

Contact: Patrice Sayre

FY 2012 OPERATING APPROPRIATIONS REQUESTS

Actions Requested:

- Based on proposed spending and funding plans, consider approval of the identified operating appropriations requests for FY 2012 totaling \$639 million.
- Consider authorization of actions by designated Regent staff to seek collaboration and partnerships between Regent institutions and other sectors of state government. The Regent legislative efforts are an integral part in successfully receiving requested funding.

Executive Summary:

To maximize benefits to Iowans and other citizens, the Board of Regents advocates for adequate support for Regent institutions from all sources for high-quality educational opportunities accessible to Iowans, research and scholarship, service activities, and economic development efforts.

The two key resource components requiring specific Board action are: (1) requesting state appropriations and (2) determining tuition rates. A tuition workshop will occur in October, with the FY 2012 tuition and fees proposal coming to the Board later in the fiscal year. This Regent request is for FY 2012 state operating appropriations.

State appropriations are crucial investments in the future of Regent institutions that, together with the research funding and philanthropy garnered by the public universities, and the tuition and fees paid by students and parents, reflect a partnership that serves the needs of Iowa, its citizens, and the world.

Iowa Code requires state entities to submit appropriations requests for the ensuing fiscal year to the state on or before October 1.

Regent appropriation requests are consolidated into six major functional areas:

• Higher Education	• Higher Education Legislative Special Purpose
• Special School Education	• Economic Development
• UIHC IowaCare Program	• Iowa Public Radio

To maintain a stable base for operations, the appropriations request incorporates:

- Continuation of recurring state appropriation levels
- Funding for initiatives to support the FY 2010-2016 strategic plan from state appropriations
- Replacement of one-time resources with recurring state appropriations
- Continuation of the UIHC IowaCare program
- Support for Iowa Public Radio

APPROPRIATIONS REQUEST

Board of Regents Proposed Operating Appropriation Request								
	Regent Operations by Major Function				Total	UHC/IowaCare Program	Iowa Public Radio	Grand Total
	Higher Education	Higher Education Legislative Special Purpose	Special School Education	Economic Development				
STATE APPROPRIATIONS								
Continuation of FY 2011 Recurring Appropriations	465,723,860	91,260,062	13,694,672	3,409,029	574,087,623	27,284,584	406,318	601,778,525
Strategic Initiatives for Progress	19,100,000	6,836,706	543,893	1,590,971	28,071,570	-	8,127	28,079,697
Replacement of One-time funding	8,744,689	-	625,311	-	9,370,000	-	-	9,370,000
Proposed Total Appropriations	493,568,549	98,096,768	14,863,876	5,000,000	611,529,193	27,284,584	414,445	639,228,222

Salary Funding

As the State develops its plan for supporting salaries for all employees, it is crucial that the Regent institutions participate in the salary pool.

The dollar amounts for incremental salary funding are not included in the Regent appropriations request as this will be determined after state negotiations for collective bargaining are completed for FY 2012-2013. These negotiations, conducted every two years, have a major influence on state salary policy. Historically, a separate appropriations bill provides funding for new salary increases to all state agencies. This legislation typically requires that Regent institutions provide comparable salary increases for non-contract employees as provided for contract-covered employees. The Regent institutions request to participate in the salary bill.

Salaries comprise 70% of the universities' general education expenditures. Full funding of salary needs for Regent institutions is key to keeping the Regent institutions the premier institutions of their type by:

- Allowing the universities to be competitive with their peers in recruiting and retaining top faculty in a global marketplace
- Implementing institutional strategic plans
- Providing exceptional learning opportunities for students
- Stimulating economic development by supporting new evolving technologies
- Disseminating knowledge
- Delivering valued public service that Iowans expect from the Regent universities

If salary funding is not provided, it would represent another budget reduction in addition to the budget reductions of the past two years. The Institute for Economic Research at the University of Iowa has analyzed the likely course of inflation in the Higher Education Price Index (HEPI) for fiscal years FY 2011 and FY 2012. The FY 2012 HEPI median is 3.1%, with a probability range from 2.2% to 4.0%.

Higher Education Operating Appropriations Request

\$493.6 million

The higher education request includes:

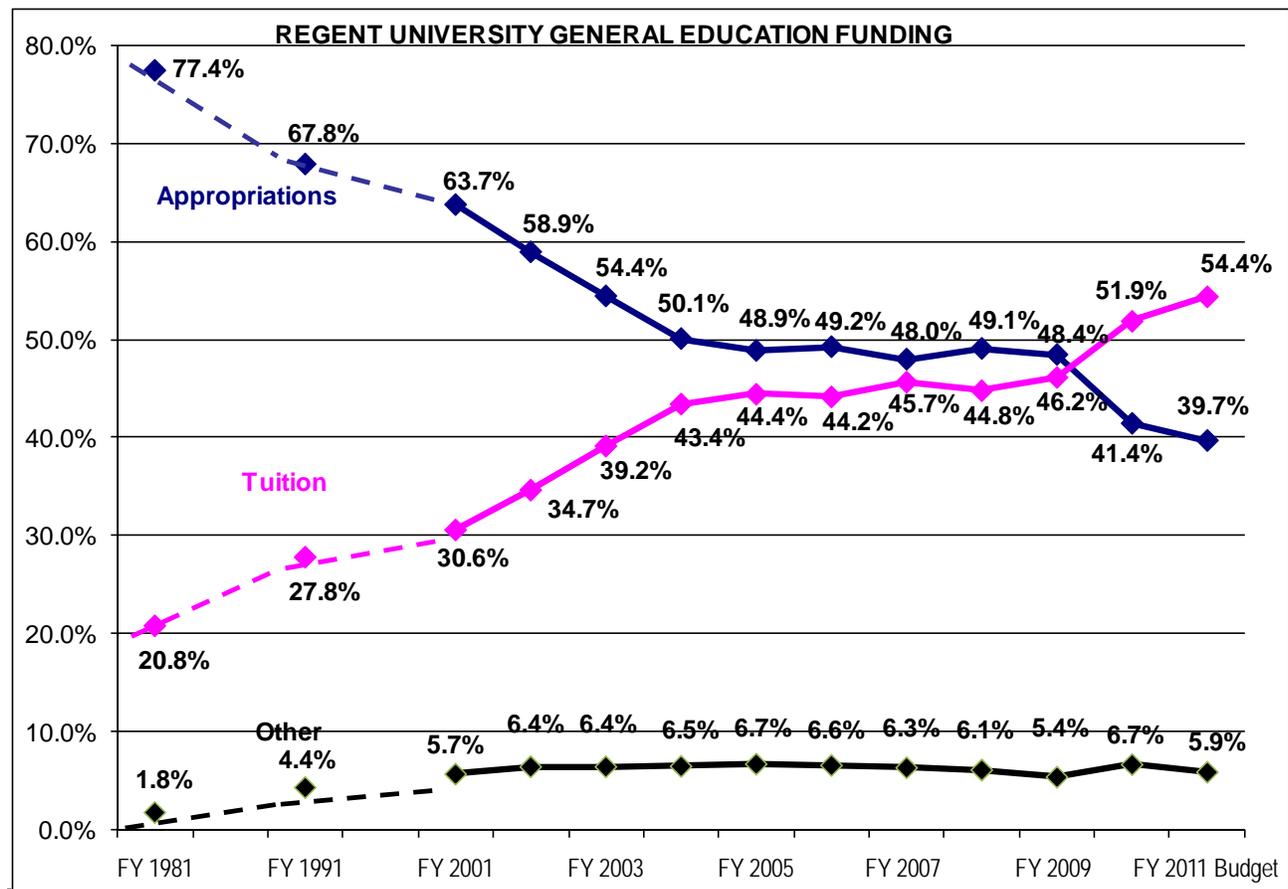
- Continuation of FY 2011 recurring appropriations of \$465.7 million
- Incremental funding of \$19.1 million to support new strategic initiatives
- Replacement of one-time funds of \$8.7 million with recurring appropriations

The incremental appropriations request incorporates two priorities adopted in the Regents' Strategic Plan for 2010-2016:

- I. Access , Affordability, and Student Success
- II. Educational Excellence and Impact

The Board has identified goals, accountability measures, and targets to accomplish these priorities. The higher education appropriations request incorporates the Regents commitment to affordability; student success, incorporating timely degree attainment and student outcomes assessment; diversity; and the quality of interdisciplinary education experiences for undergraduate and graduate education.

State operating appropriations have historically provided the core operating funds for the Regent institutions. However, dynamic changes in state funding patterns significantly altered the proportion of revenue sources for higher education.



The Regent institutions implemented a number of cost-saving and efficiency initiatives in response to the decrease in state funds, and continue to follow the Board of Regents' directive to find further initiatives. An ongoing commitment to strategic planning, organizational efficiency and cost-saving is an integral part of the Board's stewardship role in governance.

The proposed spending plan request will:

- Enhance the undergraduate and graduate education by recruiting and retaining faculty members who are among the very best in their fields of study, thus maintaining educational excellence in areas important to Iowa's future
- Focus the hiring of new faculty in key strategic academic disciplines with a high impact in Iowa and in economic development growth potential for the state
- Preserve the quality of statewide research and outreach services inherent in the missions of the three Regent universities
- Enrich the educational experience for students and provide more student access to faculty who produce research and scholarship.
- Effectively manage appropriate class sizes
- Improve student progress toward graduation

Due to substantial budget reductions in FY 2009 and FY 2010, non-recurring state funds of \$8,744,689 were budgeted in FY 2011 to support on-going, unavoidable cost increases. Replacement of these one-time funds with recurring state support is necessary to prevent future program and service reductions. A stable and continuing operating fund base is fundamental to allowing the universities to focus on strategic educational and research initiatives that will make Iowa a better place.

Higher Education Legislative Special Purpose Appropriations Request \$98.1 million

The Special Purpose appropriations request includes the continuation of FY 2011 recurring appropriations of \$91.3 million, and incremental funding of \$6.8 million to support new initiatives of the units.

These appropriations are for specific programs at each institution which provide statewide services. Examples of these appropriations are the Hygienic Laboratory at the University of Iowa, the Cooperative Extension Service and Agriculture Experiment Station at Iowa State University, and the Recycling and Reuse Program at the University of Northern Iowa.

Due to prior years' appropriations reductions, several of these programs are requesting specific increases in addition to the current level:

- SUI - State Hygienic Laboratory - \$856,000

The State Hygienic Laboratory's mission is to serve the state as Iowa's public and environmental health laboratory. State support is needed to offset testing and related activity costs to meet its statutorily established mission. Services currently unfunded include a statewide courier system to transport newborn screening samples, other patient samples, unknown powders and other samples of public health significance. These samples are from throughout Iowa and are analyzed at one of the two Hygienic Laboratory facilities in the state. Likewise, state support is needed to meet facility and operations, and maintenance charges the state assesses to the State Hygienic laboratory.

- SUI - Iowa Online Advanced Placement Academy - \$525,000

The Iowa Online Advanced Placement Academy (IOAPA) was established in 2001 and is administered by the University of Iowa's Belin-Blank Center. The program provides AP courses to all high schools in Iowa, with an emphasis on small/rural schools. IOAPA also provides training for Iowa teachers to deliver AP courses in their home schools and is critical in helping Iowa meet the requirements of the Senior Year Plus statute. Federal funding for IOAPA will end in June 2011 and no new federal funds are available for this program.

- SUI - Iowa Flood Center - \$1,500,000

The Iowa Flood Center (IFC) was established and funded by the State of Iowa in the spring of 2009. Funding of \$1,300,000 was provided by the state in FY 2010, and again in FY 2011. The university requests continuing funding of \$1.3 million and an incremental amount of \$200,000.

The IFC's overarching objective is to dramatically improve the flood monitoring and prediction capabilities in Iowa. Recent flooding in the state confirms the great need for this intelligence and the services of Iowa's flood professionals. Additional funding is needed in FY 2012 to support the following critical activities:

- Development and deployment of a statewide soil moisture and rainfall monitoring network for at least one-third of the state
- Operational deployment of a real-time flood forecasting system for 900 Iowa communities
- Implementation of modeling capabilities to evaluate different flood mitigation strategies.

- ISU – Agriculture Experiment Station - \$1,500,000

Additional funding would support faculty and operating funds for research focused on sustainable agricultural systems; sustainable bioenergy; and health, food, and nutrition - all key elements of the proposed ISU strategic plan and the emerging strategic plan for agriculture and life sciences. Targeted investments of faculty, staff and operating funds would occur in:

- Water quality and water-crop production
- The bioeconomy
- Food production/security and food safety
- A new entity known as the Center for Translational and Applied Genomics (CTAG) to blend and expand research and economic development from animal, microbe and plant genomics
- Support for research and industrial development at the Egg Industry Center to ensure Iowa's position as first-in-the-nation in egg production
- Production animal and minor animal vaccine research and development

These focused investments will enable ISU, along with strategic public-private R&D partnerships, to provide cutting-edge solutions to compelling grand challenges; provide plentiful, safe and nutritious food and feed; develop and deploy sustainable biofuels/bioproducts; and ensure environmental services such as carbon sequestration and water and soil quality under variable climate conditions. Strategic public-private partnerships allow for rapid and appropriate translation of science and technology to commercialization and strengthen the economic viability of agribusinesses and rural communities

- ISU – Cooperative Extension Services - \$1,000,000

ISU Extension supports economic growth and works to improve quality of life through encouraging business development, helping create new jobs, building partnerships, and expanding entrepreneurial activities.

A \$1 million infusion will support faculty, economic development specialists, and a data analysis center. These resources will provide communities geographical and topical forums to dynamically assimilate emerging sciences, ideas, policies and practices to create knowledge and think tank hubs focusing on key issues economically relevant to Iowa. Building upon a strong foundation, the new funding will focus initially on Iowa's main streets, value added agriculture and the experience hubs.

- UNI – Iowa Mathematics and Science Education Partnership (IMSEP) - \$2,200,000

The Institute, housed at UNI continues to evolve as the lead agency for STEM education in Iowa. Additional funding for IMSEP will be used to:

- Expand recruitment through the Iowa Intern Licensure Pathway and I-Teach Math & Science.

A 2010 IMSEP study of STEM alumni indicates high interest in a non-traditional pathway to teaching such as the Iowa Teacher Intern License Pathway (ITILP). This nascent program needs to expand staffing, supervision and scholarship opportunities for math/science candidates.

I-Teach Math & Science focuses on recruiting undergraduates and post-BA candidates. Additional funds are needed to add site placements, instructors, seminars, internships, scholarship administration; launch high school Future Teachers of Math and Science clubs; and further recruitment programs such as Science Bound and the Iowa Math and Science Academy.

- Expand Real World externships designed to build career awareness and relevance for Iowa students of science and math by placing teachers in Iowa companies for the summer. The pilot program began in FY 2009 with 10 teachers and 9 businesses, growing to 33 teachers and 20 businesses in FY 2010 and transforming teachers and engaging businesses.
- Fulfill the recommendations of the Women/Minorities in STEM report and improve retention by providing professional development opportunities for university faculty and staff on research-based best practices for creating teaching/learning experiences in STEM disciplines that most effectively meet the learning needs of all students, particularly those underrepresented in the instructor's field.
- Continue to pilot and replicate IMSEP successes. Of the two dozen piloted enrichment programs funded by IMSEP in FY 2009 and FY 2010, several were evaluated as strongly impacting student learning and teacher recruitment, and merit replication. Programs such as the Corridor STEM Initiative (CSI), connecting industry, area education agencies (AEAs), community colleges and schools throughout the Cedar Rapids/Iowa City technology corridor, delivered after school enrichment, summer programming, and school day support; and EMPOWERER a collaboration of SUI, UNI, AEA 10, and several school districts in delivering Iowa Core curriculum mathematics educator support.

Special School Education Operating Appropriations Request

\$14.9 million

The funding request for the two special schools (ISD and IBSSS) allows the Board of Regents to continue to provide high quality, individualized instructional opportunities to children and youth who are deaf or hard-of-hearing and to those who are blind or visually impaired, including those with additional disabilities. The Allowable Growth rate for K-12 has historically been set at 4%, which is reflected in the request for the Special Schools. The Special Schools' request includes the continuation of FY 2011 recurring appropriations totaling \$13.7 million for general operations, incremental funding of \$543,893 million (4%), and replacement of one-time funding of \$625,311 with recurring appropriations.

The Special Schools' request will support the implementation of strategic goals to:

- Increase the number of students meeting or exceeding the state academic standards in reading and mathematics
- Support student outcomes assessments programs advancing student achievements of identified learning goals

For the Iowa Braille and Sight Saving School, the requested increase will support the implementation of the Regent approved model changes for the Residential Program by enhancing the availability of intense services for students that are blind or visually impaired across the state, including those students with additional disabilities.

Due to substantial budget reductions in FY 2009 and FY 2010, non-recurring state funds of \$625,311 million were budgeted in FY 2011 to support on-going, unavoidable cost increases. Replacement of these one-time funds with recurring state support is necessary to prevent future program and service reductions.

Economic Development Operating Appropriations Request

\$5 million

The third Regent Strategic Plan priority for FY 2010 – 2016 addresses economic development and vitality. This functional area includes operating funds for SUI - Advanced Drug Development, Oakdale Research Park, and Technology Innovation Center; ISU - Institute for Physical Research and Technology, Small Business Development Centers, and ISU Research Park; UNI - Institute for Decision Making and Metal Casting Center. The economic development request includes the continuation of FY 2011 recurring appropriations of \$3.4 million and incremental funding of \$1.6 million.

The Board of Regents proposes a jobs and wealth creation initiative to address critical gaps inhibiting the fullest use of the universities' research and outreach assets for economic development and to more closely align with new state-wide innovation initiatives. State general funding of \$5 million per year is requested to support this critical strategic asset for Iowa's economy.

Iowa's public universities have built research programs that attract more than three-quarters of a billion dollars in sponsored funding to the state. This funding annually generates a significant number of technology discoveries and increases the number of Iowans with highly valuable knowledge or technical expertise.

However, there remain gaps in the complex, multi-step process of commercializing technology discoveries and knowledge, and unrealized opportunities for coordination among the Regent institutions, with other state programs and with private industry. The Regents proposal, if funded, would address these key gaps and further speed the development of the high-technology sector of the Iowa economy.

Key Components

- Proof of Concept Centers (POC)

A POC would provide early and highly-coordinated assistance to faculty to help guide their research in the most economically productive directions, to evaluate intellectual property and market potential for early research projects, and to provide an early connection to commercialization resources.

- Mentor/Advisor Network

A critical need in technology commercialization is the ability to quickly engage experienced professionals to advise faculty entrepreneurs and startup companies. The creation of a Regent-wide Mentor/Advisor Network would provide the business and technical expertise needed and would expand the reach of existing programs such as MyEntreNet and the Small Business Development Centers.

- Incubation Network

Each of the universities has facilities such as business incubators, student business incubators, pilot plants and commercialization laboratories with a broad range of capabilities. A network would organize these various operations, ensuring that faculty entrepreneurs, within and among the campuses, have efficient and full access to these resources.

- Incubator/Research Park Loan Fund

University research parks and incubators have proven a highly effective method of commercializing technology. The more rapid expansion of these assets is hampered by the cost of commercial debt incurred to build the facilities. A state-funded program providing low-interest, repayable loans would reduce the cost and risk of expanding these facilities for new companies.

UIHC IowaCare Program Appropriations Request

Unknown

The IowaCare Program, initiated by the Iowa Department of Human Services on July 1, 2005, has benefited thousands of low-income Iowans without health insurance. The initial five-year waiver has been renewed through December 31, 2013, at which time most of the IowaCare population is expected to transition into Medicaid.

Under the renewed waiver, additional sites for IowaCare beneficiaries to receive care will be phased in over time. These sites will serve as medical homes for beneficiaries assigned there and they will provide primary care to the assigned population. Access to specialty services at the University of Iowa Hospitals and Clinics (UIHC) will still be available to these beneficiaries if a referral is made by the medical home. Permission has also been obtained under the renewed waiver for physician services delivered at the UIHC to be reimbursed under IowaCare. This is due, in part, to the UIHC assisting with the provision of state matching dollars, although there are still state plan amendments outstanding that are necessary to fully enact all that was envisioned by the legislature last year.

With the implementation of significant changes to any program, and particularly one as complicated as IowaCare, there will likely be opportunities where adjustments become necessary to better achieve desired outcomes. The Board of Regents authorizes its State Relations Officers to pursue adjustments as they become evident to enable the UIHC and its physicians to fulfill their role in the IowaCare program.

Iowa Public Radio

\$414,445

Incorporated in February of 2006, Iowa Public Radio was organized exclusively for charitable and educational purposes and has the primary purpose of supporting and promoting the welfare and growth of the network of public radio stations licensed to the Board of Regents and operated for the public benefit. Specifically, Iowa Public Radio has three goals:

- Iowa Public Radio will increase and enhance service across the state of Iowa.
- Iowa Public Radio will work toward self-sufficiency while growing annual revenues to \$8.5 million by 2011.
- Iowa Public Radio will become a fully integrated organization, blending the best of each of the stations while moving to the next level as a public radio operation, and as a best-of-class Iowa nonprofit

IPR recognizes the universities' goals of maintaining affordability and accessibility for all students as well as academic excellence. Given the economic environment and the budget climate facing each of our universities, IPR will build on private revenue streams to compensate for the loss in university funding over time. With the universities, IPR supports the building social capital in the state, fostering an informed and engaged population thus contributing to the expansion and diversification of Iowa's economy.

Iowa Public Radio requests a 2% increase in operating support from the State of Iowa – from \$406,319 in FY11 to \$414,445 in FY12. The primary use of the funds is to build capacity in IPR fundraising staff – in people, tools and resources – to continue towards the goal of self-sufficiency. The investment will support the following activity:

- Invest in People – professional fundraisers demonstrating success in major gifts, foundation gifts and planned gifts.
- Invest in Tools – professional materials demonstrating the case for private support
- Invest in Resources – training and professional development to cultivate prospects for private support

Non-appropriations Request

The Board of Regents strongly encourages Regent institutions to seek collaboration and partnerships between Regent institutions and other sectors of state government that result in improved productivity, more effective stewardship of state resources and enhanced economic development opportunities for Iowa's citizens. The Board also seeks relief from statutory and administrative state mandates that demonstrably impede the Regents' flexibility in governance, require unnecessary staff work or require significant reporting which no longer serves a critical state or Regent strategic purpose.