



Good Ideas Come from Many Places

By Deborah D. Thornton

The December 11 Revenue Estimating Conference predicts that the taxes collected by Iowa state government for the FY 2011 year, which begins July 1, 2010, will be just over \$5.3 billion. This is up slightly from their revised FY 2010 number of \$5,259.8 billion. Both numbers are down significantly from the FY 2008 high of just over \$6 billion in taxes collected and spent.¹ Based on programs and projected expenditures already in place, some people expect that the FY 2011 revenues will be as much as \$1 billion short. This situation of overspending by Governor Chet Culver and the Democrat-controlled Iowa Legislature means that budgets will be tight for the foreseeable future. This is especially true for education, at both the K-12 and college levels.

So what is to be done about it?

One suggestion for controlling and reducing overhead costs is merging individually managed schools into fewer units. Recently, Mississippi Governor Haley Barbour proposed radically reforming their state university system, which currently has eight freestanding schools. The Mississippi state budget is expected to be \$200 million short for FY 2010, the current fiscal year, and over \$715 million short for FY 2011. These numbers are at least as bad as Iowa's. As a result of this budget situation, Barbour proposed finding a 35 percent cost savings in higher education by consolidating the eight freestanding colleges.

In Mississippi, the Historically Black Colleges and Universities (HBCUs) would be merged into one unit with separate campuses, but consolidated "back room" and administration functions. The general university system would also be reconfigured, merging the Mississippi University for Women into Mississippi State, for example.² Predictably, this proposal has generated significant discussion both for and against.

When considering the three Regent schools in Iowa, consolidation at the global level, similar to the University of Wisconsin System, could not only reduce overhead costs, but merging of duplicated programs could also improve academic performance. The schools unique identities, academic specialties, and athletics would stay separate, but there would not be three individual payroll, public relations, or information technology offices. This idea was also recently proposed in concept by Ed Failor, Jr., President of Iowans for Tax Relief (ITR), though the financial savings potential and formal structure need to be explored more completely. Among other things, ITR proposed having only one University President instead of three. As the current system of three individual schools receives over \$500 million for General University Operations, even if consolidation saved a modest 12 percent, a savings of \$60 million is significant.³

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Within the 15-region Iowa community college system, there could reasonably be a more extensive consolidation into possibly three to five districts, with only one President for each, and a multi-campus back-room organization. Currently there are stand-alone systems, Trustees, management boards, and Presidents for each of the 15.⁴ Consolidation might save significant overhead expenditures and allow for increased efficiencies through specialization. For example, Kirkwood Community College in Cedar Rapids just opened a new state-of-the-art hotel and conference center, being used for hospitality and culinary arts training. All programs in this unique specialty area might be consolidated at this location. The three districts could be east, west, and central. A five-district model might be configured with each of the four corners of the state (northeast, southeast, northwest, and southwest) and central or Des Moines area.

While many K-12 school districts have consolidated or merged administrative operations in the last few years, there are potentially additional savings to be found in overhead areas such as the Area Education Agencies. Dual enrollment options for high school students, making full use of the community college system to provide enhanced opportunities not available in smaller districts, may also provide savings.

If we are to provide a quality education to all citizens, innovative ideas such as administrative consolidation at all levels of education bear further evaluation. Governor Barbour is to be commended for his willingness to make innovative proposals in order to manage better state government and taxpayer money, though they may break with a hundred years of tradition. Hopefully Iowa's Governor and Legislature will be as forward thinking. After all, good ideas do come from many places — even from outside of Iowa.

Public Interest Institute's POLICY STUDY, "A College Education, But At What Cost?," can be viewed at www.limitedgovernment.org.

(Endnotes)

¹ Iowa Revenue Estimating Conference, December Report, <http://www.dom.state.ia.us/state/REC/rec_quarterly.html> (December 11, 2009).

² 2011 Executive Budget, State of Mississippi, Office of the Governor, <<http://www.governorbarbour.com/news/2009/nov/2011ExecutiveBudget.pdf>> (November 17, 2009).

³ Ed Failor, Jr., "Opinion: Combine Iowa Regent Universities," Iowans for Tax Relief, November 17, 2009, <<http://www.taxrelief.org/articles/show/41>> (November 17, 2009).

⁴ Iowa Department of Education, About Community Colleges, <http://www.iowa.gov/educate/index.php?option=com_content&view=article&id=241&catid=183&Itemid=1433#CommunityColleges> (December 11, 2009).

Deborah D. Thornton is a Research Analyst with Public Interest Institute, Mount Pleasant, Iowa.

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