healthy. This is certainly a challenging time for all of us, but I'm optimistic that, with the vaccination program now underway, there is a light at the end of the tunnel.

I have on the call with me today several members of our team who can answer any specific questions you might have. I'd like to introduce two of them: Robin Morgan, our provost, and John Long, our executive vice president and chief operating officer.

Partnerships crucial in emerging from pandemic

Recommended FY22 Operating Budget

- \$126.3M
 - Operations — \$96.9M
 - \$0 increase
 - Scholarships — \$12.7M
 - \$1.125M to expand scholarship funds for Delawareans
 - Special lines — \$16.8M
 - \$0 increase



The University values our partnership with the State of Delaware, and we are grateful for the ongoing support that Governor Carney and the General Assembly provide. The challenges of the past year have reminded all of us that strong relationships and close collaborations are absolutely essential to our shared success. Speaking for the University, I know we would have experienced much greater hardships — both financial and health-related — if it weren't for our public and private partnerships throughout the state.



These partnerships will also help the University and the entire state as we emerge from the pandemic this year, and they will continue to benefit Delawareans well into the future.

Many of our partnerships are focused on increasing access for Delawareans, making UD more affordable for Delawareans, ensuring that Delawareans can get advanced education as their career needs evolve, and providing the research, innovations and entrepreneurship support that help Delawareans create the kinds of good jobs our state needs.

This deep commitment to our state begins long before students even apply to UD.

Early College Credit Program adds pipeline to UD

- Free dual-enrollment option for all Delaware high school students, launched in fall 2020
- 286 students registered to participate in AY 2020-21
 - Participation already greater than typical year's worth of all other UD dual-enrollment opportunities
 - 13 schools from all three counties
- Courses offered online and asynchronously
 - Sociology, Communications, Astronomy and Food Science
- Now planning for AY 2021-22
 - Expecting more courses offered to ~600 students in 20 high schools



Our Early College Credit Program is our newest initiative to strengthen the pipeline of students from Delaware high schools to the University of Delaware. And it's off to an excellent start.

We launched this free dual-enrollment program in the fall to allow high school students to earn UD credits at zero cost to their families. This year, nearly 300 students from 13 schools in all three counties have registered to participate. That's already greater than all of our other dual-enrollment opportunities combined. And in some of those schools, only 50% of the graduates go to college, so we hope this program attracts some students to UD who never thought they could attend or afford college.

And that's just with a few courses being offered. Next year, we expect to offer more courses to about 600 students in 20 schools.


One of the opportunities created by the pandemic has been a growing comfort level with online learning — both for the instructor and the students — so we see a lot of potential here to expand the reach and impact of the University in many more ways in the future.

The Early College Credit Program is a tremendous benefit to Delawareans, and it complements many of UD's other pipeline programs. These include the College Readiness Scholars Institute, Upward Bound, the Edge summer college program and others specializing in health sciences, engineering, entrepreneurship and more.


We are continuing to work with Delaware high schools to build and strengthen these pipeline programs, since we have found they provide excellent preparation for students to succeed at UD.

Supporting PK-12 education in Delaware schools

- Delaware Teaching Fellows
- Teacher residency partnerships
- Supporting Delaware teachers through ongoing programs
- Special Education Administrative Leadership (SEAL) Program
- Assistant Principal Academy
- Superintendents' Study Council
- Remote-learning support during the pandemic



Teachers of Tomorrow program — udel.edu/008033



Equally important is our support for public education in Delaware schools, from pre-kindergarten classrooms all the way to high school graduation.

Our College of Education and Human Development is deeply engaged in working with school districts and teachers throughout the state on a variety of initiatives. Let me give you some examples.

We've just begun recruiting top high school seniors into the Delaware Teaching Fellows program to prepare highly effective and committed teachers for our state. For each year that a graduate teaches in a high-needs Delaware school, the program will forgive one year of their student loan, up to four years.

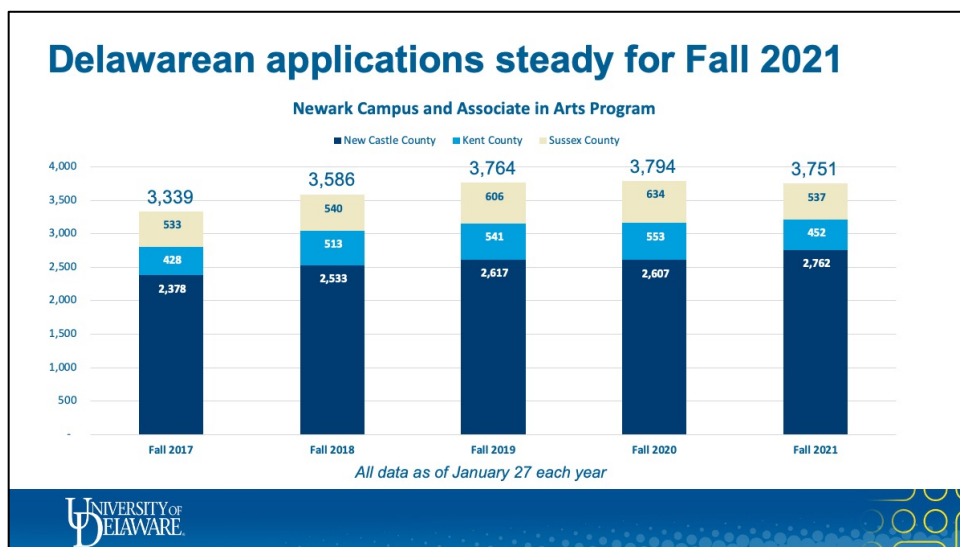
Other programs help prepare the next generation of teachers. Through our teacher residency partnerships, we have 18 UD seniors who teach full-time in a high-needs school or in a high-needs content area, such as special education. We have a really great program called Teachers of Tomorrow. It brings Delaware high school juniors and seniors, primarily from underrepresented minority groups, to UD in the summer and on weekends to help guide them into our teaching majors. We have a wonderful video story about that program — the link is on the screen (udel.edu/008033) — and I hope you'll take a moment later to learn more about it.

To help teachers continue improving their skills, we provide summer institutes and coaching support. Laurel, Seaford and other districts have seen dramatic improvements in student achievement thanks to this program. In partnership with the state Department of Education, we're providing a rigorous 18-month training opportunity that qualifies educators to become special education administrators.

We're also supporting Delaware school administrators through programs like the Assistant Principal Academy, which helps those administrators prepare for the next level of their careers, and the Superintendents' Study Council, which meets monthly to sharpen and freshen their leadership skills.

Throughout the pandemic, child-care centers have turned to UD as the source of reliable information and guidance about how to open and operate their facilities safely. Also, faculty members in our School of Education have provided numerous webinars, training sessions and virtual office hours to help Delaware educators improve their online teaching skills.

All of these efforts — and many others — help strengthen Delaware's education system, help advance the careers of Delaware educators and, most importantly, benefit students throughout our state.



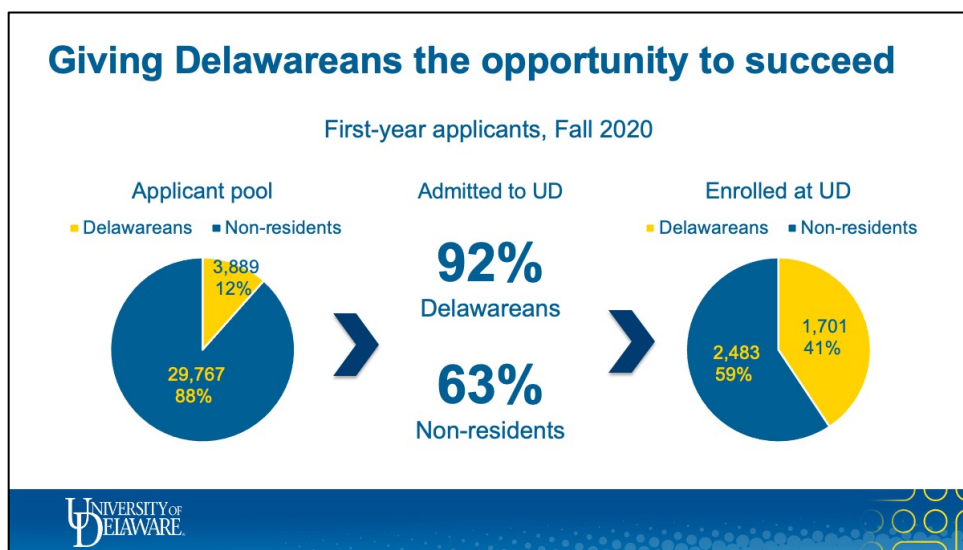
We also have been working closely with the state Department of Education to encourage more Delawareans to apply to UD.

As of this week, we've had about 3,750 Delawareans apply for undergraduate admission this fall. That's almost flat from this point last year, but we still consider it good news. Nationwide, college application numbers are down this year. Many high schools have told us that students weren't as focused on college applications this year, given the economic situation and the demands of virtual classrooms. That's especially true for low-income students, unfortunately.

This year, we are seeing a dip in the number of applicants from Kent and Sussex counties. That's one reason our Board of Trustees recently formed an ad hoc committee to find ways to increase our engagement with southern Delaware and attract more students from those communities.

Even though we haven't been able to do any in-person recruiting this year, we have found ways to reach Delaware high school students virtually — through online campus tours, open houses, one-on-one meetings with admissions counselors and even college fairs. We've hosted virtual events with Delaware guidance counselors and community organizations to help with students' applications.

And even though our official deadline passed a few weeks ago, we're still urging Delaware high school students to get their application to us as soon as possible.



It's important to note that we offer admission to more than 90% of the Delaware residents who apply to UD. That is far higher than our admission rate for out-of-state students.

We also work hard to yield Delaware students who are offered admission, and hence, nearly half of those students matriculate at UD, compared to just 13% of non-residents who are admitted.

These numbers explain why Delawareans make up about 40% of our student enrollment, even though they account for less than 12% of our applicant pool. The University of Delaware is absolutely committed to remaining accessible to Delawareans, and we will find a place for every qualified state resident who wants to attend. While most of our students come to directly to our main campus in Newark, others start in our Associate in Arts Program, where we use intensive guidance and advising to help them succeed at UD.

We are grateful that Governor Carney has included an additional \$1.1 million in his recommended FY22 budget to help fund scholarships for Delawareans. We have increased our own financial aid, and the state's contribution will help this effort, since the pandemic has resulted in more Delaware students requiring more financial aid this year.

As we seek to remain accessible and affordable for Delawareans, we are especially focused on continuing to build a more diverse and inclusive student community.



We are pleased to note that 33% of our Delaware-resident applicants this year are Black, Hispanic or other underrepresented minorities. We've seen this number increase consistently every year.

The diversity of our applicant pool parallels the diversity of our student community. Right now, 26% of our Delawarean undergraduates come from an underrepresented minority group, which is up from 21% just five years ago.

To continue building on these efforts, we have reorganized and merged several departments focused on these issues into the Office of Institutional Equity, Diversity and

Inclusion. This new unit provides us with a strategic, efficient and effective accountability structure that's responsible for working with the entire UD community to achieve our priorities in this area.

Our interim chief diversity officer, Fatimah Conley, now oversees and coordinates university-wide equity and inclusion initiatives, especially as they relate to our Delaware-resident students. Already, she has begun collaborating with UD stakeholders on ways to create systemic change at UD. For example, she is developing meaningful diversity education programs, engaging with students on multiple diversity initiatives, and supporting the UD Antiracism Initiative, which is a grassroots effort that grew out of a desire by our students and faculty to address the social justice issues that were amplified in 2020.

In addition to student diversity, we are committed to supporting diversity in many other areas. For example, we are currently seeking a Chief of Supplier Diversity, who will focus on creating opportunities for minority-owned businesses to work with the University.

Associate in Arts students get strong start

		
Abby Griffith	Rony Baltazar-Lopez	Delano Smith
<ul style="list-style-type: none">➤ Middletown, Del.➤ BA, Elementary Teacher Education, Class of 2023➤ Summer research with First State Squash, a Wilmington nonprofit providing academic support and mentoring	<ul style="list-style-type: none">➤ AA, Dover Campus, 2014➤ BA, Political Science, 2017➤ Staff for Sen. Carper, 2017-19➤ Public Information Officer, Delaware Department of Justice	<ul style="list-style-type: none">➤ AA, Wilmington Campus, 2014➤ BA, Criminal Justice, with minors in Spanish and Legal Studies, 2016➤ Correctional Officer, Delaware Department of Correction



As I mentioned previously, our Associate in Arts Program is another partnership that has helped so many Delawareans. Here is one of our current students and two of our alumni, who now work for the state.

With significant financial support from the state's SEED scholarship program, more than 2,000 Delawareans over the past decade have started their education as AAP students and have gone on to earn bachelor's degrees in criminal justice, psychology, elementary teacher education and many other fields, as well as nursing diplomas from the Rollins School of Nursing at Beebe Healthcare.

Dedicated AAP faculty and advisors provided these students with an excellent foundation for their careers or further education.

The Associate in Arts Program started about 15 years ago with just a handful of courses taught by UD faculty at Delaware Tech locations that would count toward a student's UD degree. Today, we have more than 100 such courses and over 900 students taking advantage of this low-cost pathway into higher education. The program has been a true success, and we're proud of our AAP students and alumni. That's why we want to do more.

Reimagining the Associate in Arts Program

- Strengthen and expand partnerships with Delaware Tech and Delaware State
- New pathways to 4-year degrees
- More academic services
- More programs to engage in the full UD experience



AAP students in Principles of Biology class learn beekeeping while tending to a hive hosted at the Wilmington YWCA. (July 2019)



Today, I'm excited to announce that we will be reimagining our Associate in Arts Program so that it better aligns with the educational needs of today's Delawareans. We want to build on what has worked so well in this program — plus what we've learned about remote education during the pandemic — and use it to reach out to more students who otherwise wouldn't or couldn't pursue a four-year degree.

We're committed to strengthening and expanding our partnerships with Delaware Tech and Delaware State to meet our shared goal of providing excellent educational opportunities for Delawareans, each in our own way. UD expects to offer new pathways for students to pursue four-year degrees in engineering, health and other fields. Some students could even start their program while they're still in high school. We'll provide more academic services for these students and institute more programs to fully engage them in the UD experience.

We hope that President Biden's focus on community colleges and 2+2 partnerships will help strengthen Delaware's pipeline from high school to a bachelor's degree, and we want to be ready to move quickly to seize those opportunities from the federal government.

Key to the success of this effort will be a thoughtful look at how UD, Delaware State, Delaware Tech can work with the state to more effectively leverage the SEED scholarship program. We look forward to working with the legislature on this exciting initiative.

All of these efforts — beginning in high school and extending through graduate education, including lower tuition and generous financial aid for state residents — demonstrate

UD's deep commitment to providing Delawareans with a world-class education that's affordable, accessible and close to home.

Of course, none of this is possible unless we make the health and safety of UD's students, faculty and staff — as well as that of all Delawareans — our top priority. While this is always our commitment, the events of the past year demonstrate just how important it is.



When the pandemic hit Delaware last March, we took quick and decisive action.

We suspended all classes, nearly emptied the residence halls, extended the spring break, and moved all of our courses online for the remainder of the semester. Faculty and staff began working remotely. We canceled or postponed all in-person events, including — unfortunately — our Commencement ceremony that so many of our graduating students and their families had been looking forward to for years.

To reduce the population density on campus last fall, we limited the occupancy of our campus residence halls, and most of our faculty and staff continued to work remotely.

Also, we created and implemented a vigorous program of COVID testing for those students, faculty and staff who needed to be on campus in the fall. In the past five months, we have conducted about 30,000 tests through our community surveillance program, in addition to testing those who were feeling ill. For everyone coming to a campus facility, we instituted a system of daily health checks to screen out those who reported experiencing COVID symptoms.

All of these measures were absolutely the right things to do. By acting quickly and continuing to move carefully, we have so far avoided the kinds of outbreaks that shut down other universities around the country. Relatively few cases of COVID-19 have been identified on campus, with a small number traced to the residence halls and none linked to classroom or

laboratory transmission. The protocols and policies we have enacted and refined are working to protect people both on and off our campuses.


But this necessary response resulted in significant financial hits to the University — presenting us with an unprecedented financial challenge that could severely limit our ability to meet Delaware’s educational and economic development needs, now and in the future.


That’s why state support is so critical right now. Simply put, we need your help so that, together, we can help Delaware emerge from the pandemic even stronger than before.

It’s important that the University’s financial situation is clear, so I’d like to briefly walk you through the impact the pandemic had on both our revenues and our expenses.

Pandemic’s effects cut into revenue sources

- Refunded housing, dining & other fees
- Increased financial aid for students
- Tuition frozen at 2019-20 rate
- Enrollment declines, esp. in out-of-state students
- Decline in residence hall revenue
- Decline in event revenue
- Reduction in gift revenue and interest income





First, we saw significant reductions in our revenues.

When we moved to remote operations last spring, we refunded a prorated portion of students’ housing and dining fees, as well as some student activity fees and parking fees.

To help students and their families this academic year, UD increased financial aid and froze tuition at last year’s level, rather than implementing a planned tuition increase of 3.5% to help cover rising costs.

Yet, overall enrollment of first-year students is still down 10% from last year, and there is a 5% drop in students returning as sophomores. Among out-of-state students — who pay higher tuition — total enrollment is down about 3.5%.

Many students and their families were understandably concerned about their safety on a college campus, and many others were simply unable to afford tuition, room and board

because of the economic downturn. Universities around the nation are experiencing similar — if not worse — shortfalls in their enrollments this year.

Also, as I mentioned, we had significantly fewer students living in our residence halls in the fall, and they were spread out to enable safe physical distancing. This led to a significant reduction in housing revenue, as well as increased costs to provide quarantine and isolation space.

In addition, we've experienced revenue losses this year in philanthropy, investments and self-supporting operations.

Expenses rise to meet new, growing needs



- COVID-19 testing, PPE, cleaning supplies/protocols, emergency operations
- \$6M to improve online learning
 - Hardware/software upgrades
 - Equipment
 - Instructional design
 - Faculty training
- Extending our resources to the community




At the same time, we were hit with many new and increasing expenses related to COVID. This includes the need for testing, personal protective equipment, specialized cleaning supplies and protocols, signage and emergency operations.

To maintain our high academic standards, we invested more than \$6 million this year to improve the online learning experience for our students, since about 90% of our fall semester classes were taught online. We provided laptops to students who otherwise couldn't have continued their classes. We enhanced our online platforms, upgraded computer hardware, added instructional designers to help faculty adapt their courses for online delivery, and provided training to more than 1,200 professors so they could improve their teaching in this digital environment.

This is why online courses are often more expensive than those taught in person, contrary to what many people believe. Online courses can't just be lectures delivered on Zoom. The best courses — the kind that we are committed to providing our students — leverage these new digital tools to help students learn and discover in exciting and more effective ways.

We also extended our technology resources to UD and K-12 students statewide by setting up mobile wifi hotspots in the parking lots of schools, libraries and other public locations. This effort provided a critical lifeline to students and families, especially in the early days of the pandemic.


Facing an unprecedented budget challenge



Projected FY21 deficit

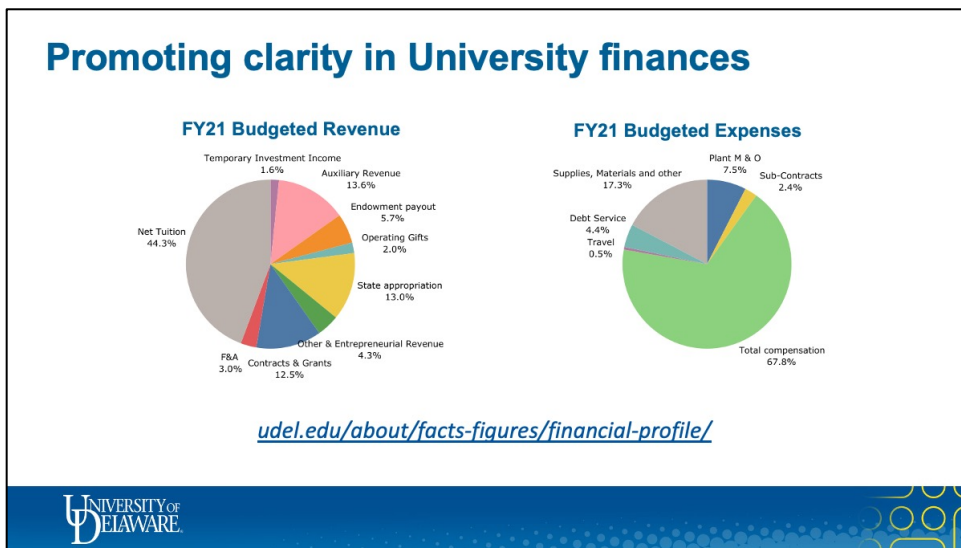
- \$250M+ before mitigation measures

Effects to continue at least through 2025



So, this combination of reduced revenues and increased expenses attributed to COVID-19 means that we projected an operating deficit of more than \$250 million this year before instituting mitigation measures. This amounts to about a quarter of our total spending for the year.

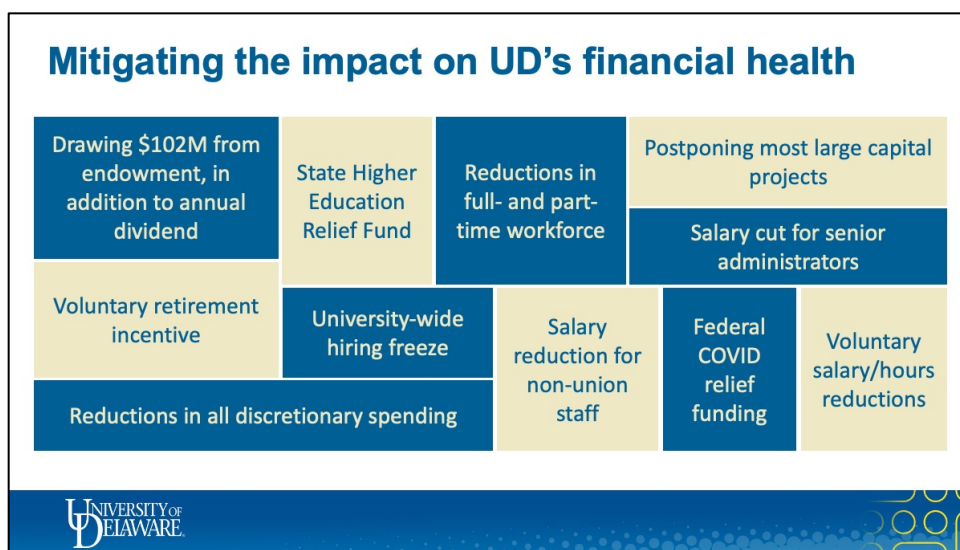
Even as the pandemic has presented us with unprecedented financial hardships, we remain absolutely focused on building a stronger future for our state.



Over the past several months, we've been very up front with the University community about the financial challenges created by the pandemic. At several online town halls and Faculty Senate meetings, we have presented this information and answered any questions that our students, parents, faculty and staff have had.

We also created a website to provide even more clarity regarding the University's financial situation. The site consolidates in one place many of the financial documents that have always been publicly available, including our annual statements of how state funds are spent. We hope this website will provide greater context around our decision-making regarding UD's financial management, personnel and other matters.

Anyone can access that information with the link provided on this slide.
(udel.edu/about/facts-figures/financial-profile/)



Our projected budget gap for this fiscal year presents a significant challenge, and to address it, we've implemented a variety of austerity measures.

To begin, we are drawing an additional \$102 million from UD's endowment in FY20 and FY21. This is on top of the annual dividend we get from the endowment — which this year amounted to \$68 million — to support student scholarships, academic programs, research and other operations.

However, this level of additional spending is not sustainable. Drawing that additional \$102 million from the endowment means that we have reduced by about \$4 million our future annual dividends that could have been used for scholarships and other programs. And that's not just one year; it's every year. While this was necessary to deal with our immediate situation, we cannot sustain this level of spending over the long term.

Senior administrators, including myself, took a voluntary pay cut. The University cut discretionary spending, reduced our workforce and instituted a salary reduction for our non-unionized employees from November through June. In addition, we are postponing the planning for large building projects for at least a year, and we are addressing only critical maintenance needs. The only capital projects continuing are those nearing completion or those fully supported through funds from the state and/or public-private partnerships.

In addition to the measures the University took, we are also grateful for the financial support of the state and federal governments through the COVID-relief initiatives. This includes \$32.5 million from the Governor's Higher Education Relief Fund and about \$30 million in federal relief, of which about \$12 million went directly to support students. This funding will definitely help mitigate the tremendous financial losses the University experienced this year.

At this point, we are cautiously optimistic that we can judiciously phase in a more vibrant community presence on campus when the spring semester begins in a few weeks.

Planning for a safe and healthy Spring semester

- More face-to-face classes and on-campus activities
- 3,800 students living in residence halls
- Frequent COVID-19 testing
 - Before arrival on campus
 - Weekly for resident students
- Calendar changes to minimize risks
- Working with DPH to promote vaccines, when available to campus community





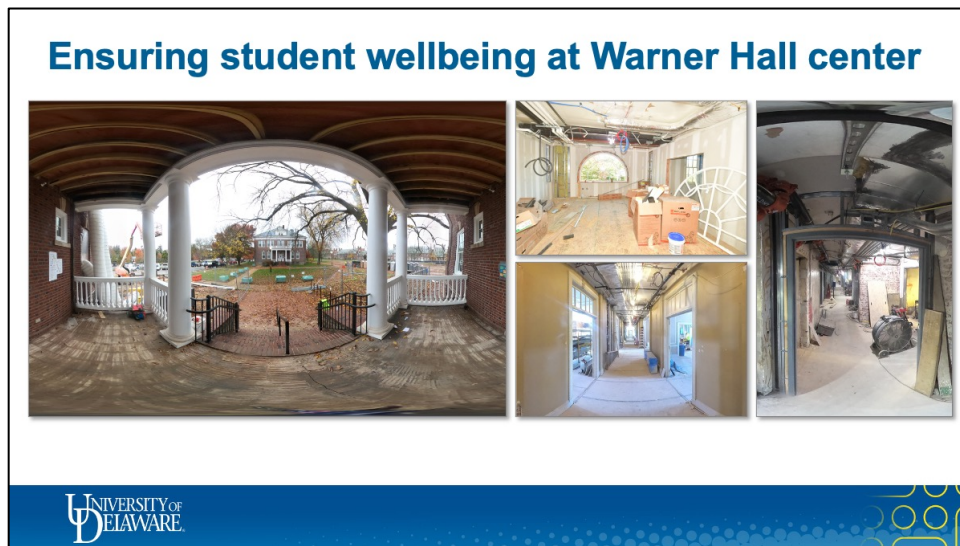
Contingent on the health and safety protocols and guidance provided by the state and other public health authorities, we plan to offer more face-to-face classes, more on-campus living opportunities and more campus activities in the spring.

To safely increase the density of our campus community, we are requiring students living in the residence halls to get a negative test before they come to campus. We are also ramping up our testing program to 6,000 tests a week — triple what it was in the fall. This should allow us to test every on-campus student once a week; we're also urging our off-campus students to get tested at least once a month.

As for vaccinations, we're strongly encouraging everyone coming to campus to get the vaccine when it's available to them. We're working with the state Division of Public Health to

offer vaccinations to our frontline staff, and we'll provide whatever logistical and facilities support is necessary to provide vaccination sites on campus.

We've also made investments in the holistic wellbeing of our students.



Even before the pandemic hit, UD — along with universities nationwide — had been seeing an increase in the number of students seeking counseling and other forms of assistance. As you know, the pandemic created overwhelming stress levels among students, significantly increasing the workload on our counselors.

So, we are converting Warner Hall — which had previously been a women's residence hall — into a comprehensive Wellbeing Center. When it opens in a few months, it will serve as a central hub for health and wellness services for our students, including counseling, sexual assault victim advocacy, substance misuse counseling and a plethora of education and prevention programs.



Without a doubt, mounting a successful campaign against this virus has required — and will continue to require — close coordination and strong partnerships at all levels of our operations. I think we’ve all come to a new appreciation of how connected we are and how much we rely on each other.

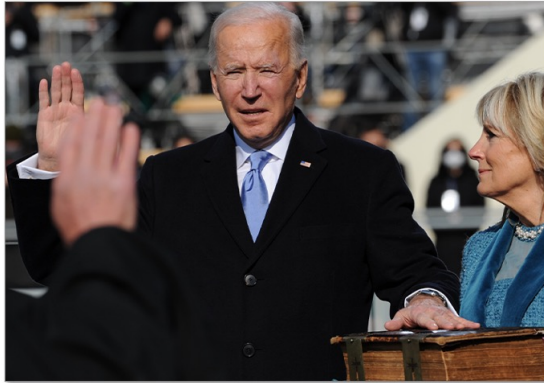
This sense of shared responsibility is why we continue to advocate for more consistent funding from the state to support the education of Delawareans. While the University has been increasing its financial support for Delaware-resident students, the state’s contribution has been relatively flat over the years.

It costs about \$39,000 this year to educate a UD undergraduate. The state’s operating appropriation, including scholarships, covers about \$18,000 of that cost. In addition, UD uses about \$33 million from the endowment payout each year to further reduce the cost to in-state students by about \$6,700. After we apply need-based and merit-based financial aid, the average net cost for Delawareans this year is about \$7,000.

Through UD’s partnership with the state, we can ensure that UD remains accessible and affordable while benefiting every Delawarean. In particular, residents who hold bachelor’s degrees from UD earn about \$43,400 more than those with just a high school diploma — an additional \$1 million over their lifetime.

As our state recovers from the effects of the pandemic, the University will play an important role in creating opportunities to strengthen our whole economy. UD has an estimated \$2.8 billion annual impact in the state, supporting more than 24,000 jobs throughout Delaware. The investments we have made in recent years in biopharmaceutical innovation, engineering, business, education, agriculture and more will help Delaware rebound more quickly than other regions.

The power of a University of Delaware education



A few weeks ago, we all saw dramatic proof of what UD alumni can achieve.

Without a doubt, the inauguration of President Biden was an incredible moment for all of us to celebrate the enduring and transformative power of a University of Delaware education. While not all of our graduates can become President, I do like to say that Joe Biden is just the first Blue Hen to do so.

We are equally proud of First Lady Dr. Jill Biden, who earned her bachelor's and doctoral degrees from UD and is a strong and effective advocate for education.

Nearly 50,000 UD alumni live and work here in Delaware, with another 135,000 throughout the United States and around the world. They're contributing in countless ways to support their families and their communities, and their success was made possible because the University of Delaware and the State of Delaware invested in their future.

The challenges of the past year have also brought opportunities. We have the opportunity to strengthen the educational pipelines and pathways for Delawareans. We can expand our capacity for teaching, research and community service to benefit our entire state. And at the heart of these opportunities is the strong partnership we have built between the state and the University, one that is absolutely key to a successful future for us all.

Thank you for your time, and we would be happy to answer any questions you might have.

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