

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: FY 2002 Operating Appropriations Requests - University of Iowa
Date: July 7, 2000

Recommended Action:

Consider the FY 2002 operating appropriations incremental requests for the University of Iowa.

Executive Summary:

The Board's strategic plan outlines strategies for quality (KRA 1.0.0.0) and accountability (KRA 4.0.0.0) which include specific action steps related to appropriation requests. The proposed University of Iowa's FY 2002 appropriations requests reflect these strategic planning goals of the Board as well as those of the University.

FY 2002 Incremental Requests

<u>Priority</u>		
1.	Full Funding of Salaries by State Appropriations	To Be Determined
2.	Public Health Initiative	\$3,000,000
3.	Partnership to Improve Instructional Quality	3,000,000

The University of Iowa's first priority for FY 2002 appropriations request is **full funding of faculty and staff salary and fringe benefit increases**. A request amount cannot be determined at this time because state salary policy will not be established until after negotiations for collective bargaining are concluded. With the robust economy, the University is continually challenged to maintain market increases for salaries. When faculty and staff are lured away for better paying positions, the University loses in all areas including education, research, and outreach.

The University of Iowa's second priority is additional state funding of \$3.0 million for its **Public Health Initiative**. This funding will allow the College of Public Health and Health and Independence of Elderly Iowans to: recruit department heads and faculty where required; implement the statewide distance learning Master of Public Health and Certificate of Public Health; implement all Master of Public Health (MPH) subtracks, focus areas, and dual degrees with several colleges at the University of Iowa, Iowa State University, and the University of Northern Iowa; and implement the statewide College of Public Health outreach and education program through the Center for Public Health Practice, Center for

Public Health Statistics, and the cooperative agreement with the Iowa Department of Public Health.

The University of Iowa is proposing **Partnership to Improve Instructional Quality**, with funding of \$3.0 million, as its third priority. The University learning environment encompasses academic, social, cultural, recreational, infrastructure, and career planning programs. The University is requesting funding for its libraries, additional instructional equipment, and maintenance and improvements to instructional space. Partnering with the state by using tuition and fee proceeds, and private gifts and grants, the University of Iowa libraries can be a resource for the entire state.

These are SUI's top priority requests for state appropriations; however, they are not the only priorities of the University. SUI is committed to address various other institutional priorities related to the strategic plan, by using non-appropriated revenues (primarily tuition). The University can only address these other important educational commitments with continued investments (additional appropriations) by the state.

The Board Office will continue to work with the University to develop these requests for Board action in September.

Background/Analysis:

	<u>FY2001 Budget</u>	<u>FY 2001 Direct State Appropriations</u>	<u>FY 2002 Incremental Appropriations Request*</u>	<u>% Increase for State Approp.</u>
General University	\$414,357,723	\$255,836,163	\$6,000,000*	2.3
University Hospital	446,197,800	33,040,152	*	
Psychiatric Hospital	18,404,600	8,411,522	*	
Hospital School	9,243,000	7,487,966	*	
Oakdale Campus	3,608,848	3,207,848	*	
Hygienic Laboratory	6,219,895	4,203,122	*	
Family Practice	2,492,405	2,460,405	*	
SCHS	4,921,085	689,890	*	
Special Purpose	<u>3,250,693</u>	<u>3,250,693</u>	<u>*</u>	
Total	\$908,696,049	\$318,587,761	\$6,000,000	1.9

*Does not include an amount for the salary funding request.

Full Funding of Salaries by State Appropriations **Request**
To Be Determined

The University of Iowa's highest budget priority in FY 2002 is for the state salary appropriation to fully fund salary and fringe benefit increases for faculty and staff. Full funding of competitive salaries impact all aspects of the University's strategic plan. Faculty and staff with competitive salaries will:

- Advance goals and objectives related to undergraduate and graduate instructional programs;
- Foster distinguished research, scholarship and artistic creation;
- Facilitate interdisciplinary interaction in teaching, research and service;
- Cultivate a distinguished and diverse community of scholars; and
- Develop a highly productive organization that supports the mission and values of the University.

Maintaining Excellence – Investment In The Future

The economy has been healthy for several years with relatively low inflation and an extremely tight labor market. As a result, faculty and staff in public universities now have more opportunities to leave academe to work for private employers at much higher salaries. Additionally, public and private institutions of higher education are competing with each other for the best and the brightest as never before.

The University of Iowa has emphasized salaries for many years as a means of establishing an employment context that would attract qualified candidates who can contribute to the University's strategic goals in terms of teaching, research, and service. Even with this commitment to salaries, the University still ranks only 8th out of 11 peer institutions in average salary. Even though the University reallocated funds this year to achieve an average of a 4% increase, the University could still potentially move lower in its ranking of peer institutions especially if the following survey data proves true. Salary surveys demonstrate that to remain competitive, universities must apply significant resources to salaries.

The latest American Association of University Professors Salary Survey of faculty salaries as reported in the March/April issue of ACADEME indicates that the average salary increase for faculty at Doctoral level public institutions of higher education was 4.9%. (SUI averaged 4.0%.)

World at Works' (formerly American Compensation Association) 1999-2000 - Total Salary Increase Budget Survey of 2683 U.S. companies and 208 Canadian companies reports that the average increase for salaried employees was 4.4% in 1999 and is projected to be 4.4% in 2000. For hourly employees the 1999 average was 4.1% and increases in 2000 are also projected to be above 4%.

The College and University Personnel Association reports in its 1999-2000 Administrative Compensation Survey that the overall median salary increase for all administrative job types for the last year is 5.0%. The average increase at doctoral institutions was 5.4%.

Another concern of the University is that recruitment and retention of individuals with computer related skills is especially difficult in the University setting. Some of the recruiting tools currently used by private employers that are not often available in the public higher education setting include:

- \$12,000 - \$15,000 signing bonuses
- Apartment rental for six months
- Stock options
- High salaries – Information Technology undergraduates are being hired for \$50,000 - \$70,000 (compensationlink.com/newsletter.asp)
- Travel and salary bonuses

The reputation of a university and the ability to recruit and retain students is largely dependent on the range of offerings and the quality of the people who provide instruction, conduct research, and support academic activities. Premier programs are developed and maintained by attracting and retaining premier faculty and staff. To provide students a competitive educational experience, the university must be able to compete in order to attract and retain high quality faculty and staff.

Funding of salaries is critical to the teaching mission of the university. Without adequate funding for faculty salaries, it is anticipated that there will necessarily be a greater reliance on adjunct faculty and teaching assistants to carry increased teaching loads, especially in entry level or survey courses. Removal of respected members of the faculty from these assignments will significantly impact student satisfaction.

Service to the university, the community, and the state is a major responsibility of faculty. If competitive funding for salaries is not available, turnover among faculty and staff will increase thereby, reducing the ability to provide leadership and service to the university, community, and the state.

Full funding of salaries is extremely important but the costs of benefits, which are rising rapidly, are also significant. In July, the University along with other state agencies, was informed of a 17% increase in the University portion of health care cost. The annualized cost of funding this increase is over \$2 million. Additionally, the state insurance committee has projected a premium increase to be effective in January 2001 between 17% and 35% for health plans of staff covered by collective bargaining.

A similar projection is being made for health costs for the plans offered to faculty and professional and scientific staff. If the University continues to pass on significant additional cost to faculty and staff for health coverage, the competitive position will be eroded further and ultimately this will impact recruitment and retention.

Quality faculty and staff not only help the University but the entire state. The University of Iowa has been extremely successful in obtaining grants and contracts. During FY 2000, researchers at the University brought in over \$260 million to the state. Competition for these federal research funds is intense and only the best faculty who have quality support services are successful in their bid for funding.

Grants and contracts support the state's economy and add jobs. One example is the Oakdale Research Park. It offers businesses engaged in basic and developmental research, product development and production linked to research and development, the opportunity to locate near and benefit from close proximity to researchers and research facilities.

Without proper funding, the university will lose respected researchers and members of the faculty, the state loses valuable assets, and the community loses revenue-generating entrepreneurs.

Public Health Initiative

Request
\$3,000,000

The Public Health Initiative began in 1997 to respond to a recognized need for improved public health practice throughout Iowa, especially in rural Iowa. Research showed higher rates of certain health problems in rural Iowa. In these rural counties, there were fewer primary care providers, very few public health providers, and lower rates of adequate prenatal care. In Iowa's urban counties, other health disparities were noted. Many of these health disparities occur among the most vulnerable segments of Iowa's population—children, the elderly, farm and other rural families, and those with disabilities—of these, the elderly are the most rapidly growing segment.

In April 1999, the Board of Regents approved establishing the College of Public Health at the University of Iowa. It was founded on July 1, 1999. The vision of the College is to serve Iowa and the Midwest and lead the global community in rural public health education and training, research, and practice.

College of Public Health

The College of Public Health has and will continue to contribute to the mission of the University of Iowa through three primary areas: education, research, and outreach. The College has identified six goals as part of its strategic plan: Educate highly competent and committed public health professionals and research scientists; advance the scientific basis for the practice of public health; promote meaningful community service and collaboration; integrate public health and individual health care; enhance diversity and collaboration among students, staff, faculty, and alumni; become a fully accredited school of public health in the year 2000.

The College of Public Health has hired 12 new faculty in FY 2000, plans to recruit four additional faculty in FY 2001, has committed to two joint appointments with the College of Liberal Arts and two joint appointments with the College of Pharmacy in FY 2001, and has been successful in the retention of a world-class statistical genetics faculty member (which required significant base funding for the Center for Statistical Genetics and Division of Statistical Genetics in the Department of Biostatistics.) All of these commitments must be sustained with continued state support.

In FY 2002, SUI plans to develop the new Department of Community and Behavioral Health. SUI has recruited a highly qualified Head, Dr. John Lowe, to lead this department that is critical for the accreditation of the College of Public Health. Dr. Lowe will provide state leadership in the area of smoking prevention and control, substance abuse, cancer prevention and control, and will also be in a position to write successful National Institutes of Health (NIH) and Center for Disease Control (CDC) grants to complement state funding for smoking prevention programs. In addition, eight new faculty positions will be needed to build this department. This new department should add significantly to the already highly productive College of Public Health research program (nearly \$20 million of research funding in FY 2000).

Health and Independence of Elderly Iowans—Center on Aging

The Health and Independence of Elderly Iowans program FY 2000 allocation allowed core staffing for the Center on Aging, which is co-sponsored by the College of Medicine and College of Public Health.

The vision for the Center on Aging is to be a leader in the improvement of the health and well being of elderly Iowans and Americans. The Center's purpose is to stimulate the provision of effective health and human services for the elderly. Five goals have been identified: build on current leadership and faculty of the Center on Aging; coordinate programs on aging, develop the Aging Studies MPH, and other graduate degrees in aging studies and gerontology; expand research support for the Center on Aging to benefit SUI and Regent institution researchers; develop innovative, cost-effective demonstration programs for aging health care; generate new community-based partnerships that improve access to aging programs at the local level.

With Public Health Initiative funding, the Center on Aging has implemented an active outreach and education program, has helped develop numerous grants, and has served as a resource for the Masters in Public Health in aging studies. However, much more needs to be accomplished in light of Iowa's continually increasing elder population.

Funding and Partnerships

During fiscal years 1998 through 2000, the University of Iowa's College of Medicine reallocated \$450,000 in recurring funds and \$1,650,000 in non-recurring funds to this initiative. For FY 2000, the University received state appropriations of \$1,050,000 and, for FY 2001, the Legislature has authorized the University to spend up to \$2.1 million, which is an additional \$1,050,000.

With its FY 2000 allocation, the College of Public Health has made substantial progress on implementation of the several new functions of the College of Public Health, the completion of its five year strategic plan, the initial development of the new Master of Public Health (MPH) degrees, and planning the new Certificate of Public Health. The Center for Public Health Practice and the Center for Health Statistics have been initiated. These centers form the outreach program to the public health constituents and state agencies. The further development is essential to better serve the public health needs of rural Iowans and local communities.

The funding of an additional \$3.0 million in FY 2002 will allow the College of Public Health and Health and Independence of Elderly Iowans to:

- Recruit 1 department head and provide additional core faculty for each of the 5 departments to meet accreditation requirements and the goals and objectives of the College of Public Health strategic plan.
- Implement all Master of Public Health (MPH) subtracks, focus areas, and dual degrees with several colleges at the University of Iowa and at Iowa State University and the University of Northern Iowa.
- Implement the statewide distance learning MPH and Certificate of Public Health.
- Implement the statewide College of Public Health outreach and education program through the Center for Public Health Practice, Center for Public Health Statistics, and the cooperative agreement with the Iowa Department of Public Health.
- Recruit a director for the Center on Aging to implement its outreach and education program; collaborate with the College of Public Health to implement the MPH in Aging Studies; and position the Center to compete for external research funding.

An additional appropriation of \$3.0 million in FY2002 would bring total state funding of the initiative to the originally projected level of \$5.0 million. This would allow both the College of Public Health and the Health and Independence of Elderly Iowans Program to meet their FY2000-2005 strategic goals and objectives.

Benefits to Iowa

The College of Public Health and the Health and Independence of Elderly Iowans Program provide the State of Iowa and Iowans a comprehensive new resource in public health and aging studies. Both have a strong public health practice and service orientation with an emphasis on information access.

The Public Health Initiative has allowed recruitment of faculty with expertise in aging, mental health, substance abuse, tobacco control, and rural health. It has assisted in the collaboration among other state agencies as well as the three Regent universities to focus combined energies on public health training, research, and outreach to improve the health and quality of life for all Iowans.

Healthy Iowans 2010 is a comprehensive 10-year strategic plan to address health disparities, needs, and action steps to guide the state in the next years to improve the health of all Iowans. Full funding of the Public Health Initiative is needed to attain the critically important goals identified by Health Iowans 2010

Partnership to Improve Instructional Quality

Request
\$3,000,000

The University learning environment encompasses academic, social, cultural, recreational, infrastructure, and career planning programs. The University is requesting funding for its libraries, additional instructional equipment, and maintenance and improvements to instructional space. Partnering with the state by using tuition and fee proceeds, and private gifts and grants, the University of Iowa libraries can be a resource for the entire state.

Maintaining Library Collections (\$900,000)

The Libraries' acquisitions budget is used to provide access to books, journals, electronic resources and other forms of information to support the teaching, research, and service missions of the University. Since the mid-1980's, the acquisitions budget has been battered by inflation rates averaging between 9-11% annually, particularly for scientific information resources, which account for over half the budget. In a recent ten-year period, inflation for journals acquired by research libraries increased 148%, compared with 84% for health care, and 44% for the Consumer Price Index.

Over the last several years, the availability of digital information resources has been transforming research in many academic fields, both in science and medicine, and in disciplines as diverse as business and classics. But the high cost of digital information only adds to the inflationary pressures already existing.

In particular, the inflationary increases for health science materials have significantly exceeded the allocation for those materials for several consecutive years. As a result, a number of core journals have been cancelled, with the prospect of more cancellations to come. The collection of the Hardin Library for the Health Sciences has historically ranked among the top 15 in the country, corresponding to the ranking of the health colleges overall. As a result of the budget shortfalls, SU1 expects the collections to slip in ranking. At the same time

the collection must now support a new College of Public Health without any addition to the budget to support that college.

University Libraries Digital Library Initiative (\$200,000)

The purpose of the University of Iowa Libraries Digital Library Initiative is to provide the University of Iowa faculty and students as well as citizens of Iowa with broad access to digitized collections and resources. Digital resources in particular can level the playing field for distance education students, since they can be as accessible in Sioux City as they are in Iowa City. As the state's largest library, the University Libraries also serve as a resource for the entire state, a role especially important in the medical community and in business and economic development.

The Libraries' first step toward meeting this goal was to establish the Scholarly Digital Resources Center (SDRC) to foster the creation and use of digitized collections. Through the SDRC, the Libraries have been able to develop several ongoing initiatives including digitizing its unique Chautauqua collection which is now used by K-12 teachers and students and those in other Iowa colleges and universities. Other projects include the Library Explorer (a Web-based program designed to help students use the library), Center for Electronic Resources in African Studies, the Arts and the Humanities Digital Resources Center, and the Virtual Exhibition Program – all available to anyone with Internet access. This initiative will enable the Libraries to synchronize digitization efforts with academic departments, the Museum of Art and other units throughout the University expanding access to unique campus collections statewide.

Through this initiative, the Libraries expect to reach out beyond the University of Iowa campus and collaborate on the development of projects throughout the state. These projects will result in the creation of shared digitized collections and further the development of standards for digitization of materials. Students and faculty will have greater access to research and teaching materials in all digital formats including sound, images, and text. In addition, the Libraries will provide expertise, training, and best practices definition for digital projects around the state.

By digitizing important collections, the Libraries can also fill an important need not only for the University community but also for K-12 education throughout the state by enabling these resources to be accessed through the Internet. The utilization of resources now restricted by place will change dramatically through digitization and Web-based access. High school, junior high, and elementary school students and teachers will greatly benefit from Internet-based access to unique materials such as those in the Iowa Women's Archives.

Funding will be used to create two professional positions with technological expertise in digital production and management, and to fund a recurring budget for computer equipment and software required for such an operation. The specialized staff will be supplemented by existing personnel.

Instructional Equipment and Improved Instructional Space (\$1,900,000)

Increased ongoing state support for this area will enhance the strategic planning goals of creating enhanced undergraduate, graduate, and professional programs and facilitating interdisciplinary interaction. Funding in this area will improve the Regent performance indicator for the percentage of courses for which the computer is an integral part and the University performance indicator of percentage of classrooms that have technological capabilities.

As the world rushes to embrace digital technology, the University falls further behind in training its graduates on the use of this latest technology. Currently, the University only provides approximately one-fifth of the annual instructional equipment repair and replacement budget needs identified by academic departments and colleges. Targeted areas of improvement include the undergraduate laboratories in Chemistry, Biology, Physics, and Engineering. Lower division courses in these areas enroll approximately 5,000 students each year. Recent instructional equipment replacements in the undergraduate Physics laboratory have enabled faculty to re-engineer class lectures and assignments to take advantage of learning that can now be done in a hands-on fashion.

In addition to improving classroom equipment, progress has been made on providing new and better instructional space for students. The new Medical Education and Biomedical Research Facilities will be available for instruction and research activities during the last six months of FY 2002. The University is requesting support of the instructional portion of the facilities for those six months. The reallocation of funding previously used for the Steindler Building that was demolished as part of this project will be used to offset the costs of operating this new facility. This institutional space designed specially to match the modern curriculum that has been recently established by the College of Medicine. The new recurring annual net cost of maintaining the instructional space is approximately \$1.1 million. Specifically, these funds will be used for maintenance personnel (4.9 FTEs), utilities and supplies. The University will provide funding for the research portion of MEBRF through funding generated by the research space.

Approved: _____

Deb A. Hendrickson

Frank J. Stork