

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Approval of FY 2001 Detailed Budgets - University of Northern Iowa  
**Date:** July 7, 2000

**Recommended Action:**

Approve the University of Northern Iowa final FY 2001 general fund operating budget of \$130,612,081 and the restricted fund budget of \$93,422,200 for a total of \$224,034,281.

**Executive Summary:**

In accordance with the Board's strategic plan, the University of Northern Iowa is presenting its final FY 2001 budgets to the Board for approval.

**General Fund Operating Budget - \$130,612,081**

In June, the University of Northern Iowa presented its preliminary general fund operating budget to the Board. The total budgeted dollars have not changed; however, the University has added budget detail, especially for reallocations.

The FY 2001 direct state operating appropriations of \$91.8 million reflect a slight increase in base appropriations and partial funding for state salary policy increases and workers' compensation. Tuition revenues of \$36.2 million include the amounts generated by the Board-approved 4.3% rate increase.

The University proposes to use most tuition revenues generated by the rate increase, after student aid set-aside, to cover part of the salary shortfall in state appropriations and other non-discretionary operating cost increases (maintenance of quality rather than improvement of quality).

The University has identified reallocations of \$4.9 million, which represents 3.9% of the revised FY 2000 general fund budget. UNI proposes to use its reallocations entirely for maintenance of quality rather than quality improvement.

In refining FY 2001 reallocations, UNI is proposing, as a short-term solution, to hire adjunct faculty instead of tenure-track faculty. Over the past several years, UNI has experienced higher than normal faculty retirements. During the past year, UNI has been conducting searches for over 100 tenure-track faculty members. Given the FY 2001 appropriation shortfalls, UNI is proposing to delay some searches and hire adjunct faculty for FY 2001. However, the University indicates that this will reduce the quality of the learning environment and the institution.

The UNI preliminary budget has been allocated by its strategic planning goals of generating an intellectually demanding and stimulating environment (\$87.7 million), promoting a sense of community (\$6.5 million), managing resources effectively (\$34.0 million), and improving external relations (\$2.4 million).

Restricted Fund Budget - \$93,422,200

The restricted fund budget includes resources and expenditures related to its sponsored programs, auxiliary enterprise functions, independent operations, bonding activities, and capital projects. The Residence System and Athletic Department budgets are part of the restricted fund budget and, as such, are presented this month for approval.

The Residence System budget (page 8) of \$21.7 million in revenues is unchanged from March when it was initially presented to the Board. The University increased the general university support in the Athletic Department budget (page 9) by \$41,771 from the one presented in June. The UNI Athletic Department budget now shows \$6.2 million in revenues.

**Background:**

The University of Northern Iowa presented to the Board its FY 2001 conceptual budget approach in May and its preliminary general fund operating budget in June. The final general fund operating budget is presented to the Board this month for approval. This final budget is consistent with the previous submissions and the Board's and the institutional strategic plans.

This is the fourth year that UNI has engaged in a campus-wide budget process for allocation of new revenue. The results from experience in past years were better planning and participation in the requests throughout campus. However, the FY 2001 planning process was interrupted by state deappropriations for FY 2000 and minimal changes in funding for FY 2001.

The restricted fund budget is also presented this month for Board approval. The restricted fund budget includes sponsored programs such as competitively awarded federal grants and contracts; auxiliary enterprise functions such as the Residence System and Athletic Department; and independent operations such as its parking and telecommunications enterprises. The restricted fund also incorporates the activities related to bonding and capital projects, including capital appropriations.

**Analysis:**

**General Fund Operating Budget**

The final FY 2001 general fund operating budget for the University of Northern Iowa is \$130.6 million, including direct state operating appropriations of \$91.8 million. The University's budget is distributed among the following units:

	<u>Total Budget</u>	<u>Direct State Appropriations</u>
General University	\$129,426,368	\$90,643,431
Institute for Decision Making	757,098	757,098
Recycling and Reuse Technology Transfer Center	251,754	251,754
Industrial Technology Metal Casting	<u>176,861</u>	<u>176,861</u>
Total	\$130,612,081	\$91,829,144

The summary sheet on page 7 of this docket memorandum details the budget by strategic planning goals, revenue sources, new revenues and reallocations, and the related expenditure allocations.

**State Appropriations**

The FY 2001 direct state operating appropriations for UNI total \$91.8 million. The University's base operating appropriations were increased slightly from the original FY 2000 appropriations by a net of \$30,137.

The state's allocation for implementation of the state salary policy and the collective bargaining agreement for faculty was \$2.4 million, which is \$2.0 million less than the \$4.4 million needed for salaries, excluding health insurance increases. A legislated policy change for state funding of workers' compensation resulted in an appropriation of \$0.4 million – this does not represent a net increase in state funding for this purpose.

When the legislature combined line item appropriations during the 2000 session (the General University and the Masters in Social Work), language was added in the education appropriations bill that allows the University to expend an additional \$150,000 for its Masters in Social Work program, for a total of \$450,000. The appropriation did not include incremental funding specifically for this spending authorization, but gives the University flexibility in managing its base appropriations. The University is committed to spending the \$450,000 for the Board-approved Masters in Social Work initiative.

Legislative intent language and spending authorizations were also added for two programs that were not requested by the Board: up to \$100,000 for the roadside vegetation project and up to \$200,000 for the Iowa Office for Staff Development. The University is also committed to spending the dollars for the identified areas.

### Tuition Revenues

General fund revenue from tuition is estimated to increase by \$1.9 million from the revised FY 2000 budget for a total of \$36.2 million. The FY 2001 tuition revenue estimate is based on Board-approved tuition rate increases, enrollment increases, and the projected mix of resident and non-resident students.

The increase in tuition revenue was originally intended to fund new faculty to support enrollment growth, enhanced study abroad programs, and development of a First Year Experience Program. With the shortfall in state appropriations, UNI proposes to address some of the appropriations shortfalls by deploying the increased tuition revenue, after student financial aid set-aside of \$277,000.

### Reallocations

The FY 2001 budget reflects internal reallocations totaling \$4.9 million (Attachment C, page 10), which recognize both permanent and temporary shifts in the use of general education fund resources. The UNI internal reallocations for FY 2001 represent 3.9% of the revised FY 2000 budget and are consistent with the Board's five-year program of reallocations averaging 2% per year.

For FY 2001, UNI proposes to use its reallocations entirely for maintenance of quality to meet mandatory budget increases rather than quality improvement. UNI normally reallocates by moving funds from various budget lines to a pool and from that pool to different areas of need. Funds from a particular line may, therefore, be reallocated to a number of different uses. Reallocations may occur within units or among them. For example, this year the Provost's office required each college, the library, and the Information Technology Support to distribute to the Provost office for reallocation a portion of salary dollars based on the number of faculty and staff who had resigned or retired.

Specific examples of reallocations proposed by the University of Northern Iowa for FY 2001 include the following:

- Academic Affairs, the Provost's area, has the largest amount of the proposed reallocations (\$4.2 million).
  - Identified sources (from): open lines of colleges; office equipment and supplies; provost office salaries and wages; electronic technicians; College of Natural Sciences student wages; and College of Business faculty (1 resignation and 5 phased retirements).
  - Identified uses (to): Performing Arts Center operations and programs; budget shortfall areas; library inflation; PC support coordinators, trainer, instructional designer, and systems administrator; College of Natural Science undergraduate research stipends; and College of Business academic advisor and two faculty in high demand areas.
  - Academic Affairs proposes to reallocate funds to provide new positions for essential areas including Communication Studies, Art Department, and Social and Behavioral Sciences.

- Reallocations are proposed from equipment line items to backfill positions for the implementation of the Modern Executive Management and Financial Information Systems (MEMFIS), the University's new administrative systems.
- Campus-wide, internal reallocations are being proposed to fund inflation for supplies and services, library materials, and equipment. These reallocations are essential to maintain quality of existing programs and services.
- Reallocations of student wages, as necessary, are proposed to protect as many permanent positions and critical overtime budgets that are essential for operating the campus environment services (i.e. electric and steam support, facility heating ventilation and air conditioning, information technology).
- The Graduate College is reallocating funds from within the College to increase thesis and dissertation assistance and for management of the University's intellectual property.

#### Other Budgetary Decisions

Over the past several years, UNI's ratio of tenure-track faculty to students has declined due to a higher than projected number of retirements coupled with increased student enrollments. The University indicates that the budget shortfall this year creates significant difficulties in addressing this situation.

UNI plans to minimize the impact on students by maintaining course opportunities and enabling students to graduate on time. Because of the budget shortfalls and increasing enrollments, UNI plans to hire a greater number of lower-cost adjunct faculty, but is proposing this as a short-term strategy.

Most of these adjuncts are considered good instructors and many add new perspectives to their classes. However, adjunct faculty are only responsible for teaching their individual courses. While individual courses being taught by adjunct faculty may be fine in many cases, in the aggregate, the University indicates that an insufficient number of full-time tenure-track faculty reduces the quality of the learning environment and of the institution.

Tenure-track faculty are required to participate in many ways that adjunct faculty are not. Some examples include:

- Providing student advising or mentoring;
- Supervising experiential learning, independent study, or supervised reading courses;
- Serving on departmental and university committees that contribute to the governance and operation of the institution;
- Being involved in scholarship and creative activity, involving students in those aspects of their fields; and
- Teaching upper division or graduate students.

### **Restricted Fund Budget**

Restricted funds for FY 2001 total \$93.4 million. Capital appropriations for FY 2001 are \$5.2 million and tuition replacement is estimated at \$4.9 million.

State appropriation increases for capitals include the state funding of \$2.5 million for Lang Hall and \$2.7 million for McCollum Science Hall renovation. Tuition replacement appropriations increased in line with debt service increases on academic building revenue bonds.

The restricted fund also includes allocation of state appropriations such as \$1 million from the technology bill for UNI to develop a 21<sup>st</sup> century learning initiative in consultation with the new state Information Technology Department and \$275,000 for the Ag-Based Lubricants Technology.

### **Residence System Budget**

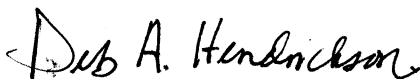
Proposed residence system revenues for FY 2001 total \$21.7 million and proposed expenses for operations total \$17.6 million, leaving \$4.1 million net revenue available for debt service, mandatory transfers, and transfers to voluntary reserves. (See Attachment A, page 8, for details.)

Revenues, expenditures, debt service, university overhead, and mandatory transfers in the FY 2001 final budget are identical to the amounts included in the preliminary FY 2001 budget presented to the Board in March. These amounts are based upon room and board rates the Board approved in April.

### **Athletic Department Budget**

Revenues and expenditures of \$6.2 million in the final FY 2001 athletic department budget have increased by \$41,771 from the preliminary budget presented to the Board in June. This increase is due to finalizing salary and wages including the coaching staff for the new women's soccer program. (See Attachment B, page 9, for details).

UNI's FY 2001 budget contains a number of gender-equity enhancements including the addition of a new women's soccer program, increased scholarships, and increased recruiting budgets for women's volleyball and softball as discussed during the June presentation.

  
Deb A. Hendrickson

Approved: \_\_\_\_\_

  
Frank J. Stork

# University of Northern Iowa

## FY 2001 General Fund Budget Summary

STRATEGIC PLANNING GOALS				MANDATORY COST INCREASES	
<b>Goal #1</b>	Intellectual Vitality		\$87,660,619	Compensation	\$4,800,715
<b>Goal #2</b>	Community		6,488,103	Performing Arts Center including programming	251,500
<b>Goal #3</b>	Resources		34,070,329	Utility Cost Increases	215,000
<b>Goal #4</b>	External Relations		<u>2,393,030</u>	MEMFIS Project backfill	170,000
				Student Aid Set-Aside	277,000
				Inflation - General	259,400
				Inflation - Library Materials	99,700
				<b>TOTAL</b>	<b>\$6,073,315</b>
<b>TOTAL BUDGET</b>				<b>STRATEGIC PLANNING INITIATIVES INCREASES</b>	
				<b>(Excluding Mandatory Cost Increases)</b>	
<b>SOURCES OF REVENUE</b>				<b>Goal #1: Intellectual Vitality</b>	<b>\$1,897,314</b>
	Original FY 2000	Revised FY 2000	Preliminary FY 2001	Information Technology Support	80,000
State Appropriation	\$88,943,577	\$88,497,226	\$91,829,144	Increase Undergraduate Research	45,500
Tuition & Fees	33,045,937	34,312,937	36,207,937	PLS Support	93,000
Reimb. Indirect	900,000	1,350,000	1,350,000	Graduate College Support	60,100
Interest	300,000	583,000	600,000	Create Art Dept Slide Curator Position	43,500
Sales & Service	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	New Brdcst Engineer in Comm. Studies	54,000
<b>TOTAL</b>	<b>\$123,814,514</b>	<b>\$125,368,163</b>	<b>\$130,612,081</b>	Academic Equipment	450,000
				Improving Undergrad Education	140,000
				North American Review	35,000
				Center for Teacher Enhancement	78,300
				Library Support	72,600
				Realloc Faculty to High Demand Areas	635,000
				Other Miscellaneous Reallocations	110,314
<b>NEW REVENUES AND REALLOCATIONS</b>				<b>Goal #2: Community</b>	<b>\$307,400</b>
From Revised FY 2000 Budget				Student Activities Allocation	100,000
<b>New Revenue</b>				Academic Advising	53,500
<b>State Appropriations:</b>				Student Financial Aid	35,700
	Education Appropriation Increment	\$68,211		Financial Aid Computer Tech	43,800
	Economic Development	(38,074)		Minority Recruitment	31,500
	Restoration of FY 2000 Base	446,351		Maucker Union Programming	42,900
	Workers' Compensation	430,579		<b>Goal #3: Resources</b>	<b>\$1,607,289</b>
	Salary & Benefits Increases	<u>2,424,851</u>		Info Tech Svcs PC Support & Trainers	195,000
	Subtotal Appropriations		\$3,331,918	Info Tech Svcs Systems Administrator	62,500
	<b>Tuition and Fees</b>		1,895,000	Mechanical Engineer for Physical Plant	83,000
	<b>Other Income</b>		<u>17,000</u>	Staff & Career Development	75,000
	<b>Total New Revenue</b>		<b>5,243,918</b>	Base Budget Reduction	381,789
<b>Reallocations</b>				Strategic Initiatives (Pending Commitments)	400,000
	Reallocations		<u>4,913,200</u>	Misc. Position Upgrades & Reclasses	65,000
	<b>TOTAL</b>		<b>\$10,157,118</b>	Physical Plant Reorganization	345,000
<b>ALLOCATION OF NEW REVENUES AND REALLOCATIONS</b>				<b>Goal #4: External Relations</b>	<b>\$271,800</b>
	Mandatory Cost Increases		\$6,073,315	Exec Dir for Business & Comm Services	66,000
	Strategic Planning Initiatives Increases		<u>4,083,803</u>	Women's Soccer (Gender Equity)	134,200
	<b>TOTAL</b>		<b>\$10,157,118</b>	Marketing	38,000
				Stewardship Coordinator	<u>33,600</u>
				<b>TOTAL</b>	<b>\$4,083,803</b>

**University of Northern Iowa  
Final Budget  
2000-2001**

	Actual 1998-99	Approved Budget 1999-00	Revised Estimate 1999-00	Proposed Budget 2000-01
<b>OPERATIONS (Accrual Basis)</b>				
Revenues	\$ 19,161,600	19,942,457	20,097,663	21,709,359
Expenditures for Operations	15,289,700	16,953,961	16,183,790	17,628,684
Net Revenues	3,871,900	2,988,496	3,913,873	4,080,675
% of Revenues	20.2%	15.0%	19.5%	18.8%
Debt Service (due July 1)	1,462,548	1,789,175	1,818,452	2,943,005
Mandatory Transfers	868,958	330,000	330,000	330,000
Net after Debt Service and Mandatory Transfers	\$ 1,540,394	869,321	1,765,421	807,670
% of Revenues	8.0%	4.4%	8.8%	3.7%
University Overhead Payment from Surplus	514,332	553,898	534,595	570,717
% of Expenditures	3.4%	3.3%	3.3%	3.2%
<b>CASH AND INVESTMENT BALANCES (June 30)</b>				
Revenue Fund	-	-	-	-
Operation and Maintenance Fund	-	-	-	-
Improvement Fund	931,398	702,122	1,820,565	665,565 (2)
Surplus Fund	3,345,243	3,138,031	2,676,069	2,913,022
Subtotal - Voluntary Reserve Balances	4,276,641	3,840,153	4,496,634	3,578,587
Sinking Fund	1,068,657	1,077,324	1,068,657	1,068,657
Bond Reserve Fund	2,005,400	3,127,052	3,293,509	4,014,749
Construction Fund	-	-	-	-
Subtotal - Mandatory Reserve Balances	3,074,057	4,204,376	4,362,166	5,083,406
TOTAL - All Reserve Balances (June 30)	7,350,698	8,044,529	8,858,800	8,661,993
<b>REVENUES AND EXPENDITURES DETAIL</b>				
Revenues				
Contracts	17,406,604	17,432,543	17,369,023	18,550,218
Interest	473,426	424,186	548,750	500,000
Other Income	1,281,570	2,085,728	2,179,890	2,659,141
TOTAL	19,161,600	19,942,457	20,097,663	21,709,359
Expenditures				
Salaries, Wages & Benefits (1)	8,262,709	9,100,713	8,778,549	9,343,059
Cost of Food or Goods Sold	2,546,637	2,712,515	2,494,080	2,753,324
Other Operating Expense	2,378,373	2,616,918	2,672,450	3,103,271
Utilities	1,335,253	1,655,251	1,312,058	1,519,927
Repairs & Maintenance (1)	766,728	868,564	926,653	909,103
TOTAL	15,289,700	16,953,961	16,183,790	17,628,684
TOTAL STAFF FTE - October	426	441	441	441

(1) Excludes amounts for repair and maintenance supplied by Residence System staff.

Staff maintenance costs for the respective years are: \$597,107; \$611,643; \$636,108

(2) As a docket item to the Board, we will make a special request for an allocation of funds from the Surplus Fund to the Improvement Fund.



UNIVERSITY OF NORTHERN IOWA ATHLETIC BUDGETS

		FY 2000			FY 2001		
	FY 1999	Bd. Approved	FY 2000	Preliminary	Final	\$ Change	
<u>INCOME</u>	<u>Actual</u>	<u>Budget</u>	<u>Estimated</u>	<u>Budget</u>	<u>Budget</u>	<u>Prel. to Final</u>	
<b>Sports</b>							
Football	\$ 385,414	\$ 589,610	\$ 455,000	\$ 507,500	\$ 507,500		
Men's Basketball	241,040	386,041	255,000	260,500	260,500		
Men - All Other Sports	24,887	30,335	28,000	43,250	43,250		
Women - All Sports	<u>36,247</u>	<u>57,581</u>	<u>42,000</u>	<u>60,700</u>	<u>60,700</u>		
<b>Subtotal</b>	<b>\$ 687,588</b>	<b>\$ 1,063,567</b>	<b>\$ 780,000</b>	<b>\$ 871,950</b>	<b>\$ 871,950</b>	<b>\$</b>	<b>-</b>
<b>Other Income</b>							
Student Activity Fees	\$ 557,494	\$ 541,400	\$ 568,500	\$ 586,450	\$ 586,450		
General University Support	2,863,457	2,688,379	2,872,902	2,921,814	2,963,585	\$	41,771
Diversity Support			300,000	300,000	300,000		
Alumni/Foundation Support	662,266	770,000	700,000	755,000	755,000		
Athletic Conference/NCAA Support	155,333	155,000	175,000	179,000	179,000		
Novelties -- Bookstore		30,000	35,500	51,000	51,000		
General	<u>352,461</u>	<u>359,188</u>	<u>375,000</u>	<u>490,000</u>	<u>490,000</u>		
<b>Subtotal</b>	<b>\$ 4,591,011</b>	<b>\$ 4,543,967</b>	<b>\$ 5,026,902</b>	<b>\$ 5,283,264</b>	<b>\$ 5,325,035</b>	<b>\$</b>	<b>41,771</b>
<b>TOTAL INCOME</b>	<b><u>\$ 5,278,599</u></b>	<b><u>\$ 5,607,534</u></b>	<b><u>\$ 5,806,902</u></b>	<b><u>\$ 6,155,214</u></b>	<b><u>\$ 6,196,985</u></b>	<b>\$</b>	<b><u>41,771</u></b>
<b><u>EXPENSES</u></b>							
<b>Men's Sports</b>							
Football	\$ 1,308,664	\$ 1,367,690	\$ 1,389,000	\$ 1,510,046	\$ 1,506,805	\$	(3,241)
Basketball	635,626	629,902	660,000	648,180	644,038		(4,142)
All Other Men's Sports	<u>800,906</u>	<u>786,312</u>	<u>838,000</u>	<u>836,370</u>	<u>844,407</u>		<u>8,037</u>
<b>Subtotal</b>	<b>\$ 2,745,196</b>	<b>\$ 2,783,904</b>	<b>\$ 2,887,000</b>	<b>\$ 2,994,596</b>	<b>\$ 2,995,250</b>	<b>\$</b>	<b>654</b>
<b>Women's Sports</b>							
Basketball	\$ 461,097	\$ 531,855	\$ 496,000	\$ 498,057	\$ 506,457	\$	8,400
Volleyball	210,978	240,879	250,900	256,117	253,055		(3,062)
All Other	<u>738,652</u>	<u>725,807</u>	<u>811,500</u>	<u>964,180</u>	<u>959,316</u>		<u>(4,864)</u>
<b>Subtotal</b>	<b>\$ 1,410,727</b>	<b>\$ 1,498,541</b>	<b>\$ 1,558,400</b>	<b>\$ 1,718,354</b>	<b>\$ 1,718,828</b>	<b>\$</b>	<b>474</b>
<b>Other Expenses</b>							
Athletic Training	\$ 240,162	\$ 251,284	\$ 295,000	\$ 266,995	\$ 264,205	\$	(2,790)
Administration & General	979,879	1,006,723	1,065,000	1,092,747	1,113,514		20,767
Contingency		<u>67,082</u>		<u>82,522</u>	<u>105,188</u>		<u>22,666</u>
<b>Subtotal</b>	<b>\$ 1,220,041</b>	<b>\$ 1,325,089</b>	<b>\$ 1,360,000</b>	<b>\$ 1,442,264</b>	<b>\$ 1,482,907</b>	<b>\$</b>	<b>40,643</b>
<b>TOTAL EXPENSES</b>	<b><u>\$ 5,375,964</u></b>	<b><u>\$ 5,607,534</u></b>	<b><u>\$ 5,805,400</u></b>	<b><u>\$ 6,155,214</u></b>	<b><u>\$ 6,196,985</u></b>	<b>\$</b>	<b><u>41,771</u></b>
<b>NET INCOME (LOSS)</b>	<b>\$ (97,365)</b>						
<b>TRANSFERS IN</b>	<b>\$ 98,598</b>						
<b>REVENUE OVER (UNDER) EXPENSE AND TRANSFERS</b>							
	<b>\$ 1,233</b>		<b>\$ 1,502</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$</b>	<b>-</b>

**Institution: University of Northern Iowa**  
**FY 2001 FINAL BUDGET**  
**Summary of Reallocations**  
**General University**

**From:**

President	\$ 66,000
Academic Affairs	4,255,500
Educational & Student Services	166,100
Administration and Finance	366,700
Advancement and Marketing	58,900
<b>Total Reallocations</b>	<b>\$ 4,913,200</b>

**To: Strategic Goals**

**1.0 Intellectual Vitality**

Create curricular & learning activities	\$ 945,000
Sustain & reward teaching & scholarship	\$ 1,437,600
Extend university expertise to Iowans & beyond	\$ 203,300

**2.0 Community**

Promote sense of identity & climate of collegiality	\$ 156,700
Create & nurture a diverse community	\$ 99,900
Improve university governance & decision making	\$ 30,400

**3.0 Resources**

Enhance quality & productivity of faculty & staff	\$ 891,700
Optimize acquisition & utilization of resources	\$ 282,600
Promote a physical environment that supports university activities	\$ 568,900
Ensure information is easily accessible, accurate, and widely shared	\$ 9,400

**4.0 External Services**

Create coordinated, comprehensive and consistent communication	\$ 87,500
Pursue & strengthen external relationships	\$ 200,200

<b>Total Reallocations</b>	<b>\$ 4,913,200</b>
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