

University of Delaware presentation to OMB — Nov. 9, 2021

President Dennis Assanis


Good afternoon, Director Cade and other members of the OMB staff. Thank you for this opportunity to discuss the University of Delaware's operating and capital budget appropriation requests for FY23. We appreciate your time and attention today.

I have with me Provost Robin Morgan, Executive Vice President and Chief Operating Officer John Long, our Vice President of Strategic Planning and Analysis Mary Remmler, as well as our Dean of our College of Education and Human Development, Gary Henry, and our Dean of the College of Health Sciences, Kathy Matt. We also have other members of our team available so they can help answer any specific questions you might have.


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 have provided. This is especially true over the past year and a half, as we have all dealt with unprecedented challenges to the health of our communities and the financial stability of our institutions. State support has been absolutely invaluable to the University of Delaware.

Before we get into the details of our appropriation requests, I want to provide a very brief update on how the University is managing the myriad challenges that have arisen because of the COVID-19 pandemic.

Prioritizing the community's health and safety



- Vaccinations**
 - 91% of students fully vaccinated
 - 91% of employees fully vaccinated (92% of those on campus in last 7 days)
- Testing**
 - >100K surveillance tests since Sept. 2020; ~2,900 tests per week now
 - Required weekly for unvaccinated students
 - Positivity rate generally <1% for surveillance tests
- Daily Health Check**
 - ~7,500 students, ~4,000 employees, ~900 visitors per weekday
- Masking**
 - Required for indoor common spaces, outdoors when 3' distance not possible
- Events policy**
 - External visitors required to provide proof of vaccination or negative PCR test within past 72 hours
 - New digital Visitor Events Health Pass created and launched
 - Exemptions considered for small outdoor events
 - Masks, distancing and Daily Health Check required

 UNIVERSITY OF DELAWARE

As always, protecting the health and safety of our students, faculty, staff and visitors is our top priority.

Since September 2020, we have conducted more than 100,000 COVID tests on campus through our surveillance program. We run those tests with our own staff in our own laboratory,

and this effort has cost us more than \$5 million in supplies and labor. The good news is that right now, less than 1% of these tests are coming back positive, which we see as evidence that our multi-layered mitigation strategy is working.

A big part of that strategy is the requirement that students, faculty and staff be vaccinated against COVID, unless they have a documented medical or religious exemption. For students who cannot be vaccinated, we require weekly testing.



This has allowed us to resume much more normal campus operations this fall.

This year, 85% of our undergraduate classes and 71% of our graduate classes are either fully in-person or a blend of in-person and online, compared to only about 10% last year. Our residence halls are now fully occupied, and in-person events have largely returned, compared to a very different situation last fall.

As we look ahead to future academic years, I think you'll see our mix of online and in-person classes look very close to what you see here. Students like the flexibility of online classes, and online classes allow us to reach far more students where they live, including right here in Delaware.

But I'll also say that UD will continue to be a *primarily* face-to-face university. Students come to UD because they want the in-person campus experience that we provide.


Managing the pandemic's multi-year budget impact

Cost-saving measures:

- Reduced expenditures due to COVID-related restrictions on spending
- Hiring freezes, reductions in force and salary freeze
- Use of reserves and one-time external funds



Lingering impacts:

- Expense of COVID-19 testing and other safety measures
- Lower student enrollment in 2020-21 carries forward until at least 2024



FY2022 projection:

- Operating deficit, possibly \$30M, depending on enrollment and trajectory of pandemic

The pandemic has also had a significant impact on the University's financial situation.

We've had to implement a series of one-time and ongoing cost-saving measures to help mitigate our higher expenses and lower revenues. These steps — along with the \$32 million provided by the state in federal COVID-relief funds, for which we are very grateful — have been necessary to stabilize our finances.

But the effects of the pandemic on our budget continue to linger. We still have significant expenses related to COVID testing and other safety measures, while the drop in enrollment we experienced last year will stay with us at least until that group of students graduates in 2024.

For the current fiscal year, we expect to see a deficit in our operating budget — possibly as much as \$30 million, depending on the trajectory of the pandemic and other factors.

Yet, as our state and nation continue to emerge from the pandemic, we also see the compelling need to grow and strengthen the role the University plays in enhancing social mobility and increasing access to an affordable education for Delawareans. Our appropriation requests this year are focused on providing additional educational resources and economic opportunities for Delawareans, through increased scholarship support and expansion of the Associate in Arts program to strengthen the pathway to a bachelors' degree, and providing advising and tutoring support to students to ensure their success.

A bachelor's degree is still the best way to increase social mobility of our population, with [bachelor's degree holders earning \\$32,000 a year more than those with only a high school degree](#). This is where we need your help since Delawareans are showing increased financial need due to their families' pandemic-related financial challenges. As UD continues to expand access to underserved populations, our costs have increased significantly. UD is projected to spend \$7.5 million more in FY22 for financial aid for Delaware-resident students over FY21, an

average increase of \$900 per resident student, while only receiving an additional \$1.1 million in scholarship allocation from the state to offset this increase.

Requests to expand educational resources, opportunities
FY2023 Operating Appropriation — \$145.9M, increase of \$18.3M


- Increasing financial aid for Delawareans — \$4.7M
- Expanding the Associate in Arts Program — \$1.4M
- Addressing the academic impact of COVID-19 — \$3.4M
- Expanding the number of graduates in healthcare and education — \$8.8M

FY2023 Capital Appropriation — \$61.3M

- Funding to help construct Building X, an interdisciplinary science facility — \$41.3M
- Addressing the backlog of maintenance in teaching and research labs — \$20M

FY2022 Higher Education Economic Development Investment Fund

- Funding to help construct Building X, an interdisciplinary science facility — \$41.3M (duplicate)
- Providing high-performance computing equipment for the FinTech Hub — \$5M
- Enhancing instrumentation at new Delaware Biotechnology Institute facility — \$2.6M



For our operating appropriation, we are requesting resources to make a UD education more affordable and accessible for Delaware families by enhancing our financial aid program and expanding our Associate in Arts Program. We are looking for funding to enable students to complete a bachelor's degree, similar to the support that the state provides for the INSPIRE program for Delaware State University.

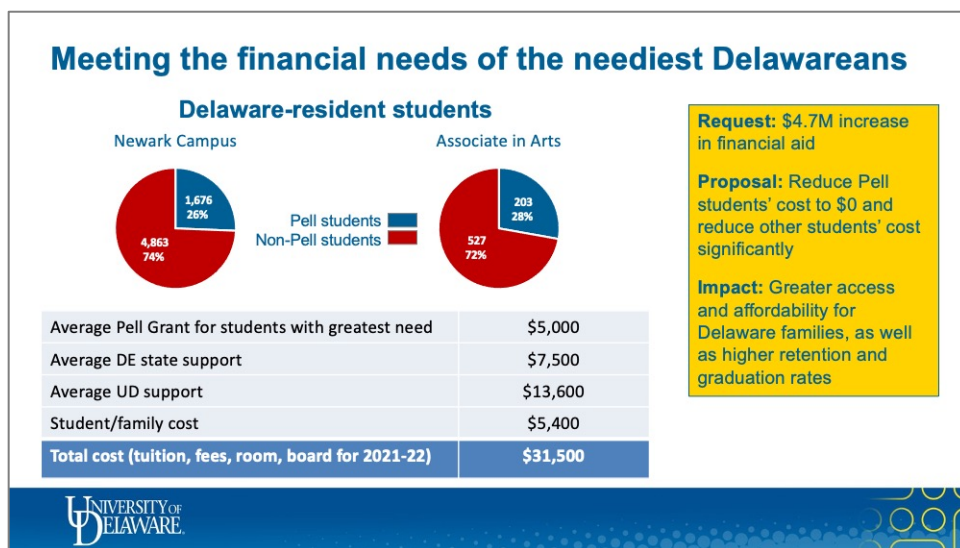
We are also seeking to help more Delawareans graduate on time by strengthening our academic advising, career counseling and student life programming. We anticipate that many new students coming to UD over the next few years will need this additional support because of the impact of the pandemic on their high school learning experiences. And we are concerned that this learning loss will particularly impact students from underrepresented minority, first-generation and low-income populations.

Also, we want to partner with the state to invest resources in the College of Education and Human Development and the College of Health Sciences to graduate 100 more educators and 345 more healthcare workers each year. These two areas of the workforce have been experiencing shortages for some time, and the pandemic made it worse. Delaware needs more workers in these fields, and UD can help.

For our capital appropriation, we are requesting assistance to help pay for a new interdisciplinary science facility at the heart of our Newark campus to replace McKinly Lab, which has been out of commission since a serious fire in 2017. And as we have in the past, we are requesting capital funding to help address a backlog of maintenance projects in our teaching and research laboratories.

Finally, we are including in today's presentation some information about our request from the Higher Education Economic Development Investment Fund for the current fiscal year. We need to fit-out both the FinTech Hub, which is nearing completion on our STAR Campus, and the Delaware Biotechnology Institute's new facility on the STAR Campus.

We included a funding request for the McKinly Lab replacement under the HEED Investment Fund, as well, so that you may consider the best vehicle to provide that assistance.



ITEMIZATION OF BUDGET REQUESTS

Operating Appropriation Requests

(i) Increase in Financial Aid for Delawareans

The first part of our operating appropriation request is for a \$4.7 million increase in financial aid for Delawareans, particularly those from low-income, first-generation and under-represented minority families. Many of these students qualify for federal Pell grants, which go to the neediest students; those grants cover about 16% of the cost of education for low-income Delawareans, with the state providing resources to cover another 24%. UD covers about 43%. That leaves 17% — or about \$5,400 — for the student each year. For many families in this situation, that financial obligation presents an obstacle that is simply too high to overcome.

The pandemic presented additional challenges, since many families saw their incomes decrease because of job loss or a cut in working hours. We are grateful that the one-time Higher Education Emergency Relief fund was able to help so many students pay for tuition, housing or food costs during the pandemic. At this point, though, no additional external funds are expected, so we need to find other ways to providing this crucial financial support to our students.

With your help, we want to bring Pell students' financial obligation to zero. We also want to significantly reduce the obligations for students who need some financial help but don't qualify for Pell Grants. This effort would be ramped up over a four-year period, starting with our current students and then adding each new freshman class.

If we don't help these Delawareans, they lose the opportunity to get an education at UD ... and our *whole* state misses out on the economic and social contributions that they, as UD graduates, make over their lifetime.

Building on the successful Associate in Arts Program



- Our AAP students**
 - 28% Pell
 - 19% low-income
 - 35% first-gen
 - 36% URM
- AAP's pathway**
 - 61% earn AA within 3 years
 - 88% of completers transition to Newark campus
 - 78% of those students earn bachelor's degree

Request: \$1.4M increase in base funding

Proposal: Support new AAP space and programs in Wilmington, plus upgrade programs in Dover & Georgetown

Impact: Greater access and support programs to build engagement, leading to higher retention and graduation rates



(ii) Expansion of Associates in Arts Program

We are also requesting \$1.4 million to help expand our Associate in Arts Program, which serves a high number of Delawareans from low-income, first-generation or underrepresented minority populations.

This program provides a very successful pathway for Delawareans to get a UD bachelor's degree. AAP students are fully UD students who take classes taught by UD faculty in Wilmington, Dover or Georgetown. More than 60% of them earn their associate's degree within three years, which is nearly double the national average. Almost nine out of 10 students then transition to the Newark campus, where *all* their credits are accepted. And 78% of *those* students go on to earn their bachelor's degree.

Over the past decade, more than 2,000 Delawareans have started their education as AAP students and then earned their bachelor's degree in a variety of fields.

Tuition is significantly lower for AAP students, and if they qualify for the state SEED scholarship, then the first half of their bachelor's degree is virtually free.

Now we are working to build on the successes of this program. You see here several photos of our new space for AAP students in the Community Education Building in downtown Wilmington. We have about 50,000 square feet on the 8th and 9th floors, which is more than double our previous space. There are 14 classrooms and a science lab on each floor. We also have space to provide enhanced services and programs to better support our AAP students and help them build a stronger Blue Hen identity that we expect will increase their retention and graduation rates.

Our request for an increase in base funding for AAP will support this new space and new services in Wilmington, as well as upgrade our programs in Dover and Georgetown.

We also continue to pursue new partnerships with Delaware State University and Delaware Technical Community College, and we are creating new pathways for students to pursue four-year degrees in engineering, health and other fields. Some students could even start their degree through UD's Early College Credit Program, which allows Delaware high school students to earn a whole semester of UD credits while taking online courses alongside UD students.

These measures have the potential to open new doors for so many Delawareans, and we need your support to make the most of this opportunity.

Supporting the academic needs of Delawareans

Request: \$3.4M to respond to academic challenges related to COVID-19 pandemic

Proposal: Over the next two years, increase tutoring support and add:

- 10 academic advisors
- 20 learning specialists
- 5 career counselors
- 5 student life and co-curricular staff

Impact: Greater academic and co-curricular support for students, especially those from disproportionately affected populations





(iii) Mitigation of Learning Loss Due to COVID

The third part of our operating request is for \$3.4 million to directly respond to the academic challenges imposed by the pandemic.

As we all know, the past two years have been difficult for students at all levels, from pre-K through high school. In many Delaware families, students didn't have computer access or had to share computer time with their siblings. Many students couldn't get the academic


support or other services that they needed. And families struggled financially, forcing them to prioritize basic needs instead of saving for college.

Those challenges will have a lingering effect on students coming into UD for at least the next several years.

Fortunately, we know what can help them: advising services, tutoring, student life programming, career guidance. We already provide these services, and we've seen how these measures help students stay on track to graduation and then succeed in the workplace.

But now we need to scale up these services. We are requesting funding to provide our students with more academic advisors, learning specialists, tutors, career counselors and student life support staff. Ramping up these services will have the additional benefit of raising the retention and graduation rates of many of our first-generation, low-income and underrepresented minority students, which is an important priority for us and for the state.

Expanding capacity in key academic areas: Education




Request: \$1.5M to expand capacity to graduate more teachers

Proposal:

- Create a program to certify middle-grade teachers and prepare/certify more special education, English learner and early childhood teachers
- Expand the Teacher Residency Program
- Create a Delaware Teaching Fellows Program to recruit new Delaware students, provide financial support and forgive their loans if they teach in high-needs Delaware schools

Impact: 100 additional teachers per year to help address Delaware's teacher shortage



(iv) Expansion of High-Needs Workforce

Our final operating request has two parts, the first of which is for \$1.5 million to help address Delaware's chronic shortage of teachers. This funding would enable UD to implement three initiatives.

First, we plan to create a program to certify middle-grade teachers, as well as prepare and certify teachers in special education, English learning and early childhood education.

We also want to expand our successful Teacher Residency Program. This is a "grow your own" program where districts hire the teacher candidates who are already serving residencies in their schools.

And we want to create a Delaware Teaching Fellows program to recruit the most qualified high school seniors in the state and provide financial support to prepare them to become excellent teachers here. If they teach in a high-needs Delaware school, their education loans are forgiven.

These initiatives are in addition to the creation of a 4+1 teacher-preparation program and expanded course offerings to help students graduate sooner. By investing in the faculty and staff to support all these measures, we expect to graduate an additional 100 teachers a year.


Expanding capacity in key academic areas: Healthcare


Request: \$7.3M to expand capacity to graduate more workers in high-needs health sciences

Proposal:

- Add faculty and staff to increase the number of graduates in high-needs health science professions
- Working with Beebe and Bay Health to increase number of clinical placements in southern Delaware

Impact: 40 epidemiologists, 20 nurse practitioners, 80 nurses (MSN), 75 nurses (RN to BSN), 30 accelerated nursing graduates, 45 undergraduate medical/molecular science grads, 30 graduate medical/molecular science grads, 25 speech pathologists





The second part of this request is for \$7.3 million to add faculty and staff to increase the number of students graduating in nursing, epidemiology, speech pathology, and medical and molecular sciences. We are already working with Beebe and Bay Health to increase the number of clinical placements in southern Delaware.

With an aging population in Delaware, the need for healthcare workers is only increasing. It's imperative that we invest now to not only address near-term shortages but also prevent an even more serious situation down the road.

Understanding, treating & preventing disease

Request: \$41.3M to fund ¼ of construction of Building X

Proposal: Construction of an interdisciplinary science facility focusing on human disease, neuroscience and human behavior

- 4 teaching labs, serving >1,000 students/year
- Home to 48 research scientists

Impact: Preparing students in STEM, healthcare, mental health and biomedical fields





Capital Appropriation Request

This brings me to the University's capital appropriation request for FY2023.

Simply put, UD students need modern facilities to adequately prepare to become the workers, leaders and productive residents that our state needs in the future.

As I mentioned earlier, our primary capital request is for \$41.3 million to help pay for a new interdisciplinary science building to replace McKinly Lab. We don't have a name for this facility yet — we're calling it Building X for now — but we have a very clear vision for what this building needs to be.

In the past, many academic buildings were divided along clear lines: The Chemistry Department had their space, the Biology Department had theirs, and there wasn't a lot of cross-pollination between them. It's quite different today. We want students and faculty to move seamlessly across the academic landscape. It helps them connect knowledge and ideas from multiple disciplines, and it yields far more creativity and innovation than the days when people just stayed in their siloes.

So, Building X is designed to enable and promote this kind of interdisciplinary learning and discovery. It will be organized around themes, not departments. It will feature state-of-the-art research facilities for 48 scientists and four teaching labs serving more than 1,000 students a year. Research will focus on the biological basis of human disease, neuroscience and human behavior. We expect to make significant advances in biotechnology, biopharmaceuticals, and the treatment and prevention of disease, especially in the area of adolescent mental health and the issue of racial disparities in clinical patient care.

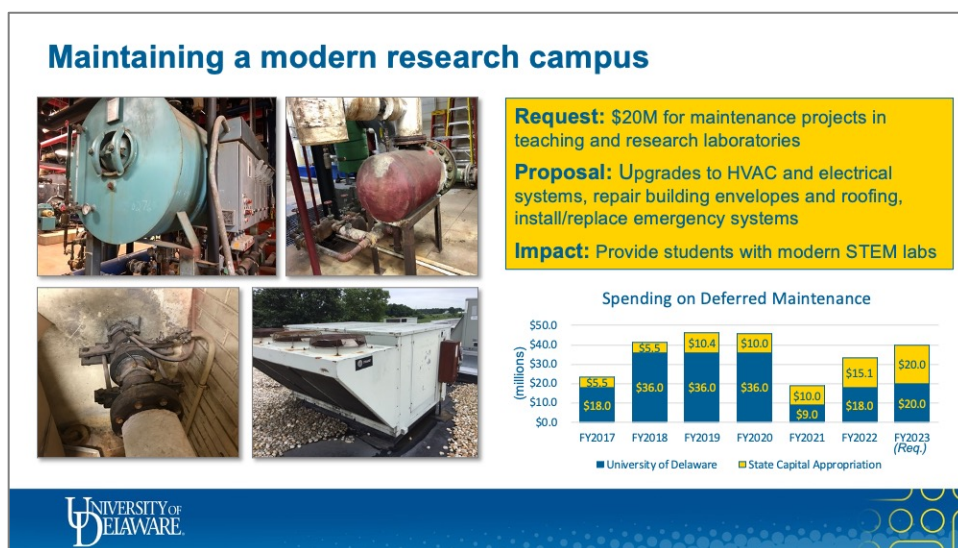
Building X will also enable exciting research partnerships with Delaware State University. It will be a tremendous asset in educating the next generation of healthcare scientists, mental

health professionals, biomedical workers and others — the kind of workforce that our state needs to help Delawareans live longer, healthier lives.

We anticipate that Building X will cost about \$165 million, which includes the higher expense of paying prevailing wage. It has been nearly 30 years since the state provided substantial funding for a laboratory building on the Newark campus. Therefore, we are requesting \$41.3 million to cover about a quarter of the cost of Building X; the University will pay the remainder through our own revenue and philanthropic sources.

We understand that this amount is significantly more than our typical annual appropriation, so we would be happy to discuss how to spread that cost over a couple of years.

We have also submitted the same request related to Building X through the FY2022 Higher Education Economic Development Investment Fund, so state support for this project could come from multiple sources.



Even as we anticipate the Building X project, we are also looking at a long list of deferred maintenance projects throughout the University. We are requesting \$20 million for projects in our teaching and research labs.

UD has more than 460 buildings statewide with an average age over 60 years old. In five large research facilities — Sharp Lab, Spencer Lab, Colburn Lab, DuPont Hall and the Composite Materials Center — we are looking at \$110 million in deferred maintenance. Five of our classroom buildings — Willard Hall, Penny Hall, Mitchell Hall, Old College and the Amy DuPont Music Building — need about \$52 million worth of work. The Morris Library alone has a list of \$45 million in deferred maintenance projects.

In many of our laboratories, we need to upgrade HVAC systems to accommodate specialized lab equipment, repair building envelopes and roofing systems, upgrade electrical systems, and install or replace emergency generators, fire alarms and fire-suppressant systems.

Before the pandemic, we had been steadily chipping away at this backlog. Beginning in FY2018, we doubled our annual budget for deferred maintenance from \$18 million to \$36 million, and we have been grateful that the state also increased its capital appropriation to UD to assist us in that effort.

We temporarily reduced our own deferred maintenance spending to \$9 million a year during the pandemic, but we've now returned to \$18 million a year with a goal of reaching \$36 million a year in FY2023.

Supporting innovation with the HEED Investment Fund	
	
Request: \$5M for FinTech Hub at STAR Campus Proposal: Provide high-performance computing equipment to support research & teaching Impact: Grow/attract fintech jobs & companies	Request: \$2.6M for Delaware Biotechnology Institute's new facility at STAR Campus Proposal: Enhance research instrumentation Impact: Grow/attract life-sciences jobs & companies

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Higher Education Economic Development (HEED) Investment Fund Request

Finally, I want to briefly outline our FY2022 request from the Higher Education Economic Development Investment Fund.

In addition to the request related to Building X that I already mentioned, we are seeking state support for two important projects at the STAR Campus.

First, the FinTech Hub that is nearing completion needs \$5 million to provide high-performance computing equipment that will support research and teaching in data-related disciplines. These resources are essential in developing a highly skilled workforce in the financial-technology sector, as well as the creation of new intellectual property, new companies and new jobs.

The FinTech Hub is the result of a partnership among UD, Delaware Technology Park and Discover Bank, and it will be a centerpiece of Delaware's strong and growing financial-

technology sector. Our state already has the highest concentration of financial-services jobs in the United States, and the Milken Institute ranks Delaware as seventh in top-technology states in the nation.

We expect that about 110 jobs will be created at the FinTech Hub, which will then be leveraged to expand our academic programs and attract more financial-technology companies to Delaware. It will also help address chronic disparities in financial health nationwide by developing ways to build wealth and credit in low- and moderate-income and minority communities, as well as support underrepresented entrepreneurs and develop new educational pathways to fin-tech jobs.

The other project that needs support from the HEED Investment Fund is the Delaware Biotechnology Institute, which recently expanded and moved its core research facilities to the new Ammon Pinizzotto Biopharmaceutical Innovation Center on the STAR Campus. We have requested \$2.6 million to enhance DBI's instrumentation facilities, which are open to all Delaware research scientists — both academic and corporate — and support education and training for students and teachers from the kindergarten to the post-doctorate level. Funding would also provide fit-out for DBI's virtual-reality room to support scientific collaboration, education and workforce training using immersive experiences.

With these investments, Delaware Biotechnology Institute will be able to continue its leading role in supporting the state's growing life-sciences sector.



As you can see, our operating and capital appropriation requests for FY2023, as well as our HEED Investment Fund requests for FY2022, all support our goal of providing Delawareans with the educational resources and economic opportunities that our state needs right now. Through our partnership, Delaware can emerge from the COVID-19 pandemic stronger and more resilient than before.

Again, thank you for your time and attention today, and we would be happy to answer any questions you may have.

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