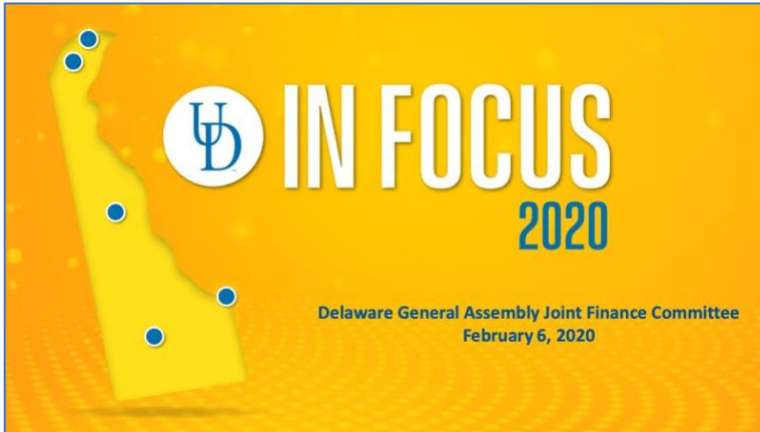


## University of Delaware presentation to Joint Finance Committee

Feb. 6, 2020



Good morning, Senator McDowell, Representative Johnson and other members of the Joint Finance Committee. Thank you for this opportunity to discuss the University of Delaware's operating appropriation for FY2021.

We have several people here who can address any specific questions you might have about the University's appropriation. Let me take a moment to acknowledge two of them: Provost Robin Morgan and Executive Vice President John Long.

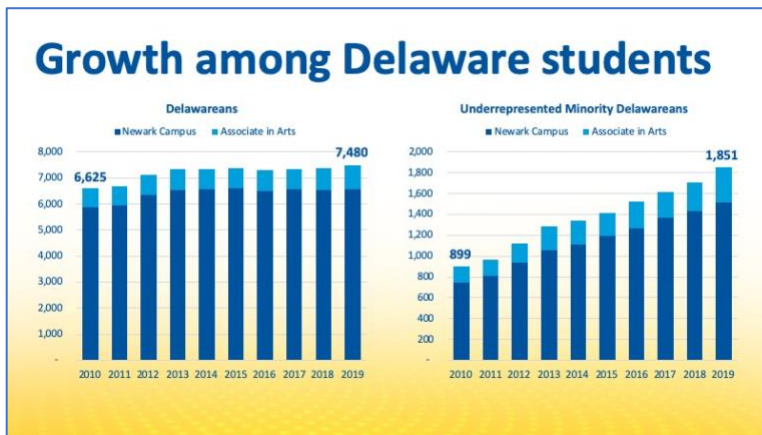
I'd like to begin by saying that the University truly values our partnership with the State of Delaware, and we are grateful for the ongoing support of the General Assembly and Governor Carney. We know you face the difficult task of investing limited funds while balancing the short-term and long-term needs of the state. The University is proud to work with you to achieve these goals, and we believe the University's appropriation is a wise investment that aligns with your priorities for the benefit of all Delawareans.

A slide titled 'Our shared priorities' with a yellow background. On the left is a photo of three graduates in blue and yellow caps and gowns. On the right, under the heading 'FY2021 Operating Appropriation', are two bullet points: 'Ensuring access to an affordable and excellent education for Delawareans' with a sub-bullet 'Governor's Recommendation — +\$2.5M', and 'Enabling operational excellence' with a sub-bullet 'Governor's Recommendation — +\$2.2M'.

As you know, Governor Carney has recommended an appropriation increase of \$2.5 million in FY2021 to expand student scholarships and another \$2.2 million increase to support general operating costs at UD.

We appreciate every dollar of state support, because state funds cover about 10% of our total operating expenses. Delawareans actually enjoy a far larger benefit from the University because we are committed to providing them with an excellent education that is both accessible and affordable.

Public funding is an essential element of this commitment. However, the cost of serving Delawareans continues to outpace the state’s annual appropriations.



Our enrollment of Delaware-resident undergraduates is growing. We currently have a record number of Delawarean students on the Newark campus and in our Associate in Arts program. The total number has increased more than 16% over the past decade.

We’re also pleased to see steady increases in the number of underrepresented minority students from Delaware. Right now, more than one out of four Delawarean undergraduates at UD are black, Hispanic or another underrepresented minority group.

It’s important to point out that even as our enrollment has grown, we have also continued to invest in the high quality of education at UD.

We have reduced class sizes where it’s appropriate, such as our first-year English courses. We’ve also added full-time faculty to increase the excellence of our classrooms. And we continue to develop new courses, new academic programs and new ways of teaching to meet the changing needs of students and their future employers.



The accomplishments of two of our Delaware-resident students is particularly noteworthy.

Yasmin Mann, who is a senior from Middletown, was one of about 500 students nationwide to earn a prestigious Goldwater Scholarship, which recognizes her as a future leader in science research. Yasmin plans to pursue both a medical degree and a PhD so she can work to develop new cancer treatments for children.

I want to point out that Yasmin’s family lives in Representative Hensley’s district in Middletown, so I’m sure you’re very proud of her, too.

The other student is Natalie Walton, who is a senior from Newark. She is one of only 62 students nationwide to earn a Truman Scholarship, which comes with \$30,000 for graduate school. She plans to pursue a doctorate in sociology with a concentration in sexuality and gender studies, because she’s very interested in educating people about sexual health.



There are so many other stories about Delawareans at UD.

Marissa McClenton, of Smyrna, is working to address the environmental problems facing minority communities.

Arif Peracha, of Newark, spent last summer doing research on how people can strengthen and protect their Achilles tendons.

Nikky Ashiedu, of Wilmington, conducted research on the links between pollution and asthma.

We're proud of all these students — and many others — who are benefiting from an accessible and affordable UD education.

**Expanding access to more students**

**Building the Class of 2024**  
3,650 — Applications from Delawareans

- 3,500 to Newark
- 150 to Associate in Arts

31% come from underrepresented minority groups

A Delawarean with a UD bachelor's degree earns \$43,300 more annually, resulting in \$1 million more over a lifetime.

Admissions tour, Blue & Golden Saturday

Looking ahead, we're pleased to report that the number applications from Delaware-resident students for the Class of 2024 is holding steady. We've received 3,650 applications, as of the end of January. This is a strong number, especially because a lot of colleges and universities around the country might fall short of their enrollment goals this year due to a variety of demographic shifts. But we're always working to strengthen our relationships with principals and counselors at Delaware schools so that we keep that pipeline open to UD.

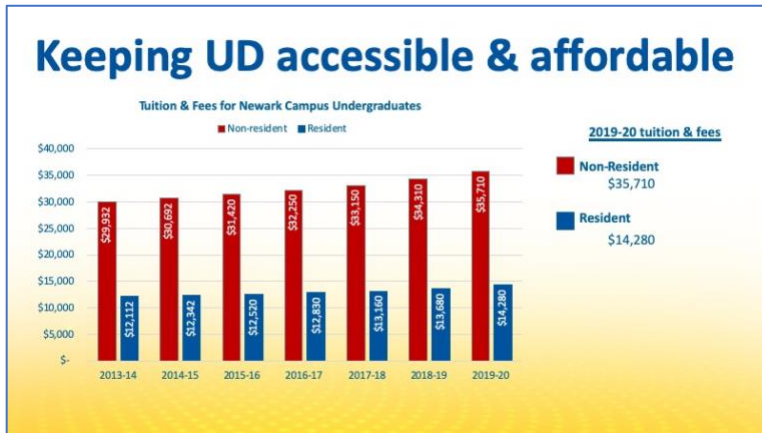
We're also happy that more than 30% of our Delawarean applicants come from underrepresented minority groups. As I showed you previously, this number continues to rise year after year. UD is a much more diverse community than it was even just a few years ago, and while we have to keep working on this, we're certainly making progress in the right direction.

We believe it is critical to educate as many Delawareans as possible because they strengthen the entire state. Delaware residents who hold bachelor's degrees from UD earn about \$43,300 more annually than those with just a high school diploma. That's an additional \$1 million over their lifetime, which means they pay higher taxes, spend more money in our economy and use fewer state services, such as Medicaid.

Taken together, UD's 50,000 alumni living in Delaware — those with an associate, bachelor's or advanced degree — earn an additional \$1 billion a year. That's a huge benefit to our state's economy.

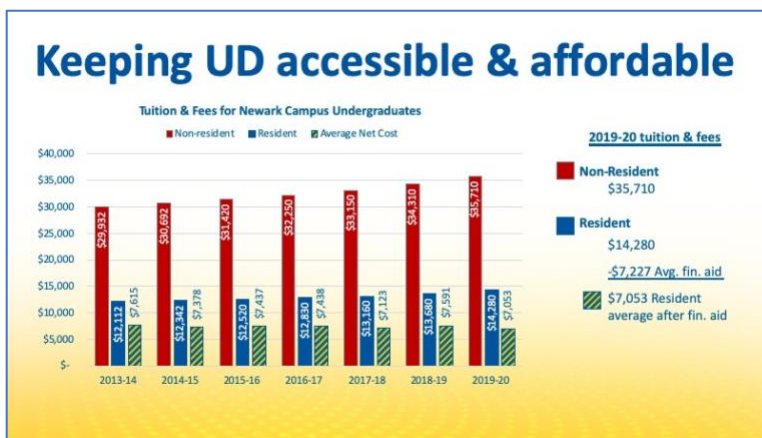
But before they can have this impact, they need to succeed in the classroom and graduate. Like all universities nationwide, we are working with a growing number of students who need help in a variety of ways: They need more financial support, academic support, health and well-being services, and other assistance. We are committed to providing these supports, but they cost money.

Another way that we serve Delawareans is through discounted tuition for resident students.



On this chart, you can see the difference between the red bar showing the sticker price for out-of-state students and the blue bar showing the in-state sticker price. The resident price is about 60% lower than the non-resident price.

State funding covers a large portion of that discount ... but not all of it. UD subsidizes the rest.



What's more, financial aid from UD and other sources further reduces the average net cost for Delawareans to \$7,053 this year. That's the lowest bar you see on this slide. This is an important number to remember: The average tuition and fees for Delaware-resident students is only about \$7,000 a year, which is the lowest it has been in the past several years.

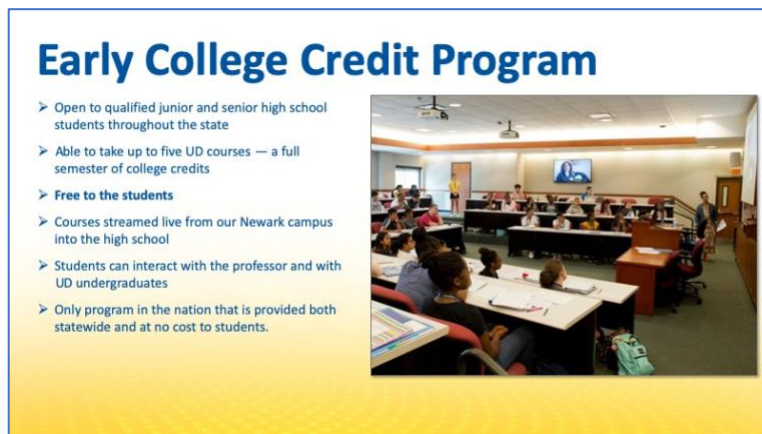
However, we can't continue to sustain this level of funding. Last year, our enrollment of Delawareans increased by about 60 students, but the state's increase for scholarships did not cover the cost of educating them.

In all, it costs UD about \$33 million a year to subsidize the education of Delawareans.

And that's just tuition. UD also spends about \$3.9 million a year on academic-support services, such as advising, college-readiness programs, tutoring and other initiatives. Last year, we eliminated the credit cap to allow students to take 18 or more credits a semester without additional charge. This costs us more than \$3 million a year, but it has been a tremendous benefit for students by helping them graduate on time or maybe even a little early to save some money.

Fortunately, investment income from UD's endowment is helping us to cover those expenses.

I also want to highlight a new initiative we just announced last week: The Early College Credit Program.

A presentation slide titled "Early College Credit Program" with a blue header. The slide features a list of bullet points on the left and a photograph of a classroom on the right. The bullet points describe the program's eligibility, course load, cost, streaming technology, interaction opportunities, and its unique status as a statewide, no-cost program. The photograph shows students in a classroom setting, some looking at a screen displaying a video lecture.

**Early College Credit Program**

- Open to qualified junior and senior high school students throughout the state
- Able to take up to five UD courses — a full semester of college credits
- **Free to the students**
- Courses streamed live from our Newark campus into the high school
- Students can interact with the professor and with UD undergraduates
- Only program in the nation that is provided both statewide and at no cost to students.

Through this program, qualified junior and senior high school students throughout the state will be able to take up to five UD courses — a full semester of college credits — absolutely free.

The courses will be streamed live from our Newark campus into the high school, and students will be able to interact with the professor and with UD undergraduates in the class.

I'm pleased to note that Governor Carney has recommended \$4.6 million in the FY2021 budget to upgrade technology infrastructure in Delaware's schools, since this will help support the online delivery of our Early College Credit Program.

We are excited and proud to offer this program because it is the only one in the nation that is provided both statewide and at no cost to students.

Those students who complete the courses and combine it with UD's Associate in Arts program and Delaware's SEED Scholarship will dramatically reduce the overall cost of their higher education, while also getting an early taste of college academics.

Speaking of SEED, let me pause here to thank Sen. McDowell for his leadership in developing and expanding the SEED and INSPIRE programs. Over the past decade, the SEED program has helped some 2,000 students earn an associate and/or bachelor's degree from UD. We look forward to working with the General Assembly and Governor Carney to expand the SEED program so it can benefit even more Delawareans.

So, thank you, Senator McDowell.

Indeed, we want to ensure that all qualified Delaware-resident students can afford to come to their flagship institution.



**The promise of the First State**

FY2021 Operating Appropriation:

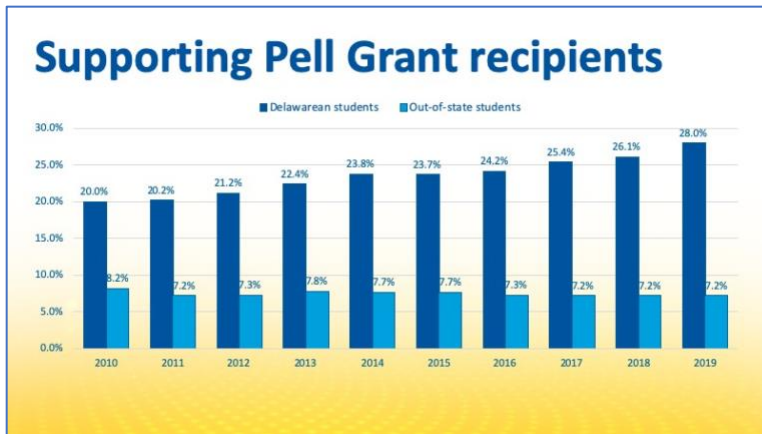
- > Request to OMB — +\$3.3M to keep pace with growing enrollment of Delawareans
- > Governor's Recommendation — +\$2.5M

The slide features a photograph of a female teacher in a classroom, pointing towards the front of the room. The classroom has brick walls and wooden paneling. The slide has a yellow gradient background at the bottom.

That's why we are grateful for the \$2.5 million increase for scholarships that Governor Carney recommended in our appropriation. This funding will go a long way on our road to delivering the promise of the First State to provide access and affordability to all of Delaware's residents, in partnership with the state.

The funding is less than what we requested to keep pace with our growing enrollment, so we will have to consider how this will affect our financial aid programs. If additional funding becomes available in the state budget, we would be able to put that money into scholarship support for our Delaware-resident students.

We continue to need additional funding to support Delawareans because so many more of them come from low-income families.



This slide shows the share of Delaware-resident students who receive federal Pell Grants, which are provided to students with the greatest financial need. Every year, we accept more of these students. You can see here that 28% of our Delaware-resident students are receiving Pell Grants this year. Those are the tall bars you see on this slide. The shorter bars represent our out-of-state students who receive Pell Grants.

What's important to know is that Pell Grants cover less than half of a Delaware student's tuition, so we make up the difference from University funds and other sources.

Your support would help us cover those growing costs, so we can help even more Delaware families afford a UD education.

### Ensuring operational excellence

**Higher Education Price Index**

- Tracks primary cost drivers for higher education — Personnel, supplies, materials, utilities, etc.
- More accurate reflection of true costs, rather than CPI
- 2.8% in 2019-20

**FY2021 Operating Appropriation:**

- Request to OMB — +\$2.7M to cover growth in operating costs
- Governor's Recommendation — +\$2.2M

We also appreciate Governor Carney's recommendation for a \$2.2 million increase in our appropriation to help cover our rising operating costs. Our expenses are driven by many of the same factors that affect the state's costs, such as personnel, health care and utilities.

We've taken many steps to increase efficiency in those areas, such as centralizing services and minimizing administrative costs, even as we have accommodated a growing enrollment of students.



Among colleges and universities, operating costs rose last year by 2.8%. That's according to the Higher Education Price Index, or HEPI. It's similar to the federal government's Consumer Price Index, but instead of tracking the price of groceries, gas, clothing and other consumer goods, HEPI measures the cost of things at higher-education institutions. It's a more accurate reflection of our daily expenses.

A 2.8% increase in our appropriation for operating expenses would be \$2.7 million. Again, if more funding becomes available in this year's budget, this would be an area where we would appreciate additional support.

Going forward, an annual HEPI increase would help UD maintain academic programs and services for Delaware-resident students and help keep tuition affordable for Delaware families. We would like to see HEPI become a common reference point for our appropriation requests, which would help both the state and the University anticipate annual funding. Being able to make reasonable predictions about future funding is an important aspect of our commitment to operational excellence.

It's important to note here that state support for UD affects virtually everything we do. Every dollar we receive through our state appropriation is leveraged to build excellent programs for students, enable research projects that have statewide impact and support initiatives that engage and benefit the entire community.

Let me give you just a few examples.



**Strengthening K-12 education**

- 350+ partnerships with schools and nonprofits in Delaware
- Partnership with state Department of Education to create special-education director certification program
- "Bookworms" — A K-5 curriculum that has helped improve reading, writing and math scores in Seaford and Laurel districts

**ArtFest**  
Organized by UD's Center for Disabilities Studies

UD is partnering with more than 350 schools and nonprofit organizations throughout the state UD to improve classroom learning, strengthen special education, reduce dropout rates and develop administrative expertise. We're working with the state Department of Education to help create a certification program for people who want to be special education directors. As you may know, there's a severe shortage of well-trained special education leaders in Delaware.

Also, one of our education professors, Sharon Walpole, developed a curriculum for elementary school teachers called “Bookworms” that has helped lead to dramatic improvements in reading, writing and math scores in the Seaford and Laurel school districts over the past five years.



In fact, UD trains a large number of the people who teach in Delaware classrooms. Some of them come from out of state and decide to make their homes here in Delaware. That’s the case of Rebecca Vitelli, who grew up in New York and came to UD to earn her bachelor’s in Early Childhood Education and her master’s in Exceptional Children and Youth. She now teaches pre-kindergarten in the Colonial Early Education program, and we’re very proud that she was recently named Delaware Teacher of the Year.

Throughout the state, UD students and professors are working to improve the lives of Delawareans and strengthen our communities.



One of those initiatives is a new program called Veterans and College Athletes Together, or VCAT. It was created by Susan Sheehy, who was an Army nurse and is now a UD professor. The program links veterans and student-athletes for a 12-week fitness regimen that promotes reintegration into civilian life. Two sessions per week cover nutrition, personal finance,

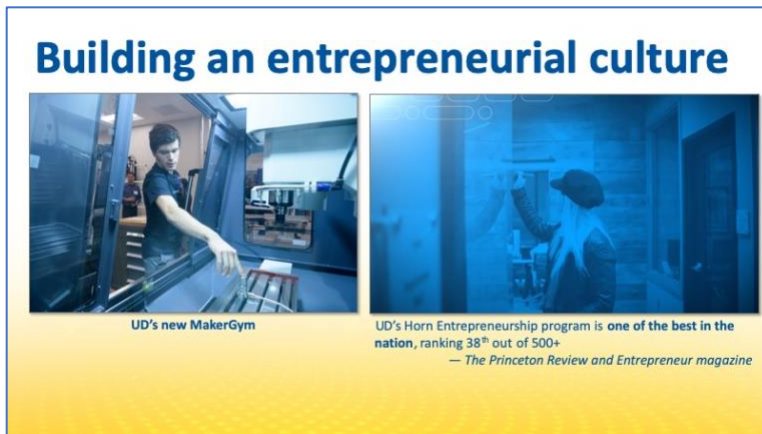
spirituality, workouts and coaching. It's great for veterans, and it helps our students better appreciate their service and sacrifice.

In Wilmington, a research partnership between UD and community groups has created Play Streets. The program provides temporary playgrounds that move from neighborhood to neighborhood to offer safe places for families to connect with each other.

Throughout the state, Cooperative Extension provides essential support to the state's farmers and the whole agriculture industry. In southern Delaware, our Sea Grant program has helped to revive the state's shellfish aquaculture. For the first time in more than 30 years, oysters are being harvested in Rehoboth Bay, and marketing efforts have helped to create and promote the Inland Bay Oysters brand.

And we're very excited to be working with the state Department of Corrections on the new Prison Research and Innovation Initiative. This five-year project will help make prisons more humane, safe and rehabilitative. We share your goal of not only improving Delaware's prisons, but also making them a model for the entire nation.

Some of UD's most important work involves developing the future economy of the state, creating tomorrow's jobs and educating the people to fill those jobs.



We have an entrepreneurial culture that permeates the entire University. In fact, out of more than 500 colleges and universities nationwide that offer entrepreneurship programs, UD recently ranked 38<sup>th</sup> in the country — that puts us in the top 10% — according to The Princeton Review and Entrepreneur magazine.

Our Horn Entrepreneurship program is a big reason for that ranking. It serves students from throughout the University. Last year, more than 2,000 students from more than 100 majors took entrepreneurship courses.

We also recently opened the MakerGym, which is a space filled with the latest 3D printers, laser cutters, water cutters and other tools that students can use build prototypes of

their inventions. It's the centerpiece of a growing network of maker spaces on campus, and we expect some amazing projects to come out of that project.

Our spirit of entrepreneurship and innovation is what's driving our latest facility on the Science, Technology and Advanced Research Campus.

**Innovation in the FinTech industry**

**What is FinTech?**

- Innovative combination of financial services and technology
- Emerging sector in Delaware and worldwide
  - Global investment up nearly 500% in past five years, to \$111.8B in 2018

**Partnership with Delaware Technology Park and Discover Bank**

- Six-story, 100,000 sq. ft., \$38M facility
- Space for OEIP, SBDC, startups, labs, research centers

**Benefits for Delaware**

- Trained workforce for FinTech sector
- New companies and intellectual property
- ~110 jobs at site, plus potential to attract more companies to state

*"We're working hard in Delaware to support those entrepreneurs and innovators who will keep our state competitive in the 21st century economy and drive new job creation. This partnership at the STAR Campus will help create a pipeline of skilled local talent, support our entrepreneurs, build on our strength in financial technology, and strengthen our economy over the long term."*

— Gov. John Carney

We hope to break ground later this year on a new financial technology, or “fintech,” building on the STAR Campus. In partnership with Delaware Technology Park and Discover Bank, this will be a research hub, business incubator and laboratory in the emerging fintech industry. It will help us develop a trained workforce, new companies and new jobs. This investment could generate more than 100 jobs at the site, as well as help attract more companies to the STAR Campus and the entire state.

The fintech building will join the other exciting facilities on the STAR Campus.

These include the Ammon Pinizzotto Biopharmaceutical Innovation Center, which will be home to the headquarters of the National Institute for Innovation in Manufacturing Biopharmaceuticals. That building is almost complete, and we'll be moving in later this spring.

Also, Chemours is moving into its new global research and development center, known as the Discovery Hub. That facility will open an exciting pipeline between UD and Chemours for internships for our students, research projects for our professors and employment opportunities for our graduates.

And UD's health sciences laboratories and clinics on the STAR Campus are helping to improve the wellbeing of Delawareans while preparing the next generation of health-care workers in the state.

We are grateful that Governor Carney, in his State of the State address, recommended investments in capital and infrastructure, especially his proposal for a “mezzanine” facility to retain mid-stage companies that are graduating from an incubator but not quite ready to strike

out on their own. Such a facility could take shape at the STAR Campus, so we're eager to explore and develop that idea further.

**Our shared priorities**



**FY2021 Operating Appropriation**  
Ensuring access to an affordable and excellent education for Delawareans

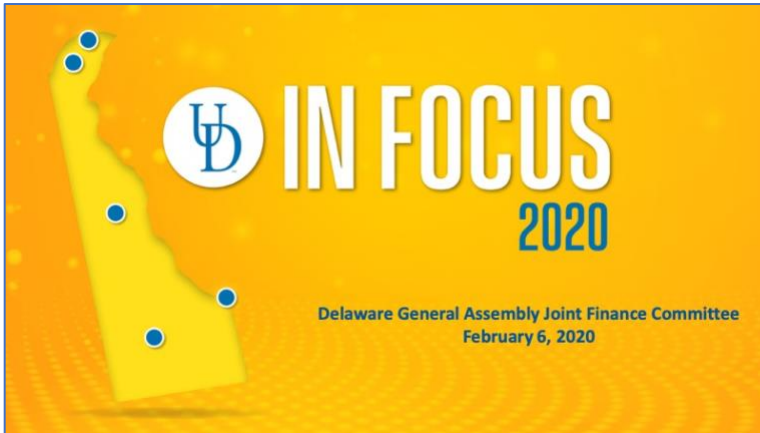
- Governor's Recommendation — +\$2.5M

Enabling operational excellence

- Governor's Recommendation — +\$2.2M

As you can see, the state's appropriation is an excellent investment that benefits Delawareans and helps to address both its short- and long-term needs.

Thank you for your time and attention this afternoon, and we'll be happy to answer any questions you might have.



**UD IN FOCUS**  
**2020**

Delaware General Assembly Joint Finance Committee  
February 6, 2020

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