

Joint Finance Committee hearing — Feb. 7, 2018

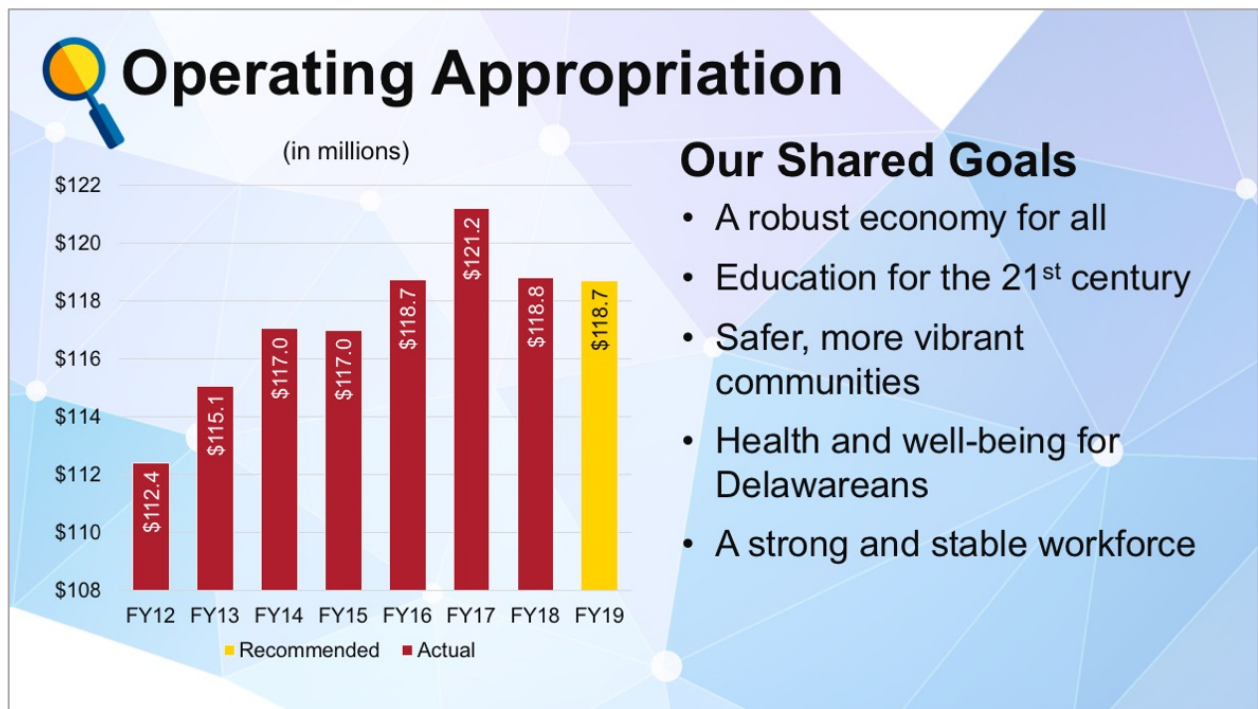
President Dennis Assanis — As prepared for delivery



Senator McDowell, Representative Smith and the other members of the Joint Finance Committee ... good morning, everyone.

Let me begin by thanking Representative Smith and Senator Bushweller for their service to our state as distinguished members of the General Assembly. You have a tough job, but you've served with integrity and dedication in order to make this a better state. Thank you.

And thank you all for this opportunity to discuss the state's investment in the University of Delaware for Fiscal Year 2019.



Let me begin by saying we are grateful for the state’s investments in UD in previous years, and we thank Gov. Carney for recommending a \$118.7 million appropriation for UD in FY19.

Your investment in the University benefits *every* Delaware student at UD and supports our excellent professors and their world-class research programs.

And the *impact* of your investment extends *far beyond* our campus to touch every Delawarean today and in the future. Every dollar you invest in UD comes back to the state economy as more than \$14 in wages, helping to create a \$6.2 billion impact in Delaware.

Through the University, you’re supporting the entrepreneurs and innovators who will drive tomorrow’s economy. You’re helping us educate the men and women who teach Delaware’s children ... who care for Delaware’s sick and elderly populations ... who heal and strengthen Delaware’s troubled neighborhoods.

By investing in UD, you’re helping to build a strong and stable workforce for our state. Some 50,000 UD alumni live in Delaware — raising families, working in the public, private and nonprofit sectors, and contributing to the vibrant society we all enjoy.

In short, investments in UD help Delaware achieve every one of the priorities that Gov. Carney outlined in his State of the State address last month.

As Gov. Carney said, investments in people and facilities are essential to creating and securing a strong future for our state. We couldn’t agree more. UD has ambitious goals, and we have ambitious plans to reach them. We’re investing heavily in the success of Delaware students and

in the economic health of the state. We're proud to be your partners in this effort, and we look forward to working with you this year and in the years ahead.

We've brought along several people today who will be happy to answer any specific questions you might have.

Let me take a moment to introduce one of them: our interim provost, Dr. Robin Morgan. Dr. Morgan has been on the UD faculty for 32 years and most recently chaired our Department of Biological Sciences. She served for 11 years as dean of the College of Agriculture and Natural Resources, and she works closely with Delaware's poultry industry.

Dr. Morgan, would you say a few words?

[MORGAN] Thank you, President Assanis. I just want to say that I'm glad to be here with all of you today.

Delaware has been my home for more than 30 years, and I've worked with farmers and businesses and people throughout the state. I've seen first-hand the tremendous impact that UD research and service has on Delaware; it's made our state and our economy stronger and more resilient. As you know, the poultry industry is incredibly important to our state, and I'm proud of the work we've done to make it healthier and more productive.

With your help, there is even more we can do, and I look forward to working with you to strengthen and grow this partnership between the state and the University.

Thank you.

[ASSANIS] Thank you, Dr. Morgan. Let me echo Dr. Morgan's comments and say that, during my time in Delaware, I've been impressed by the collaborations I've seen throughout the state.

One unique strength of Delaware is the level of cooperation among our institutions of higher education. UD enjoys great partnerships with Delaware State, Delaware Tech and Wesley College on a broad range of initiatives, from education to research to workforce development.

While we each have different needs and different resources relative to our size, we all share the goal of creating a better future for Delawareans. As you consider the FY19 operating budget, I ask you to make significant investments in all Delaware institutions so we can continue helping the state.

As we've seen over the past year, the partnership between UD and the state has been an essential element in promoting our students' success and Delaware's economic development. Together, we've taken important steps toward a more secure future.



Engagement & Partnerships



DELAWARE
INNOVATION SPACE

- 75% occupied
- 8 companies
- 160 high-paying jobs



For example, the state, UD and DuPont opened the Delaware Innovation Space Inc. at the DuPont Experimental Station in April. It's already about 75% occupied, with eight companies and more than 160 high-paying jobs.

These companies — and others — recognize the advantages of partnering with a top-tier research university like UD. They need the discoveries, the innovations and the bright minds that universities provide. It's no coincidence that every region of the country that's thriving has at least one major research university fueling its economy.



Engagement & Partnerships



Chemours Discovery Hub

- \$150M research & innovation facility
- 312,000 sq. ft.
- 330 jobs retained
- Partnership with UD: Research, innovations and internships
- Completion: 2020

That's a significant reason Chemours chose to locate its new research and innovation facility at UD's STAR Campus.

When it's finished in about two years, the Chemours Discovery Hub will help keep 330 researcher and technician jobs in the area. Our Engineering and Lerner business students — among many others — will also benefit from research and internship opportunities at Chemours, helping to feed the pipeline of talented innovators who will drive Delaware's economy in the future.



Engagement & Partnerships

Biopharmaceutical Innovation Building

- 200,000 sq. ft.
- Home to NIIMBL — Potential creation of 1,500-2,000 jobs in Del. over next decade
- Developing next-generation medical treatments
- Completion: 2020



We're also very excited about the opportunities for our students and the entire state in our new Biopharmaceutical Innovation Building on the STAR Campus.

Biopharmaceuticals are a new field of medical research with the potential to cure some of the most devastating diseases. Students in our Engineering and Health Sciences colleges — as well as those in business, public policy, human development and other areas — will see enormous benefits from working with researchers and practitioners in biopharmaceuticals.

About a quarter of the building will be the headquarters of the National Institute for Innovation in Manufacturing Biopharmaceuticals, or NIIMBL. UD is leading NIIMBL in a nationwide effort to develop better, more efficient ways of producing these medicines. Working with our public and private partners, we could see the creation of 1,500 to 2,000 jobs over the next decade in Delaware's biopharma industry — everyone from skilled technicians to PhD researchers.



Engagement & Partnerships



STAR Tower

- 120,000 sq. ft.
- Health Sciences research & teaching
- Nursing — State-of-the-art learning lab and interactive studio
- Completion: 2018

One of our most exciting developments is the construction of the STAR Tower on the STAR Campus.

In the STAR Tower, our nursing students will benefit from a state-of-the-art learning lab and interactive studio that connects them with instructors, clinicians and patients. Nursing is, by far, one of our most popular programs, and we're always finding ways to improve it. So we're combining teaching and research with authentic learning and hands-on problem-solving experiences. It's a model has helped make our Physical Therapy program the best in the country.



Engagement & Partnerships

STAR Campus

An Economic-Development Engine

- 632,000 sq. ft. of new construction, plus Newark Regional Transportation Center
- About **1,300 construction jobs**
- Part of \$900M in capital spending by UD since 2007



The rapid growth of the STAR Campus is exciting for UD and the entire state. With the STAR Tower, the Biopharma building and the Chemours Discovery Hub, we're seeing about 632,000 square feet of new construction taking place right now. That work is supporting about 1,300 construction jobs, which provide good wages and benefits for Delaware's families.

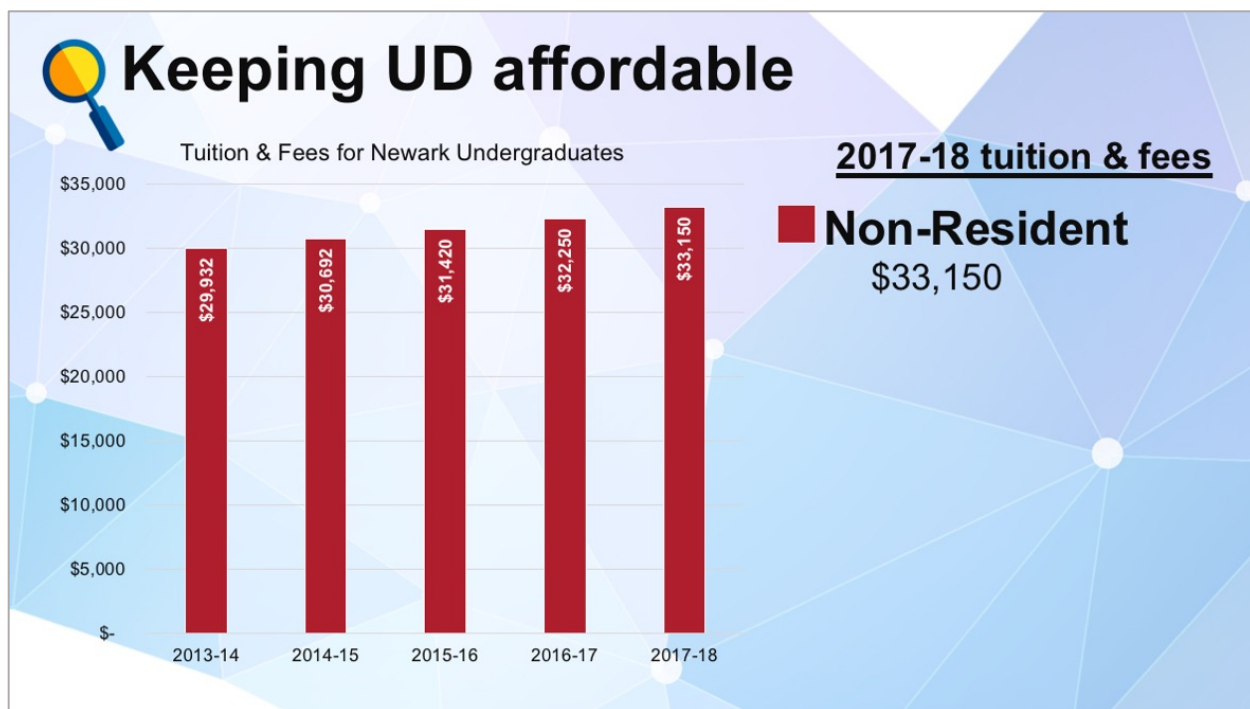
In fact, since 2007, UD has invested more than \$900 million in capital projects in Newark as well as Dover, Wilmington, Georgetown and Lewes. It's difficult to think of any private or nonprofit entity that has invested more than UD in the past decade.

The Newark Regional Transportation Center — which is also under construction, thanks to the state's leadership — will further strengthen connections within the region. As the STAR Campus grows, it's going to bring even more companies, more researchers, more entrepreneurs and more jobs.

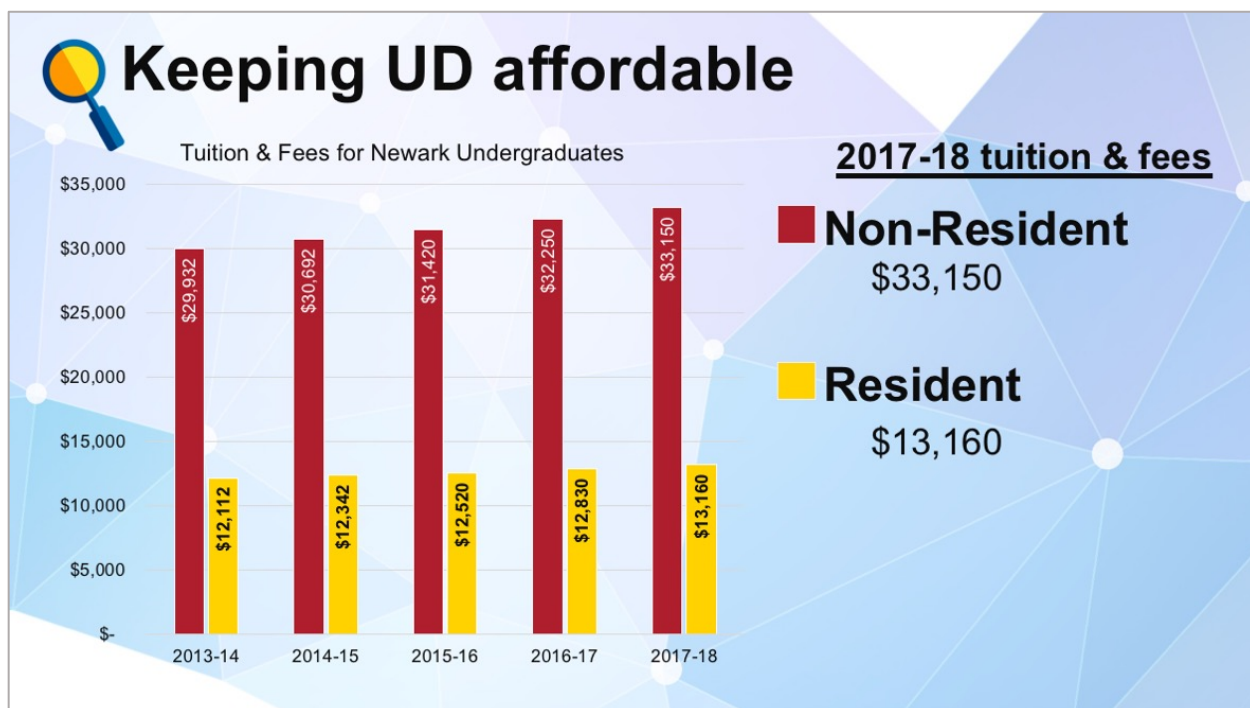
We've formed many other partnerships and made a lot of other enhancements to our health sciences and human services programs to benefit our students and the state. While too numerous to list here, we've provided additional information about many of these initiatives in your information packet.

At the heart of all these partnerships are UD students. And it's essential that UD remains affordable and accessible for them.

That's especially true for Delaware residents, who pay substantially less than non-residents.



You see here our tuition and fees for **non-residents** going back to 2013, as well as the cost for this academic year.



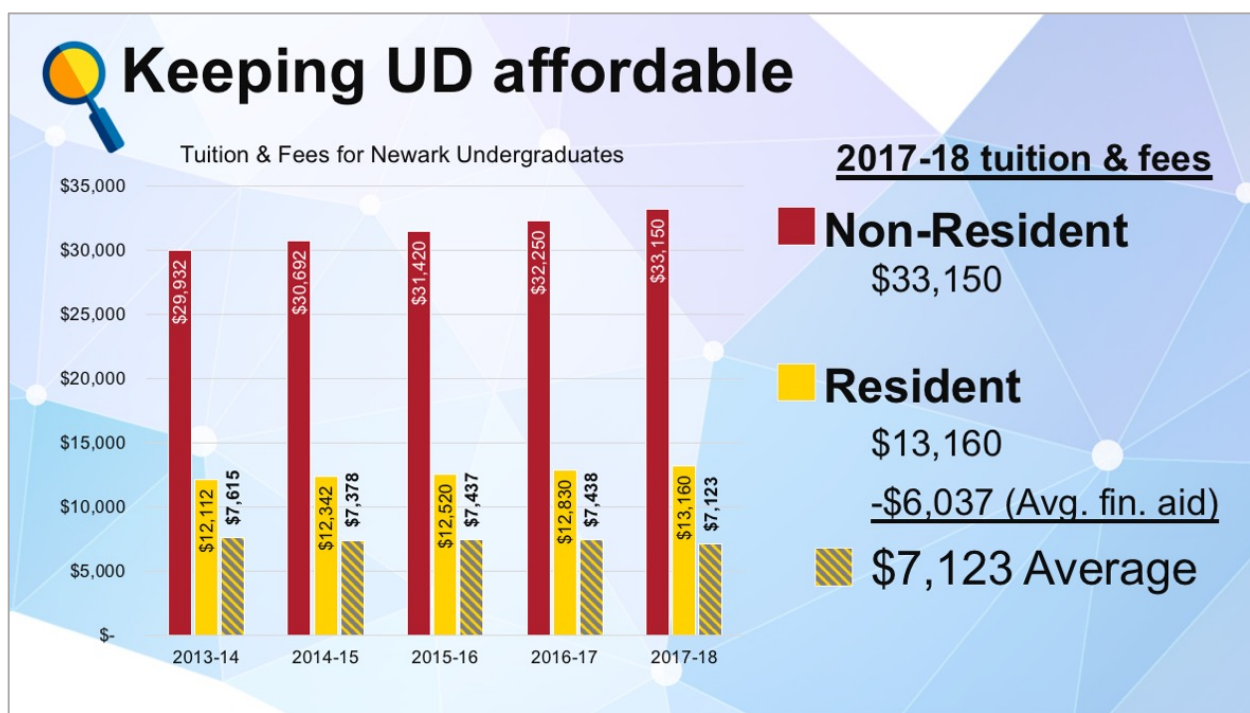
And now the yellow column is tuition and fees for **Delawareans** during the same period. You'll notice a couple of things. The first is that Delawareans pay about **60% less** than what non-residents pay. That's largely because of the state's operating assistance.

You'll also notice that while both rates rise over time, they rise much more slowly for Delawareans.

Our costs rise every year due to many of the same factors driving the state's expenses, especially health care and facilities. As you know, UD absorbed a large and unexpected hit to our health-care costs last year. And, as I mentioned, we are devoting more resources to financial aid to help the growing number of low-income students who are coming to UD.

We don't like raising tuition, but we try very hard to lessen the impact on students, especially those from Delaware.

Now, these figures are what we call the "sticker price" for tuition and fees — these are the published rates. But the cost is reduced even further for resident students because of financial aid through UD's Commitment to Delawareans and other sources — based on both family income and a student's academic achievements.



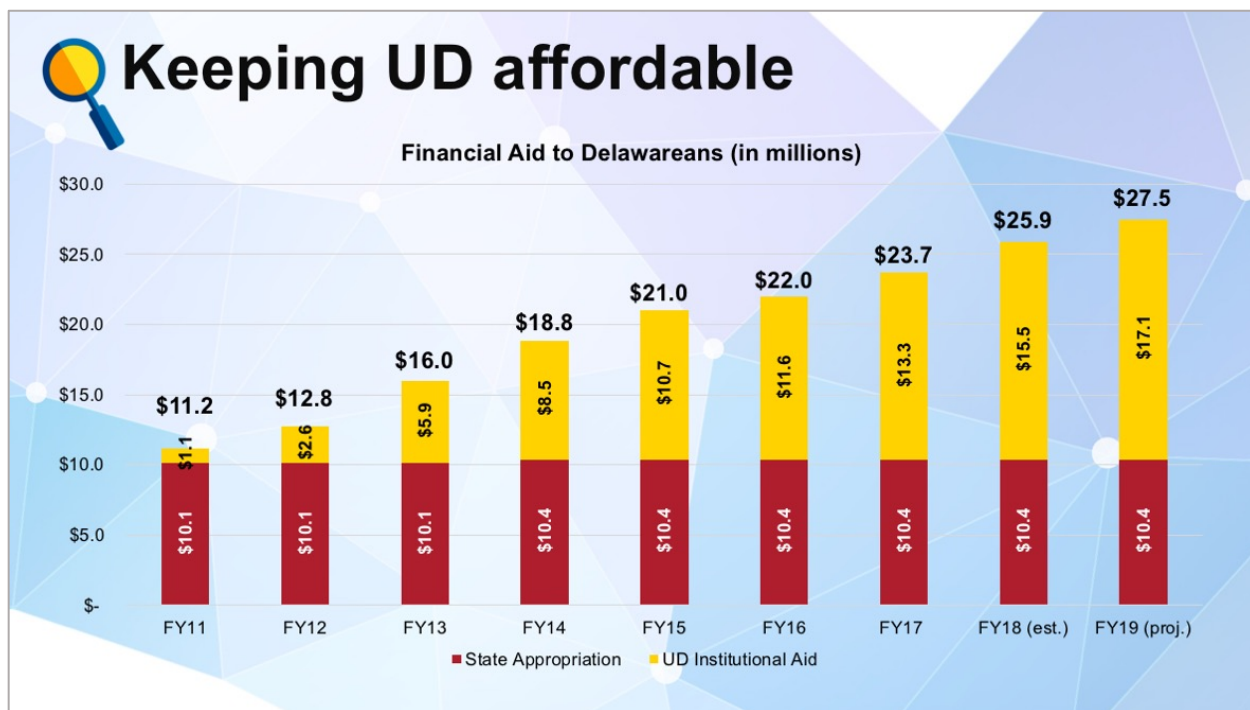
Here you see the average net cost for Delawareans **after** we apply financial aid. Those are the little columns way down at the bottom of the graph.

And for this year, the average net cost for a Delaware student is \$7,123.

That's a **decrease** of about 6% since 2013 — without adjusting for inflation.

And this is the result of scholarships and grants from UD, the state and federal sources — money that doesn't have to be paid back by the student.

This is what I mean when I say we're absolutely committed to keeping UD affordable for the residents of our state.



The University has increased its commitment to financial aid year after year.

Since 2011, UD has invested more than \$69 million in institutional aid to help Delaware families cover tuition at UD. Next year, we anticipate investing about \$17 million — in addition to the \$10.4 million you provide — to continue strengthening and diversifying our academic community.

So the **state's** investment in UD is an investment in every Delaware student in our classrooms.

As we continue to enroll a high number of Delaware students, we want to make sure they can graduate on time. Many students benefit from our very successful Associate in Arts program.



Associate in Arts Program



AAP-Georgetown — Preparing for Beebe's Rollins School of Nursing

The AA program provides extra academic support and guidance to help students earn their bachelor's degree on time.

Beginning this year, the AA program provides a low-cost pathway to UD's excellent bachelor's degree in nursing, thanks to a collaboration with Beebe Healthcare's Rollins School of Nursing. This is important, because the bachelor's degree has become the standard in the nursing field.

Students in a variety of other fields also use the AA program to start their UD education.



Associate in Arts Program



Nadisha Downs

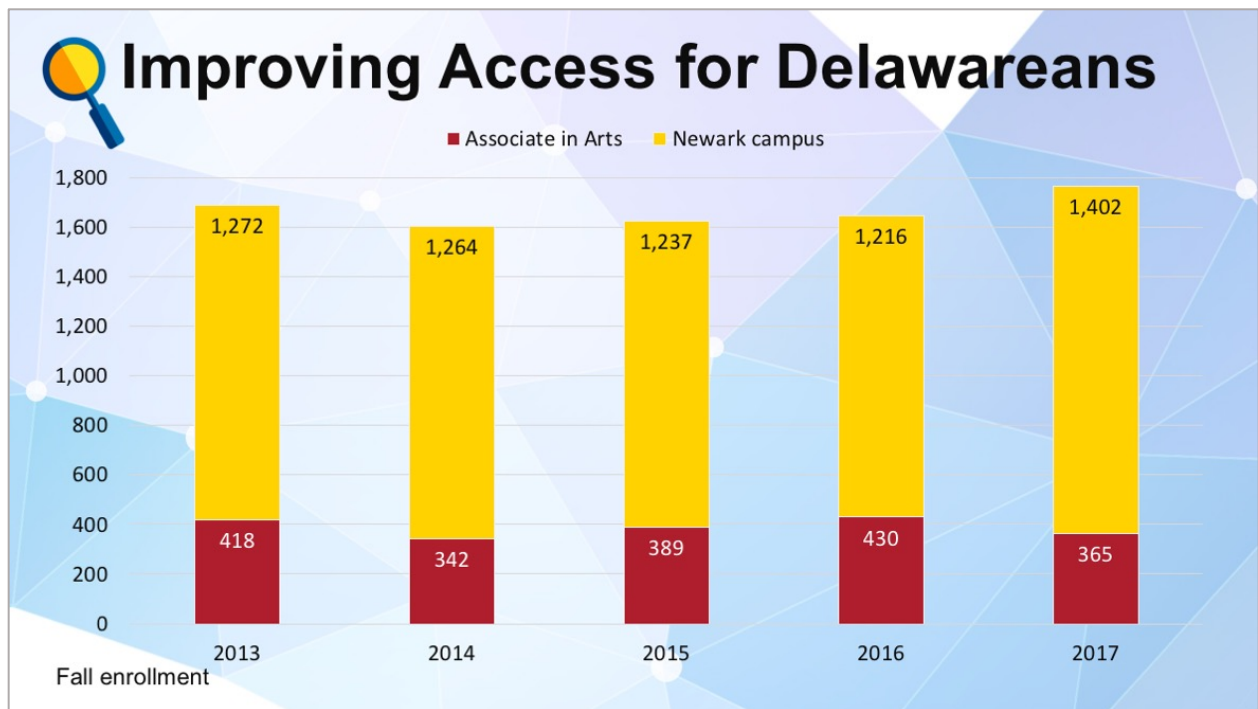
- Pencader Charter High School, 2013
- UD Associate in Arts program
- UD Bachelor's in Human Services, December 2017
- Case manager for former foster care youth, West End Neighborhood House

One of them is Nadisha Downs, who just graduated with her bachelor's degree in Human Services. Nadisha grew up in Wilmington and wanted to help her community, so she conducted research on the involvement of young African-American fathers in urban areas. Last year, she was chosen to present her research at a global conference in South Africa.

Nadisha is now working as a case manager for former foster care youth at West End Neighborhood House in Wilmington. Thanks to the AA program, Nadisha is able to apply her UD education in service to her community.

And thanks to SEED, the state's scholarship program, the AA program can be essentially *free* for students who qualify.

Let me pause here to express our gratitude to Senator McDowell for his leadership and foresight in spearheading the creation of the SEED program. It has been incredibly successful for thousands of Delaware students over the years. So, Senator McDowell, thank you for investing in our students.



This year's class of first-year students includes the largest group of Delawareans we've ever had — about 1,400 of them on the Newark campus and 365 of them in the Associate in Arts program.

Our Admissions team visits every high school in Delaware and works with community organizations to encourage students to apply to UD. This has helped drive up the number of applications from Delaware students by about 30% over the past five years.

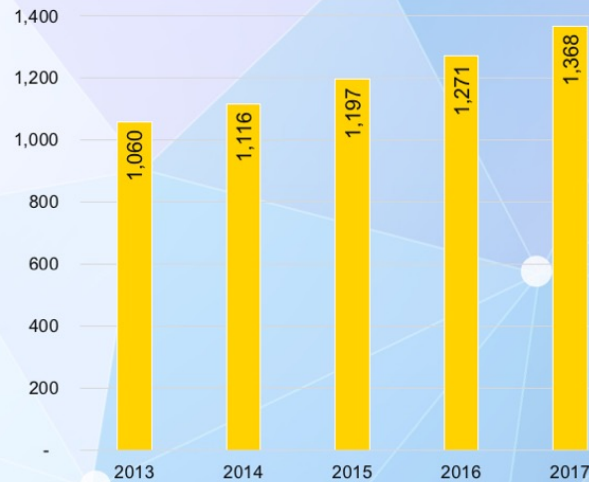


Inclusive Excellence



Twilight Induction 2017

Underrepresented Minority Delawarean Undergraduates



We're also making significant gains in diversifying our campus community.

If we look at our Delaware resident undergraduates on the Newark campus, we're continuing to see increases in the numbers of African-American, Hispanic and other underrepresented minority students. That population has grown by 29% over the past five years. One out of every five Delawareans on the Newark campus now comes from an underrepresented minority group.



Innovation & Entrepreneurship

Horn Program in Entrepreneurship

- Launched in Lerner College of Business & Economics
- Now University-wide
- 9-credit entrepreneurship certificate in each college



Interdisciplinary Artgineering course

We're also going to keep driving innovation and building an entrepreneurial ecosystem throughout the University.

One of our main initiatives is the Horn Program in Entrepreneurship. We started it in the Lerner College of Business & Economics, and now we've expanded it university-wide. Each of our seven colleges is developing nine-credit entrepreneurship certificates so every student has the opportunity to apply that mindset to their field of interest.

We're also innovating in the field of cybersecurity.



Innovation & Entrepreneurship



Cybersecurity Boot Camp in iSuite

Cybersecurity Excellence

- Innovation Suite, or iSuite
- UD Cybersecurity Initiative
- Master's in Cybersecurity
- Minor in Cybersecurity
- Cybersecurity Scholars

Last year, we opened the Innovation Suite, or iSuite, thanks to support from the state — yet another example of our successful partnership.

The iSuite is an amazing research and teaching lab. Students — especially those in our Electrical & Computer Engineering program — can learn cyber-defense skills, discover solutions to cybersecurity challenges and build the innovations of the future.

UD and Delaware are becoming a hub of cybersecurity expertise and leadership, so we're grateful for your partnership in this effort.

We're also applying this entrepreneurial mindset to help you reduce health-care costs and improve the well-being of Delawareans.



Innovation & Entrepreneurship



Delaware Health Sciences Alliance

- Expand to include a broader network of health care providers & hospitals in Delaware
- Explore ways to enhance primary care workforce and population health of Delawareans through comprehensive DE-based medical education



One way we're doing that is by enhancing the Delaware Health Sciences Alliance. Working with Christiana Care, Nemours and Jefferson University, we're conducting cutting-edge biomedical research, improve public health and expand medical education by placing graduate students in clinical settings statewide.

We also believe that investing in our people and our facilities will pay off for the University and the entire state.

Intellectual Capital

Enhancing faculty excellence

- Adding 250 faculty over next 5-10 years
 - Many affiliated with high-demand, high-impact fields
 - Improve student access
 - Optimize student-faculty ratios



New Faculty Orientation

Great professors draw great students, so we're investing in that intellectual capital.

We have about 1,300 faculty members now, and we want to add about 250 more over the next five to 10 years. Many of them will be in the high-demand fields of business, engineering and nursing, which will help us increase access for students and optimize student/faculty ratios.

The aspirations of our students and the needs of our society are growing every day, so we need to continue finding ways to improve the world-class education we provide.

Investing in excellence



Nursing education



Geltzeiler Trading Center



Nanofabrication Laboratory

One way we're doing that is by focusing attention on three programs that have an especially high impact on the state's economy.

As I've mentioned, business, engineering and nursing are some of our most popular and most successful programs. We receive more than eight applications for every open seat in these programs, compared to a ratio of less than six to one in the rest of the university. Graduates from these programs are in high demand among employers, so they earn higher-than-average salaries.

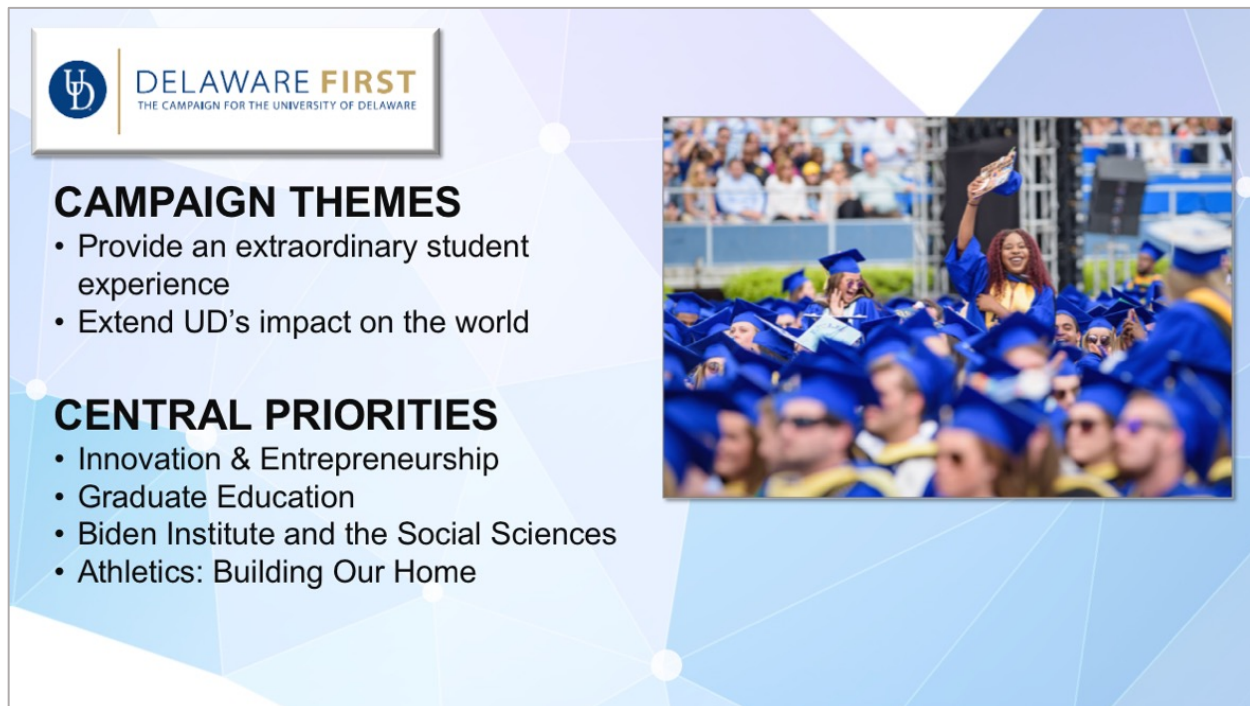
We've invested heavily in recent years to enhance the facilities and opportunities for our business, engineering and nursing students. A state-of-the-art financial trading center, the nanofabrication lab and the medical facilities at the STAR Campus are just a few examples of our investments. This has made those three programs more expensive to provide to students.

So in these programs, we're more closely aligning the undergraduate student charges with the higher cost of delivering education, which will help provide the resources to continue strengthening these programs. Most large universities have used similar structures for many years.

At UD, this will affect about a third of our students. We're going to phase it in, beginning this fall, to give students and their families a chance to plan for the changes.

Also, this new differential charge will be part of our Commitment to Delawareans and will not result in a price increase for students with the greatest financial need.

As we look at our primary sources of financial support, we're keenly aware of the multiple pressures facing our students and their families, as well as the state. That's why private philanthropy is absolutely critical to the University's success. So last fall, we launched the Delaware First campaign.

A graphic for the Delaware First campaign. On the left, a white box contains the University of Delaware logo (a blue circle with 'UD' in white) and the text 'DELAWARE FIRST' in blue and orange, with 'THE CAMPAIGN FOR THE UNIVERSITY OF DELAWARE' in smaller blue text below. Below this box, the heading 'CAMPAIGN THEMES' is in bold black, followed by two bullet points: '• Provide an extraordinary student experience' and '• Extend UD's impact on the world'. Below that, the heading 'CENTRAL PRIORITIES' is in bold black, followed by four bullet points: '• Innovation & Entrepreneurship', '• Graduate Education', '• Biden Institute and the Social Sciences', and '• Athletics: Building Our Home'. To the right of the text is a photograph of a large crowd of graduates in blue caps and gowns, with one graduate in the foreground raising their cap in celebration. The background of the graphic is a light blue geometric pattern.

This is the largest fundraising and engagement campaign in the University's history. We've set the financial target at \$750 million, which we're raising entirely through our network of donors. There are two overarching themes that are driving this campaign:

- We want to provide an extraordinary experience for every UD student,
- And we want to extend our impact on the state and the world.

Under those two themes, we've identified four central priorities for the campaign:

- 1) **Innovation and entrepreneurship** — The biggest part of this is the Biopharmaceutical Innovation Building and further development of the STAR Campus.
- 2) **Graduate education**, which involves creating a graduate college and providing more fellowships to support students.
- 3) **Supporting the Biden Institute and elevating the social sciences** — This is an area where UD can make an even greater impact by conducting research and developing the public policies to solve some of the complex challenges facing Delaware and the nation.
- 4) And **athletics** — We're planning a long-overdue renovation to Delaware Stadium, which is truly an asset for the entire community. We're also giving our

student-athletes a state-of-the-art performance center to help them succeed both on and off the field.

There are a lot of good universities in the United States. But what makes a university truly excellent — and what makes that excellence *affordable* for students — is philanthropy.

As large universities typically do, we began this campaign in a silent phase about seven years ago. The good news is that we've already raised about \$590 million toward our goal. That's because of the generosity of people who share our vision, including more than 73,000 alumni and friends and more than 2,300 faculty and staff.

To be clear, we've already spent almost two-thirds of what we've raised on student scholarships, fellowships, research projects, faculty support and capital projects like the Harker ISE Lab. We've also invested a significant portion in our endowment so it can support future generations of students.



We launched the public phase of the campaign in November, and over the next few years, we'll be reaching out to even more members of the UD community to engage them in our mission. This is why we need our state support to remain steady, so we can make the most of every dollar we raise.



Impact: Education, research, service



Brain Science class,
ISE Lab



Wetlands research,
St. Jones Preserve

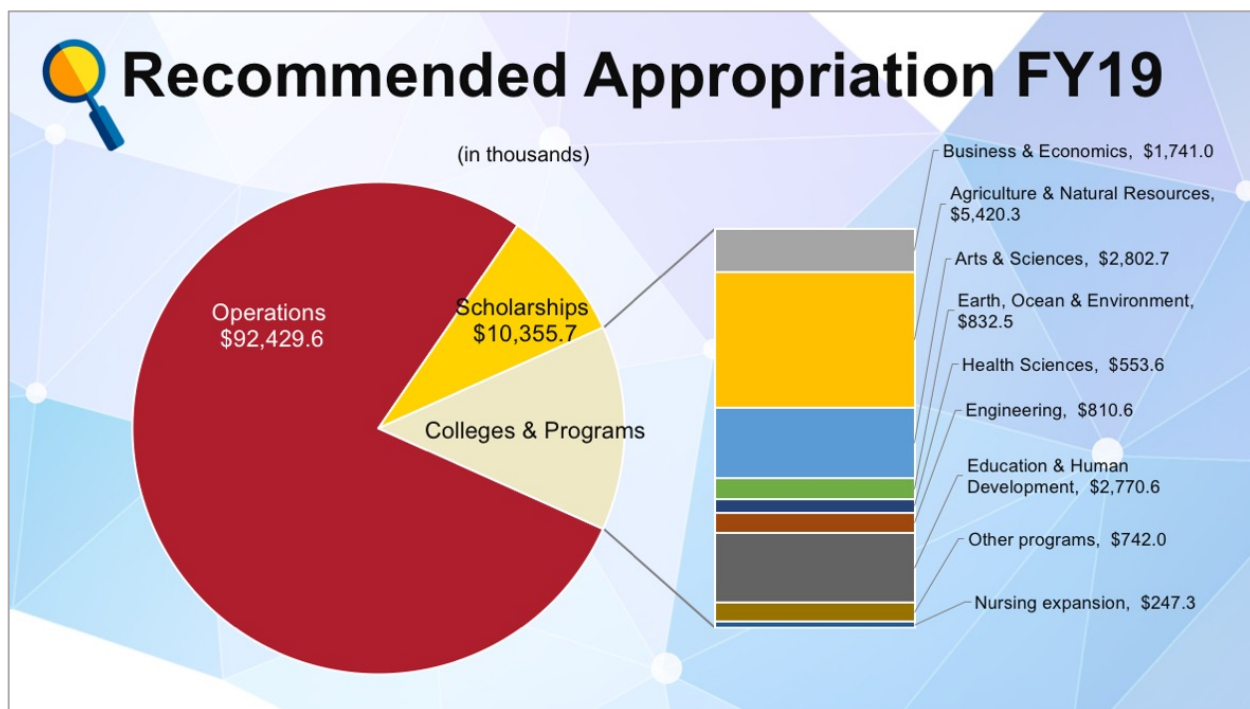


Habitat for Humanity,
Laurel

Everyone who supports the University through this campaign shares our vision of a better future for our students and our community, so they are investing their own resources to make it a reality.

I know you, too, share this vision of Delaware as a stronger, more resilient and more innovative community. Every dollar the state invests in UD is a demonstration of that shared commitment.

We know the state is facing significant economic challenges and intense budget pressure. But we also know that the University of Delaware offers one of the best long-term investments of the public's money.



So we appreciate your consideration of the recommended appropriation of \$118.7 million for FY19, and we are grateful for every dollar of taxpayer support.

But as our costs continue to rise every year, a flat appropriation is essentially a cut — creating a budget gap that will have to be filled another way.

If any additional operating funds become available, we would put those toward scholarships for Delaware resident students. Any one-time funds would help us meet our extensive capital needs, especially upgrades to our teaching and research labs.

We believe the specific line items in our operating appropriation already closely align with the state's priorities and goals. However, we are certainly open to consider how we might better allocate those funds to further improve the return on your investment.



Strengthening our Partnership



Over the past year, we have expanded partnerships and formed new ones — and to succeed, we need all of them.

Our partnership with the state of Delaware remains one of our most important relationships. Together, our work is essential to the health, safety, education and economic security of all Delawareans. Thank you for your continuing investment in our mission.



in focus
2018

President Dennis Assanis

Joint Finance Committee
February 7, 2018

**UNIVERSITY OF
DELAWARE**

We'll be happy to answer any questions you may have.

Thank you.

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