

MEMORANDUM

TO: Board of Regents
FROM: Deb Hendrickson
DATE: June 6, 2005 *ASN*
SUBJ: University of Northern Iowa

Recommended Actions:

1. Approve the FY 2005 budget ceiling increase of \$27,314 for a revised General University Budget of \$138,896,821.
2. Consider proposed FY 2006 University initiatives and measures.

Executive Summary:

FY 2005 Budget Ceiling In July 2004, after budgets for FY 2005 had been approved, the Department of Administrative Services was statutorily required to allocate additional funding to the Regent institutions for labor relations. The University is requesting a budget ceiling increase of \$27,314 to adjust for this allocation. The following table shows the revised FY 2005 budget.

	Original FY 2005 <u>Budget</u>	Budget <u>Adjustment</u>	Revised FY 2005 <u>Budget</u>
General University	\$138,869,507	\$27,314	\$138,896,821

FY 2006 Budget Submission The University of Northern Iowa has submitted the attached information pertaining to its FY 2006 budget. The University was guided by its strategic plan (see Agenda Item 3) and the Board's Transformation and Excellence Plan.

The New Revenue and Reallocation table on page 3 identifies the University's strategic initiatives and other cost increases and the proposed plan for funding the initiatives.

The Reallocation table on page 4 identifies the sources of the reallocations.

The general fund consists of four appropriation units:

- General University
- Institute for Decision Making
- Recycling and Reuse Technology Transfer Center
- Metal Casting Center

The proposed initiatives are funded within the General University unit of the general fund.

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FY 2006 - Use of New Revenues and Reallocations
University of Northern Iowa

STRATEGIC INITIATIVES	SP Goal	New Revenues				Reallocations	New Revenues & Reallocations
		Appropriation	Tuition & Fees	Other Income	Total		
Cover Negotiated Salary/Benefit Increases	2,4,5	\$2,806,742	\$231,875	\$0	\$3,038,617	\$1,000,000	\$4,038,617
Investment in Student Learning Experience	1	\$0	\$154,434	\$0	\$154,434	\$804,500	\$958,934
Investment in Faculty Excellence	2	\$0	\$0	\$0	\$0	\$1,318,900	\$1,318,900
Strengthening Outreach Programs and Partnerships	3	\$0	\$0	\$0	\$0	\$318,900	\$318,900
Strengthening a Diverse and Caring University Environment	4	\$0	\$335,566	\$0	\$335,566	\$266,334	\$601,900
Supporting an Effective and Efficient University Environment	5	\$0	\$300,000	\$0	\$300,000	\$1,079,900	\$1,379,900
					\$0		\$0
					\$0		\$0
					\$0		\$0
					\$0		\$0
Total Strategic Initiatives		\$2,806,742	\$1,021,875	\$0	\$3,828,617	\$4,788,534	\$8,617,151

OTHER COST INCREASES	SP Goal	New Revenues				Reallocations	New Revenues & Reallocations
		Appropriation	Tuition & Fees	Other Income	Total		
Meet Unavoidable Energy Cost Increases	1,2,5	\$525,000	\$128,125	\$200,000	\$853,125	\$0	\$853,125
Infrastructure/Building Repairs	5	\$1,171,875	\$0	\$0	\$1,171,875	\$0	\$1,171,875
					\$0		\$0
					\$0		\$0
					\$0		\$0
					\$0		\$0
					\$0		\$0
					\$0		\$0
					\$0		\$0
Total Other Cost Increases		\$1,696,875	\$128,125	\$200,000	\$2,025,000	\$0	\$2,025,000

TOTAL STRATEGIC & OTHER COST INCREASES		\$4,503,617	\$1,150,000	\$200,000	\$5,853,617	\$4,788,534	\$10,642,151
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FY 2006 - Source of Funds for Reallocation
University of Northern Iowa

President		\$100,000
President Total		\$100,000
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Academic Affairs	Vice President & Provost	\$1,077,180
	College of Business	\$430,185
	College of Education	\$550,055
	College of Humanities & Fine Arts	\$358,990
	College of Natural Sciences	\$343,815
	College of Social & Behavioral Sciences	\$79,444
	Information Technology Services	\$223,231
	Academic Affairs Total	\$3,062,900
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Educational & Student Svcs.	Counseling/Health Services	\$147,500
	Student Aid	\$164,434
	Educational & Student Services Total	\$311,934
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Administration & Finance	Office of the Vice President/Budget	\$115,300
	Facilities Planning and Management	\$149,200
	MEMFIS Implementation Project	\$49,200
	Administration & Finance Total	\$313,700
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University Marketing & Advancement		
	Marketing & Advancement Total	\$0
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General Institution		
	General Institution Total	\$1,000,000
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General University	Total Reallocations	\$4,788,534

**University of Northern Iowa
FY 2006 Final Operating Budget Narrative**

Overview:

Five-Year Historical Perspective

The University of Northern Iowa's overarching philosophy is **Students First**. As President Koob explained to the Waterloo Rotary Club in January 2005, "What we're about is to try to make certain that each one of our students thinks the University exists for them personally.... We want to make certain that every student that comes on the campus has the opportunity to feel as though that campus is there for their own personal experience. We try to put the student at the center of that experience."

The past half-decade of budget reductions and double-digit tuition increases have made it difficult to identify ways to implement fully UNI's philosophy of **Students First**. During this period, we have incurred more than \$37 million in State budget cuts and salary underfunding. Tuition has more than doubled in that same period. From 1981 to 2005, the percentage of Regents' educational costs supported by State Appropriations has fallen to nearly 49 percent from 77 percent while the amount supported by tuition revenue has increased to nearly 44 percent from 21 percent. Over the past four years, UNI students' financial need has increased \$52 million – or nearly 240 percent – to \$74 million, while available grants and scholarships have increased only 38 percent to \$18 million from \$13 million, leaving the remainder to be borrowed.

Despite the cuts, UNI has remained committed to keeping **Students First** as its core mission. Through this past half-decade, the University has preserved its student/faculty ratio of between 15-17 to 1. This year, the student/faculty ratio is 16.4 to 1. Keeping permanent faculty in the classroom is another priority with a ratio of $\frac{3}{4}$ permanent faculty and $\frac{1}{4}$ adjunct faculty. We also have maintained an average class size of 28 during this period.

To secure these numbers, we have had to manage our enrollment and our staff size. Enrollment has been managed downward the past two years, primarily by ensuring students a smooth path to graduation. Upper-level course availability has been a priority. UNI ranks No. 1 in the nation among public comprehensive universities in graduation rates. As a result, UNI is one of just 12 universities in the United States to be studied for best practices in graduating its students. Enrollment has dropped nine percent to slightly above 12,800 in fall 2004 from a high of 14,000 students in 2001. Our faculty and staff ranks have thinned by a similar percent.

UNI Strategic Plan (2005-2010)

The University's Strategic Plan that the Board of Regents, State of Iowa, recently received, reinforces the philosophy of **Students First**. It emphasizes the need to provide a University environment that lets students experience a personalized learning environment. The plan also focuses on maintaining a diverse faculty that will continue to provide quality instruction. Five major goals comprise the five-year plan with several objectives within each goal. Following this plan will ensure the University of Northern Iowa offers a world-class University education, providing personalized experiences and creating a lifetime of opportunities.

The first goal – **Provide intellectually challenging and character-building experiences for undergraduate and graduate students in a personalized learning environment** – addresses this focus and mission. The quality of the student learning experience will be reflected by such performance indicators as:

- Undergraduate student retention and graduation rates by ethnic/racial composition percentages
- Length of time to degree
- Annual survey of reasons students withdraw before graduation
- Funds expended for student employment

Goal 2 is to **Maintain a faculty distinguished by its creative and intellectually rigorous teaching and scholarship**. Objectives have been identified to help us recruit and retain qualified faculty and provide the means to support and strengthen faculty initiatives, collaboration among disciplines and external funding. Performance indicators will include:

- Student credit hours taught by tenure/tenure track faculty
- Faculty and staff salaries as compared to peer institutions
- Sponsored funding per year

Goal 3, **Focus the involvement of the University in addressing critical, local, State, national, and global needs**, links to UNI's mission to provide a myriad of services to families, small- and large-business owners, entrepreneurs, nonprofit organizations and communities in Iowa, the nation and the world. Progress will be measured by such indicators as:

- Students participating in experiential learning courses
- Students having an international learning experience
- Off-campus student enrollment in degree programs offered through distance learning

Goal 4's focus is to **Promote a University culture characterized by diversity, collegiality, mutual respect, organizational effectiveness, and shared responsibility**. President Koob initiated a series of campus conversations this year, in part to determine how we can ensure a work environment that welcomes diversity, rewards excellence, promotes equity and provides the leadership to achieve it. Objectives within this goal include employing recruitment-and-retention strategies that will increase the number of racial and ethnic minority, international, and protected class students, faculty and staff. Performance indicators include:

- Profile of faculty, staff, and administrators by race, ethnicity and gender
- Profile of undergraduate and graduate student populations by residency, race and ethnicity
- Profile of financial aid to undergraduate and graduate students

Goal 5 is to **Provide and maintain appropriate resources including staffing for effective and efficient University operations**. Adequate funding to meet the infrastructure needs associated with faculty and staff development, library and informational resources, technology, equipment, and building and grounds maintenance is critical to the success of the previous four goals. Indicators to be used to measure progress include:

- Funds expended for library materials
- Funds expended for building repairs
- Funds expended for equipment
- Dollars available to the University from the Foundation for scholarships, capital, and programs

UNI Transformational Plan (2006-2009)

Based on full funding of the transformational plan, UNI's intent embraced allocating new funding in the following ways:

- Meet all mandatory cost increases such as collective-bargained salary and employee-benefit increases, financial aid increases, utility cost increases and other mandated increases.
- Fund implementation of newly approved degree programs:
 - Networking/Systems Administration – Iowa's bioeconomy will be built on the back of the digital economy. This new major was a direct response to the growth in networking and systems administration at Iowa's community colleges and provides a transfer opportunity for such students to continue to a four-year degree.
 - Bioinformatics – This new major provides educated workers for Iowa's bioeconomy thrust by linking biology with the computer sciences, mathematics and chemistry. The undergraduate program will encourage students and faculty to work together to study mathematical models of biological systems, databases, modeling and simulation tools, and to conduct basic studies of bioinformatics tools for integrating and interpreting data.
 - Professional Science Master's Degree – With an emphasis in science or mathematics, this degree program prepares students for a wider variety of career options than do current programs. Preparation for such fields as consulting, banking, insurance, research management and technology transfer are just a few examples. This is a direct response to the State's call for more highly educated workers and to the Batelle Report.
- Increase access to the University's high-quality undergraduate programs. This new investment would create openings for 1.5 percent new students annually with a goal of returning to UNI's enrollment level of five years ago.

With full funding of the \$40 million request, students would have realized increased access, continued instruction by tenure/tenure track faculty and increased options of degree programs that meet the needs of Iowa's economy. Further, full funding would have ensured that tuition and fee increases would remain at the higher education price-index level (approximately 4%).

However, with a little over half of the State appropriation request funded, new State dollars of \$2.8 million of recurring funds and \$1.7 million in one-time funds will provide the means to barely cover the mandated recurring salary increases and corresponding employee benefit increases estimated at \$4.04 million. New tuition revenue and reallocations will fund mandated energy increases and student aid. Additional funding for the new programs will be limited to reallocated funds at a minimal support level. Building repair budgets will be increased to help meet the objective set forth in UNI's transformational plan.

1. **Sources:**

a. **New Revenues:**

The University anticipates the following new revenues for FY 2006:

\$139,469,970	FY 2005 GEF Budget Base
\$4,503,617	State Appropriation
1,150,000	Tuition
(50,000)	Other Income - Interest Income
250,000	Other Income - Indirect Cost Recovery
\$5,853,617	Total New Revenue
\$145,323,587	FY 2006 GEF Budget

State Appropriation.

With full funding of the \$40 million request, students would have seen increased access, continued instruction by tenure/tenure track faculty, and increased options of degree programs that meet the needs of Iowa's economy. Further, full funding would have ensured that tuition and fee increases would remain at the higher education price index level (approximately 4%).

However, with a little over 60% of the State Appropriation request funded, new State dollars of \$2.8 million of recurring funds and \$1.7 million in one-time funds will provide the means to barely cover the mandated recurring salary increases and corresponding employee benefit increases estimated at \$4.04 million, and fund a large portion of the utility cost increases. A redistribution of \$1.0 million in building repair funds will be made to fund mandated salary and benefit increases. The one-time infrastructure appropriation of \$1,171,875 will be used to fund building repairs. The supplemental funding of \$525,000 will be used to support unavoidable utility rate and usage increases.

Tuition.

New tuition revenue is projected to be \$1,150,000. This combines additional tuition from the FY 2006 tuition rate increase of approximately 4.0% and a tuition loss from a projected enrollment decline of 384 students.

An allocation of \$335,566 will be used to increase student financial aid to achieve a ratio of 18.5 percent of the total tuition revenue budget. The increase consists of \$215,966 for non-resident diversity and \$119,600 for non-resident Purple and Gold programs. Another \$164,434 increase for resident student aid set-aside reflects reallocating funds used previously to match federal funds for Work Study and Perkins loan programs. Funding for these programs has been reduced in scope.

New tuition revenue also will be used to fund the remaining \$231,875 for mandatory salary-and-benefit increases. Without sufficient permanent State Appropriations to fund salary and fringe-benefit increases, required by negotiated collective-bargaining agreements for United Faculty and AFSCME, the University has allocated tuition revenue to meet these mandatory obligations and avoid the need of a future employee layoff if one-time appropriations are not made permanent in future years.

New programs in Bioinformatics and Network Administration will receive \$154,434 in new tuition funds to begin to support faculty and instructional support.

New tuition revenue of \$128,125 will be used to fund a portion of the utilities budget increase and the remaining \$300,000 will support funding in areas needed to maintain an effective University operation and strengthen University event coordination and campus facility and program use.

Other Income.

Interest Income - The past two years, with lower-than-anticipated interest rates, actual interest income has not met the budget. An adjustment of (\$50,000) more accurately reflects the budget income from investments.

Indirect Cost Recovery – Sponsored program awards have increased over the past several years bringing in additional indirect cost revenue. This trend is projected to continue so the budget has been increased by \$250,000. These additional funds will support mandatory cost increases for utilities.

b. Reallocations:

Reallocations occur each year; many are strategic to fund specific academic program needs from enrollment pressures and student interests. Other reallocations are needed to fund mandatory cost increases when new revenue is not available. Reallocations are made at the major budget unit (College, Department) with oversight and approval by the Division heads.

Budget reallocations are tracked by creating budget-transfer documents that are reviewed and approved by the University budget office. Information as to where the funds are generated and where they go is tracked in the budget system. Documentation on the specific purpose of the reallocation is retained in each Division office.

The Regents' strategic partnership plan proposed \$40 million in State funding above current fiscal-year levels for the three Regent universities in each of the next four fiscal years to enhance educational excellence in areas that meet Iowa's goals and needs. In return for this investment, the Board would stabilize tuition costs by limiting annual increases to an indexed rate of inflation, calculated at 4.0% for FY 2006. The universities would also match every \$2 of additional State funding with \$1 of institutional reallocations. UNI's reallocation target, based on full funding by the State, is **\$3,750,000**. Although new State Appropriations fell short of the plan, UNI achieved **\$4,788,534** in reallocations. Included in this amount is \$1.0 million Building Repair recurring funds that were redistributed to fund salary-and-benefit increases.

Academic Affairs has made strategic reallocations totaling \$3,163,000, distributed across the five goals of the University's new strategic plan. Educational and Student Services has identified \$147,500 in strategic reallocations, the Administration and Finance Division has reallocated \$313,600, and \$164,400 has been reallocated in Student Financial Aid. Another \$1.0 million, representing the entire Building Repair budget was reallocated to fund salary-and-benefit increases. The non-recurring appropriation for infrastructure of \$1,171,875 is being used to fund building repairs. The total of strategic, unavoidable, mandated, and other initiatives funded from reallocations is \$4,788,534.

2. Uses:

a. Salary Policy – The most significant mandatory increase is to fund salary policy as a result of collective bargaining agreements. Faculty salary increases for organized faculty were negotiated at an average increase of 1.5%, effective at the start of the new fiscal year and a 1.0% average increase effective on Jan. 1, 2006. Professional and Scientific staff will receive merit increases consistent with the negotiated faculty agreement. The collective-bargaining agreement with AFSCME calls for no across-the-board increase effective July 1, 2005. All AFSCME employees eligible for a step increase will receive 4.5% on their eligibility dates beginning on July 1, 2005. Effective on April 1, 2006, the maximum of the pay grades will be increased by 2.5% and employees at the top of their pay grade will receive an increase of 2.5%. Eligibility dates for these employees will change to April 1, 2006.

b. Initiatives

Initiative \$4,038,617 Meet mandatory salary and benefit increases

Mandated salary increases from faculty and merit employee bargaining and corresponding employee-benefit increases will cost approximately \$4.04 million. Included in this figure are employee-benefit cost increases from group health-insurance premiums rising by approximately 10% and group dental-insurance premiums increasing by 8%. Although, the compensation increase reflects collective-bargaining agreements, this funding supports all of UNI's five strategic goals because it helps maintain a quality faculty and staff characterized by diversity and able to provide an intellectually stimulating and challenging experience for our students. It also follows our transformational goal of maintaining a competitive salary position compared to peers and also maintain our student/faculty ratio.

Measures The following performance indicators support this initiative (Strategic Plan Indicators)

- Faculty and Staff Salaries as compared to peer institutions
- Profile of faculty, staff, and administrators by race ethnicity, and gender

Funding Source	\$2,806,742 231,875 1,000,000	Appropriations Tuition Reallocation
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Reallocation Detail	\$1,000,000	Entire Building Repair fund budget is reallocated to fund salary and benefit increases.
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New Use	\$4,038,617	Fund a portion of \$4.04 million for mandated salary and benefit increases.
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Initiative \$958,934 Provide intellectually challenging and character experiences for undergraduate and graduate students in a personalized learning environment.

A combination of \$154,434 in new tuition funds and a reallocation of \$804,500 will provide intellectually challenging and character-building experiences for undergraduate and graduate students (Strategic Plan, Goal 1). Examples include: partial funding needed to support the three new student programs; the creation of an Office of Academic Assessment charged with improving student outcome assessment and, thus, program quality across the institution and particularly in the University’s Liberal Arts Core Program; additional support for the University Honors program that has grown steadily since its inception under the old strategic plan; support for a program initiated under a large Federal grant to prevent violence against women; and the creation of several new staff or faculty positions that particularly contribute to achieving this goal, e.g., an actuarial scientist in the math department, and a shop technician in the theater department.

- Measures The following indicators support this initiative (Strategic Plan Indicators)
- Undergraduate student retention and graduation rates by ethnic/racial composition percentages
 - Length of time to degree
 - Annual survey of reasons students withdraw before graduation
 - Funds expended for student employment

Funding Source \$154,434 Tuition
 \$804,500 Reallocations

Reallocation Detail \$804,500 Reallocations from various Academic Affairs departmental budgets, including salary and service and supply funds.

New Use \$958,934 Fund new programs (\$154,434)
 Maintain and enhance instruction in a personalized learning environment in the following colleges and units: CHFA (\$240,700), CNS (\$125,000), COE (\$55,200), Provost Honors program and assessment (\$383,600)

Initiative \$1,318,900 Maintain a faculty distinguished by their creative and intellectually rigorous teaching and scholarship.

Reallocations of \$1,318,900 were made in the Academic Affairs Division to maintain a faculty distinguished by its creative and intellectually rigorous teaching and scholarship (Strategic Plan, Goal 2). Most of these reallocations create lines to recruit faculty in particular fields deemed of strategic importance. Examples include a specialist in taxation in the accounting department, a specialist in sports economics in the economics department, and a specialist in urban planning and geographic-information systems in the geography department. Funds also were reallocated to create an Office of Sponsored Programs to capitalize on and further develop UNI’s increasing success in extramural funding. It is noteworthy that there will be one fewer upper-level (dean/associate vice president) academic administrator under the new reorganization.

Measures	The following indicators support this initiative (Strategic Plan Indicators)	
	<ul style="list-style-type: none"> • Student credit hours taught by tenure/tenure track faculty • Faculty and staff salaries as compared to peer institutions • Sponsored funding per year 	
Funding Source	\$1,318,900	Reallocations
Reallocation Detail	\$1,318,900	Reallocations from various academic affairs departmental budgets including salary and service and supply funds.
New Use	\$1,318,900	Maintain and enhance creative and distinguished faculty in the following colleges and units: CBA (\$394,300), CNS (\$175,700), COE (\$130,300), CSBS (\$163,800), Sponsored (\$454,800)

Initiative \$318,900 Focus the involvement of the University in addressing critical local, State, national, and global needs.

Some \$318,900 in Academic Affairs were reallocated to address critical local, State, national and global needs (Strategic Plan, Goal 3). A number of new positions in educational psychology (school counseling), and educational leadership were seen as fulfilling this goal, though they also could have been included under either of the earlier goals. Other reallocations targeted improving our 2+2 partnerships with community colleges, educational outreach and support, and support for the Institute for Decision Making, serving communities across Iowa.

Measures	The following indicators support this initiative (Strategic Plan Indicators)	
	<ul style="list-style-type: none"> • Students participating in experiential learning courses • Students having an international learning experience • Off-campus student enrollment in degree programs offered through distance learning 	
Funding Source	\$318,900	Reallocations
Reallocation Detail	\$318,900	Reallocations from various Academic Affairs departmental budgets including salary and service and supply funds.
New Use	\$318,900	Enhancement of our outreach programs in the following colleges and Units: CBA (\$21,600), COE (\$270,400), CSBS (\$3,900), Provost (\$23,000)

Initiative \$601,900 Promote a University culture characterized by diversity, collegiality, mutual respect, organizational effectiveness, and shared responsibility.

Some \$101,900 was reallocated in Academic Affairs specifically to address diversity, collegiality, mutual respect and organizational effectiveness (Strategic Plan, Goal 4), though, again, items in the other goals also impact this category. Examples of reallocations include: reallocation of secretarial positions to departments with higher needs, increased funding for minority recruitment, and staff support for minority retention.

- Measures The following indicators support this initiative (Strategic Plan Indicators)
- Profile of faculty, staff, and administrators by race, ethnicity and gender
 - Profile of undergraduate and graduate student populations by residency, race and ethnicity
 - Profile of financial aid to undergraduate and graduate students

Funding Source \$266,334 Reallocations
 \$335,566 Tuition

Reallocation Detail \$101,900 Reallocations from various Academic Affairs departmental budgets including salary and service and supply funds.

 \$164,434 Reallocation from federal matching to in-State student financial aid.

New Use \$601,900 Increase student financial aid (\$500,000), additional support for organizational effectiveness and minority recruitment activities in the following colleges and units: CHFA (\$25,400), COE (\$61,500), Provost (\$15,000)

Initiative \$1,379,900 Provide and maintain appropriate resources including staffing for effective and efficient University operation.

The Academic Affairs division reallocated \$618,700 to enhance effective and efficient University operations (Strategic Plan, Goal 5). These reallocations frequently supported new staff positions in technology areas, such as increasing the number of technology specialist staff in the College of Humanities and the College of Natural Sciences or hiring Oracle Database Applications programmers to support our new Web-based financial and personnel systems. Two new part-time academic administrative fellowships will provide important professional and leadership-development opportunities and also make possible the reduction of higher-cost administrative staff.

In Education and Student Services, \$147,500 was reallocated to provide funding for wellness and recreation services reduced in past years because of State budget cuts. These services are a priority for students. Funds from Counseling services will provide staffing and program support. Support for some counseling staff and services will be funded through the mandated health fee. With the combination of Counseling Services and Health Services in the new student health clinic this August, a holistic approach to personal well-being is being promoted for a healthy mind, body, and spirit.

The Administration and Finance Division reallocated a total of \$313,700 to improve efficiency and effectiveness of University operations. A new position to coordinate University events will enable the University to maximize the use of its buildings and services. A budget systems-development and financial analyst position has been created to help develop a new integrated budget system and provide improved decision-support analysis. Funding was reallocated from the former Controller's office. Funds in the MEMFIS administrative systems-improvement project were reallocated from services and supplies to support a needed programmer/analyst. With the increased importance of information technology in ensuring process improvements and operational efficiencies, funds from Facilities Services were reallocated in the Information Technology unit to create a needed programmer/analyst position. Facilities Services reallocated a maintenance-contract coordinator position to increase support in the fire and environmental safety area. With increased emphasis from Federal, State, and local interests for safety training and preventive safety efforts, the added position will help meet these needs.

Measures The following indicators support this initiative (Strategic Plan Indicators)

- Funds expended for library materials
- Funds expended for building repairs
- Funds expended for equipment
- Dollars available to the University from the Foundation for scholarships, capital, and programs

Funding \$ 300,000 Tuition
Source \$1,079,900 Reallocations

Reallocation
Detail \$618,700 Academic Affairs Division – various departmental budgets including salary and service and supply funds.

 \$147,500 Education and Student Services – funds from Counseling Services.

 \$313,700 Administration and Finance – funds from various offices in the Division from both salaries and supplies and services budget.

New Use\$1,379,900 Organizational effectiveness and efficiency improvement initiatives

In the following colleges and units: CHFA (\$92,800), CBA (\$14,300), CNS (\$43,100), COE (\$32,700), CSBS (\$12,100), ITS (\$223,200), Provost (\$200,500), Education and Student Services (\$147,500), Administration and Finance (\$613,700)

Other Cost Increases

\$853,125 Meet unavoidable energy cost increases

Budgeted utility costs are increasing by \$853,125, primarily from higher energy costs incurred in both FY 2005 and projected for FY 2006. Coal prices were 33% higher than last year's bid, triggering an estimated fuel increase during FY 2006 of approximately \$500,000. Of 24 coal and coke proposals sent out to prospective vendors, only one bid was received and accepted. Because of the method by which the University accounts for coal inventory use, the FY 2006 utility budget must increase by \$853,125 to help match the estimated expenditures.

Funding	\$525,000	Appropriations (One-Time Supplemental)
Source	\$128,125	Tuition
	\$200,000	Other Income

New Use \$853,125 Increase utilities budget to meet increased utility rate and usage.

3. Remaining General Fund Appropriation Units:

In the three special appropriation units – Metal Casting Center, Recycling and Reuse Technology Transfer Center, and the Institute for Decision Making, funds to support salary increases will be reallocated from services and supplies budgets.

June 2005