

Hit the Ground Running

Revitalize and Expand Financial Base

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Components

- a) Launch a four front funding offensive: private, state, federal and local
- b) Energize, grow and focus alumni network around volunteerism, fundraising and student placement
- c) Improve efficiency, accountability, compliance, shared services and sustainability
- d) Expand need based financial aid to ensure affordability and access

Florida International University (FIU), as a major, urban, student-centered research oriented university, is a critical economic development partner for the South Florida community through its teaching, research, and service missions. Unlike business enterprises and other educational institutions, universities are unique in the creation of new knowledge that will advance discoveries in science and technology and create new products, service and jobs that are essential for the economic well-being of society. FIU's mission of teaching students and preparing them for careers produces an educated workforce that significantly increases the economic development of the community. In order for South Florida to be a competitive market and advance economically, however, FIU must have the fiscal resources to increase student access to higher education, baccalaureate and graduate degree production, and research and creative activities. Without a sound fiscal base, FIU will be unable to participate actively and successfully in the global, knowledge/technology-based economy of the 21st century in ways that will improve the region's quality of life.

Over the last decade, when the demands on state universities and the needs of students have been the greatest, state funding to support state educational and research objectives has been reduced by almost 25 percent, and recently exacerbated by revenue declines associated with the worst economic downturn since the Great Depression. State Educational and General funding per full-time equivalent student has declined from almost \$10,311 in 2000-2001 to \$7,161 in 2009-2010. It is quite possible that it will be reduced even further in 2010-2011. Because of a delayed economic recovery, especially considering Florida's rising unemployment and housing foreclosures, FIU's percentage of the total operating budget funded from state general revenue and lottery appropriations has dropped from 44 percent in 2000-2001 to 28 percent in 2009-2010. This means that FIU has changed from being state-supported to merely state-assisted to fulfilling its mission. While cost-saving and efficiency measures have been implemented to minimize the impact of budget reductions on our academic and research programs, increases in class sizes, due to increases in students on one hand and insufficient funding to support infrastructure and new faculty on the other, has resulted in high student-faculty ratios not only at FIU but through the State University System of Florida.

It is clear that FIU must aggressively pursue new revenue streams from multiple sources including: private gifts, state, federal, and local governments; tuition, research, and other enterprise functions. By actively pursuing new

revenue sources the university will increase total funding and also diversify funding types in order to eliminate large, cyclical variations of revenue that are tied to economic expansions and contractions. Larger and more stable sources of revenue will enable FIU to potentially achieve measurable outcomes, such as greater degree production, improved retention and graduation rates, and enhanced research productivity.

Achievement of these educational goals will have the direct causal effect of strengthening the local, state, and regional economies. FIU is the premier public institution of higher education in Miami Dade County and more than 100,000 men and women will graduate from the university over the next ten to fifteen years. Alumni statistics indicate that these alums will stay in the area once they graduate; using the knowledge they obtained at FIU to improve the community and the economy as doctors, lawyers, bankers, builders, teachers, artists, engineers, nurses, and business leaders. The University will also pump billions of dollars into the economy through sponsored research and expansion projects, providing revenues to the community, not just through its core mission but through its economic impact.

In order for FIU to achieve its full potential and its commitment to the region, a community approach to the acquisition of funds must be developed. Over reliance on state support, tuition, and student fees is inadequate for the university to secure its financial future. The past three years have demonstrated that FIU's traditional state revenue sources can no longer be relied upon and must be supplemented. Toward that end, President Rosenberg has made it his priority to develop additional income sources for the institution and to expand historical sources as much as possible. In addition to the critical support that the University receives from the State of Florida, it is imperative to secure additional private support for the institution. He has challenged the University to build partnerships with other institutions, with state and local governments, businesses, and with other members of the community. Additionally, he has asked the campus community to work to develop more research opportunities which in turn will bring more research support to the institution.

Public Support

State support of FIU's budget will always be a core funding source for the institution. Even with the decline in budgets over the last few years, state appropriations are, and will remain, for the foreseeable future one of the

primary sources of university funding. Recurring state appropriations account for over \$159 million annually in general revenue and \$21 million in lottery funding which helps support faculty and administrative salaries, classroom and building maintenance, utility costs and other essential operating expenses. This year, for the first time, federal stimulus funds in the amount of \$14 million have been allocated as a one-time, non-recurring investment to help accelerate the nation's economic recovery.

In the immediate future, as state funding remains scarce, FIU must work harder and smarter to secure its fair share of available resources. Furthermore, it is no longer sufficient to focus strictly on advocating for budget dollars for the University. There are many issues which impact the University, both directly and indirectly, and certainly impact the community. For example, mass transit issues such as high speed rail and transit distribution will have a tremendous impact on the future of the University and its ability to increase the revenue stream of the community. It will also add to the local infrastructure and assist with the quality of life most Miami residents will experience.

Critical to the effort to improve the strength of our University and our community is the need to continually establish partnerships with government agencies from the local, state, and federal levels as well as community and business leaders. Working in tandem with these groups, FIU and its allies must make the case for governmental support of FIU. It is vital that FIU's voice is heard constantly in Tallahassee, Washington DC, and Miami-Dade County. That voice is loudest when it is a chorus and not a soliloquy.

Most recently this alliance contributed to the successful launching of the FIU College of Medicine. In the last year, while budget cuts were being made, the College of Medicine was able to secure the funding necessary to open its doors. That was only possible because of the critical importance of medical education in South Florida and, perhaps more importantly, the dedicated coalition of government representatives, FIU leadership, and local community leaders coming together to turn the improbable into the inevitable. Today, because of their efforts, 43 new medical students have begun their education. In time, they will be joined by 43 other students who in turn will be joined by many more. The College of Medicine has already become an engine for the economy of Southeast Florida. It is only beginning, but the College of Medicine already has secured nearly \$100 million in matched private support.

Private Philanthropy

Private philanthropy must take a more pronounced role in order to dramatically improve the future of FIU. Historically, FIU has not demonstrated a strong record of private support. That began to change over the last two years, with the University securing \$41 million from private and state matching funds two years ago and \$77 million last year. While these successful fundraising efforts move the University in the right direction, it is clear that substantially more must be done to fill the gaps. For an institution of the size and complexity of FIU, much more is needed for the university to fulfill its promise as one of South Florida's premier educational institutions. A sum of \$100 million annually from private donors should be Greater Miami's goal to support its hometown public university.

To jump start this process, it will be necessary to build excitement and momentum, and the most effective way is through a capital campaign which serves as an effective tool to focus the enthusiasm and energy of the University community to raise private philanthropic support. A capital campaign will transform the institution. It will bring not only much needed dollars to the institution, but also a sense of accomplishment and pride. A campaign of this nature cannot be the administration's campaign, however; it must be the FIU family's campaign, which is to say, the community's campaign for FIU. It requires that the entire FIU community take up the cause and contribute their time and resources. It must be the alumni, parents, and friends of FIU. It must be the students, faculty and staff of FIU all pulling together for this common purpose.

FIU has never completed a capital campaign in excess of \$200 million. In fact, the last campaign ended about a decade ago and secured \$200 million. Preliminary preparation for a major capital campaign has now begun and presently a \$750 million goal (excluding state matching funds) is being considered. A successful campaign of this magnitude will require a significant investment of resources and staffing. In order to successfully complete a \$750 million campaign, the following basic steps must be taken:

1. Provide adequate funding to pay for the campaign
2. Increase staffing significantly
3. Improve the quality of the required data base
4. Systematically identify priority institutional needs

It is imperative that any capital campaign remains focused on raising funds that are consistent with the strategic direction of the university. Toward that end, the university must identify specific areas to target for private fundraising efforts after the strategic planning process has been completed. Again, this will need to be an inclusive process, with all parts of the institution recommending funding options. These options will then be prioritized for fund raising opportunities.

Securing support is not an end in and of itself; it is a means to an end. One possible end is to build the endowment to the one billion dollar level. Universities that have achieved this endowment level create far more opportunities for their faculty and students and allow for more financial flexibility. A billion dollar endowment would place FIU as one of the leading urban public institutions in the United States. It would yield a level of budget stability that would allow FIU to go through lean budget cycles with less of a downside. Most of all it would help propel Miami, the magic city, into the ranks of one of the leading international cities in the 21st century.

An endowment of this size would naturally provide more funding for faculty and student support. It would enable the university to educate the best and the brightest with the best possible faculty who will also produce important research dollars.

In order to dramatically expand private support for FIU, continued emphasis must be made on alumni affairs and fund raising. In addition, more efforts must be made to recruit new friends who share the belief in the mission of the University. These friends will potentially turn into significant supporters and donors. For example, national foundations, new leaders entering the community and long time members of the community who have come to appreciate the value FIU provides to this region of Florida.

To take the next step as an institution of higher education, FIU will need to continue to develop vital partnerships with private donors who share the passion for the FIU mission. It is imperative that these partnerships be developed as quickly as possible. All quality institutions of higher education in this country today have established these types of partnerships. It is evidenced by the size of their endowments and the level of support they receive from their alumni, friends and families.

While state support will always be an integral source of funding for FIU, private philanthropy is most effective when it helps to plug the gaps created when the state is unable to fully fund education. Many donors, however, prefer to make

private gifts that are directed towards program and faculty enhancements that help the University to fulfill key components of its strategic objectives. There must be a comprehensive program in place to match specific initiatives with prospective donors. Donors help to provide for the necessary program enhancements that the state typically cannot fund due to inadequate resources.

Building Community Affinity

Building community affinity is the key to external fund raising. It starts in the student experience and builds or declines through the student's interactions with the institution. Campus life, special events and reputation all intertwine to create this experience. Throughout their lives, alumni spread their affinity to others and those, too, may develop an affinity for Florida International University. Creating an environment that stimulates positive affinity is paramount. Maintaining contact with alumni is necessary, but not sufficient. Increased on-campus housing, athletics (intramural and scholarship), campus events and student resources can all serve to build a foundation for nurturing affinity.

A positive, student-centered experience leads to greater alumni affinity. Greater alumni affinity leads to successful fund raising when university needs are articulated. Successful fundraising leads to enhanced student resources and world-class faculty. World-class faculty and resources garner international recognition and greater external funding. International recognition and funded research attracts better students and greater community support. Committed students who have the support of the greater community, and are provided with the opportunities and resources to excel, develop positive affinity, and so on. Like a wheel, all these elements are connected at the hub by the student experience.

More effort must be placed on (a) developing a campus environment that is consistent with a positive student experience; (b) articulating the needs of the university and communicating those needs to our stakeholders and (c) communicating the successes of the university to the community at large. Any institution which is successful at building strong private support has a strong and vibrant Alumni Association base. At FIU, strength of the institution is the alumni network, which two years ago was ranked number one in the nation in securing new paid memberships and last year was ranked in the top ten.

Alumni of FIU are enthusiastic and optimistic about the future of their university. In May of 2009, then President Designate Mark Rosenberg challenged the alumni to add 2,000 new paid memberships by the end of June. The alumni responded by purchasing 2,700 new paid memberships. This level of dedication must be converted into further action.

Building this base of loyal dedicated Alumni does not happen overnight. Currently the alumni participation rate for FIU is approximately 16 percent. This figure does not begin to tell the story, however, of the alumni who want to be engaged with their university. At alumni events around the country, FIU alumni show up at special events and are enthusiastic about their institution. It is important that the institution continues to build this affinity.

More effort must be placed into improving the data in the FIU alumni database. Currently there are 141,000 records in the database. Of this total the Foundation has good data for approximately one-half of the records or 70,000 alumni. There are even fewer good e-mail addresses. To ensure the future success of fundraising and network building at FIU, the database must be improved.

Much work must be done to build the broad base of donor support commonly known as the annual fund. The annual fund is labor intensive with a low cost of each dollar raised but it's most significant purpose is to identify the larger donors who will be able to support the institution at elevated levels.

It is long and tedious work that often goes overlooked, but it is critical because it is where the affinity for the university is strengthened and honed. From this army of dedicated people will come the special alumni who have the passion and capability to support the institution financially. They will be the donors who will make gifts far into the future and will hopefully develop into the university and community leaders of tomorrow.

Developing an entrepreneurial spirit

Entrepreneurship is without argument the key activity for the economic development of our nation. A recent report sponsored by the Kauffman Foundation revealed that universities play a critical role in fostering innovation and entrepreneurial growth, as well as assisting in the economic recovery of regional and global economies. This report analyzed the economic effect of alumni-founded companies and the entrepreneurial ecosystem at a major

university and found that if the active companies founded by this university graduates formed an independent nation, their revenues would make that nation the 17th-largest economy in the world. Clearly this statistic speaks volumes about the importance of fostering an entrepreneurial spirit at the university, among its students, alumni, faculty, and staff. Historically, South Florida has suffered from a brain-drain resulting from a lack of employment opportunities for our students, stemming from a lack of a significant industrial infrastructure to support the growth of our community. A focus on entrepreneurship at FIU will impact the retention of our intellectual assets as students seek to start new ventures, which will in turn create new jobs and thus sustain the economic development of our community. Furthermore, new venture development could also provide employment opportunities for international students seeking to make South Florida their permanent place of residence.

As FIU moves forward it will, by necessity, need to further develop an entrepreneurial spirit. In doing so, it will be important to keep the spirit in balance with the mission of the University. In other words, FIU can never forget that it is an institution of higher education with a primary mission to provide a quality education to its students and it must fulfill this mission in new and exciting ways in order to remain competitive. The first step in this process is to reengage FIU's student, faculty and staff in a way that encourages creativity, entrepreneurism and innovation in all aspects of our operations. This will necessitate the creation of an environment of pride and ownership in who we are and what we do, making everyone feel that they are important to the success of the University. In essence, we must focus on people, on how they are treated, on how they are served, and how they are valued. A comprehensive "customer service" or "people service" program to heighten awareness of respect, values, and assistance will help create a unified approach that will begin the engagement process and encourage new ideas, innovative solutions, and out-of-the-box thinking to better serve our students, faculty, staff, alumni and the community.

Around the university today, evidence of the entrepreneurial spirit can be found with over \$100 million in auxiliary revenues. These efforts must be increased with new and innovative approaches to service our students, faculty, staff and the external community. This includes the development of new auxiliary business, expansion of on campus food and retail outlets, expansion of academic ventures, and development of partnerships with external entities to provide additional revenue streams for the University. Other opportunities for

business partnership may involve exploring the creation of subsidiary corporations for the FIU Foundation or the Research Foundation, which can act as partners in for-profit enterprises, including research commercialization and in providing assistance in bringing new ideas and technologies to market. Technology transfer, small business development, e-commerce, and research collaboration with private industries and government also are important components of these initiatives. FIU will need to develop our direct support organizations to enter into new ventures and expand current ventures, such as the faculty practices of the FIU College of Medicine Health Care Network, and international programs such as that in Tianjin, China.``

Student Financial Aid

Florida International University's undergraduate student population is not only ethnically and culturally diverse, it is also economically diverse. We are in the top 30 of universities with the number of FAFSA applications files. Expanded need-based financial aid to ensure student affordability and access is essential for the students FIU serves. Florida International University is ranked 32nd in the U. S. News and World Reports among National Universities for Economic Diversity, and we are first among the 11 state universities for the number of Pell Grant recipients and the dollar amount those recipients receive. Additionally, the number of students eligible for Pell Grants increased from 7277 in 2000-01 (approximately 32 percent of students) to 10,790 in 2008-09 (approximately 35 percent of students). Total Pell Grants awarded have increased from \$15 million in 2000-01 to \$34 million in 2008-09, an increase of 126 percent, or 11 percent per year. For Fall 2009, almost 11,000 undergraduate students were Pell Grant Eligible, and over half of these had \$0 expected family contribution.

Students who are within the upper income levels of Pell-eligible students to not Pell eligible range have a particularly hard time receiving financial assistance. These students fall within an expected family contribution of between \$4700 and \$8500. While generally these students are eligible to receive Stafford loans, often times they are not subsidized loans, meaning that students end up with even more debt at time of graduation. Often times, these students are left with little options but to work full- or part-time. Undocumented students and international students are also ineligible for student financial assistance. Additional efforts need to be made to expand financial aid support to these

students, including work study, grants, and direct aid. Funding could be identified through differential tuition and private philanthropy.

One challenge in developing a comprehensive financial aid program is that students often times do not receive financial aid support they are eligible for as they are unaware of the FAFSA application process or they apply too late. Additionally, they are not aware of other public or private sources of assistance. The Department of Student Financial Assistance has expanded programs to increase awareness, such as phone calls, emails, postcards, and posters to improve access to available funding.

The department is also raising awareness of the true costs of student attendance, and that there is an opportunity cost associated with delaying graduation. The sooner students are able to graduate, the greater their lifetime earnings potential. Many students take part-time course loads because this is all they can afford, but they do not understand the cost-benefit ratio of graduating as quickly as possible, even if additional student loans are required. The university should develop a recruitment and retention strategy using existing scholarship and waiver funding to maximize the revenue return from the state and tuition.

Partnering with community to provide scholarship funding for high demand areas for stellar high need students is also a potential opportunity to assist students. Allowing companies to invest in their future and the economic growth of the community is a creative approach. The College of Nursing, as an example, has been extremely successful in this arena.

Efficiency, accountability, compliance, shared services and sustainability

FIU should develop a strategic plan relating to the development and deployment of the IT infrastructure, systems and enhancements. Integration between student administration, HR and financials can be better aligned to gain operational efficiencies.

Additionally, FIU must ensure that students have the classes they need when they need them in order for students to graduate in a timely manner. Although more information is needed in the specific causes, FIU should examine a course management system and course utilization to maximize resources and scheduling.

Collaboration with other SUS institutions, county and municipal governments, area business, and local colleges and universities on shared services to maximize volume pricing with vendors is an excellent opportunity to better use scarce resources. These collaborations will certainly apply to contractual services, procurement, and other business-related services, but they do not have to stop there. It may be possible to work with other educational institutions in the delivery of the academic curriculum, especially considering the expanded role state colleges have undertaken in providing student access in several critical need areas.

Considering the increased demand for educational services and the loss of precious resources, FIU should examine the use of existing resources at all campuses and educational delivery sites that serve students in order to determine the best utilization of resources in order to maximize revenues or reduce costs. Additionally, FIU must be accountable for all aspects of its strategic objectives—teaching, research, and service—to Trustees, the community, the Board of Governors, the legislature, students, donors, and parents. A system of accountability will improve resource allocations, identify strengths that can be capitalized upon, and weaknesses that can be improved. A system of accountability will also increase the knowledge that FIU serves as an excellent custodian of state, federal and provide revenues.