

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Operating Appropriations Requests for FY 2005
Date: September 8, 2003

Recommended Actions:

1. Approve the operating appropriations requests for FY 2005 that include continuation of base operating appropriations as well as the additional support for strategic state purposes as follows:
 - High Quality Education and Discovery of \$32.6 million
 - Valued Public Service and Accountability of \$5.4 million
2. To fulfill state statutory requirements, approve the priorities for restoring the base operating appropriations for FY 2005.

Executive Summary:**State Operating
Appropriations
Process**

State operating appropriations have historically provided the core operating funds for the Regent institutions. Without adequate state funding, the Board and the institutions would have great difficulty effectively serving the people of Iowa.

The state's traditional appropriation request practice allows agencies to essentially start with current year appropriations and add requests for funding over the current levels. By statute, new funding requests, incremental appropriations, are to be explained and focused on achieving the strategic goals of the enterprise's strategic plan.

**Regent
Appropriations
Requests**

Regent requests for operating appropriations are based on the premise that state funding will be stable.

At its July meeting, the Board was presented with details of institutional appropriations requests. At the Board's direction, the incremental appropriations have been restructured. The incremental requests are now streamlined and presented by priority of the Board.

The requested appropriations amounts for the universities have not changed but those for the special schools, in consultation with the Superintendent's, have been reduced as had the Board Office request.

**Board of Regents, Strategic Initiatives
FY 2005**

	High Quality Education & Discovery (Priorities 1 & 2)	Valued Public Service & Accountability (Priorities 3 & 4)	Incremental Strategic Initiatives*	Total State Appropriations Requests*
SUI	\$15,300,000	\$2,050,000	\$17,350,000	\$296,313,722
ISU	10,500,000	3,000,000	13,500,000	246,316,705
UNI	6,250,000	250,000	6,500,000	86,887,339
ISD	360,000	0	360,000	8,665,689
IBSSS	<u>200,000</u>	<u>0</u>	<u>200,000</u>	<u>4,846,740</u>
	\$32,610,000	5,300,000	\$37,910,000	\$643,030,195
Board	-	90,000	90,000	1,280,152
Other	<u>--</u>	<u>--</u>	<u>--</u>	<u>364,889</u>
	\$32,610,000	\$5,390,000	\$38,000,000	\$644,675,236

*Does not include an amount for incremental salary funding.

Background:

Statutory Provisions Iowa Code §8.23 sets forth the various requirements for all state agencies in preparing appropriations requests for the ensuing fiscal year. These requests are to be submitted to the state on or before October 1.

Each state entity must develop modified appropriation estimates assuming that base appropriations of the current fiscal year will be funded at 75%. Beginning with base requests at seventy-five percent of current funding, programs are to be identified, in priority order, for restoration to the current funding levels.

The incremental appropriation requests, for amounts above the current level of funding, are to be based on achieving goals contained in the agency's strategic plan with descriptions of results to be achieved.

After the request is submitted to the Governor, the Governor reviews the requests and makes recommendations for funding to the Legislature.

Regent Restoration For FY 2005 appropriations requests, the institutions have identified, for Board approval, a series of priority decision packages to comply with the statutory requirements. The specific programs and services, in priority order, are detailed on pages 11-13.

Regent Appropriations Requests Process Regent Policy Manual §7.02 identifies the appropriations process as follows:

- Regent institutions develop institutional appropriations requests based on the established criteria.
 - The Board considers preliminary institutional operating appropriations requests at its July meeting.
 - Between July and September, Board Office staff visit the institutions, as necessary, to gather additional information, discuss priorities, and refine the appropriations requests.
 - At its September meeting, the Board approves institutional appropriations requests.
 - By October 1, the Board-approved appropriations requests are submitted to the Governor, as required by law.
 - The Governor prepares state appropriations recommendations including appropriations recommendations for Regent institutions prior to the legislative session.
 - During the legislative session, the General Assembly and Governor consider and authorize appropriations.
-

Analysis:

The Board's appropriations requests, identified below, are based on strategic needs of the institutions, as guided by strategic plans. These incremental operating appropriations requests, however, do not restore the appropriations reductions that have occurred since FY 2000, which total \$148.5 million.

Board of Regents, Appropriations Requests

	Base Appropriations FY 2004	Incremental Strategic Initiatives* FY 2005	Total Appropriations Requests* FY 2005	Reductions in Appropriations FY 2000–FY 2004
SUI	\$278,963,722	\$17,350,000	\$296,313,722	\$68,515,326
ISU	232,816,705	13,500,000	246,316,705	59,185,360
UNI	80,387,339	6,500,000	86,887,339	19,367,087
ISD	8,305,689	360,000	8,665,689	788,335
IBSSS	<u>4,646,740</u>	<u>200,000</u>	<u>4,846,740</u>	<u>440,673</u>
	\$605,120,195	\$37,910,000	\$643,030,195	\$148,296,781
Board	1,190,152	90,000	1,280,152	232,981
Other	<u>364,889</u>	<u>0</u>	<u>364,889</u>	<u>51,764</u>
	\$606,675,236	\$38,000,000	\$644,675,236	\$148,581,526

*Does not include an amount for incremental salary funding.

**Board Strategic
Investments**

Each of the incremental strategic investment proposals are identified by the Board's strategic planning priorities.

1. Ensuring high-quality educational opportunities for all our students.
2. Discovering new knowledge through research, scholarship, and creative activities.
3. Providing needed service and promoting economic growth.
4. Demonstrating public accountability and effective stewardship of resources.

SUI

University of Iowa Incremental FY 2005 Appropriations Requests by Board's Strategic Planning Priority	
High Quality Education and Discovery (#1 & 2)	\$15,300,000
Valued Public Service (#3)	<u>2,050,000</u>
Total	\$17,350,000

<u>State Identified Appropriation Units</u>	<u>FY 2004 Budget</u>	<u>FY 2004 Direct State Appropriations</u>	<u>FY 2005 Incremental Strategic Investments</u>
General University	\$467,620,000	\$225,576,763	\$15,300,000*
University Hospital	608,646,800	27,984,189	850,000*
Psychiatric Hospital	18,805,800	7,223,647	*
Center for Disabilities and Development	8,870,900	6,526,426	*
Oakdale Campus	3,131,472	2,725,472	500,000*
Hygienic Laboratory	6,809,643	3,900,021	*
Family Practice	2,157,177	2,129,177	*
SCHS	5,074,600	665,709	*
Special Purpose			
Center for Biocatalysis and Bioprocessing	903,984	903,984	*
Economic Development	253,338	253,338	400,000*
Iowa Birth Defects Registry	45,781	45,781	*
Iowa Substance Abuse Consortium	66,534	66,534	*
Primary Health Care	779,359	779,359	*
State of Iowa Cancer Registry	183,322	183,322	300 000*
Total	\$1,123,348,710	\$278,963,722	\$17,350,000

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

Priorities #1 and 2 High Quality Education and Discovery \$15,300,000

General University The University of Iowa is requesting funding to hire 112 tenured and tenure-track faculty to bring the ratio of faculty to students to a level maintained in FY 2001. The funding would be used for both salaries and start-up equipment needs of the new faculty.

Recent budget reductions and required reallocations threaten instructional quality. The loss of faculty positions comes at a time when more students are enrolling at the University. The combination of these have resulted in understaffing, restrictions to program access, increased class sizes, and a reduction in the number of course offerings.

These new funds would enable the University to:

- Reinvigorate the College of Liberal Arts and Science Improvement Plan to better serve majors and areas of instruction, which are seriously understaffed.
- Help restore degree options for undergraduate students because of a lack of faculty resources.

Without additional faculty resources, the University will likely begin another period of unstable enrollments as students who are initially attracted to it because of the breadth of program offerings learn that actual opportunities are less than anticipated.

Requested funding would provide core faculty, distance learning opportunities, and assist in meeting full accreditation requirements (such as the College of Public Health).

The University would increase libraries funding to support digital initiatives and to address the significant increased costs of subscriptions. The University library collections have been especially hard hit by escalating costs. Inflation for books is 11 points above the Consumer Price Index (CPI).

Funding would also be used for costs associated with opening new buildings, such as the Classroom / Journalism building, which was funded with state dollars.

Priority #3 Valued Public Service \$2,050,000

The University is requesting funding for a number of areas to enhance public service including the following:

Iowa Cancer Registry The most recent contract with the National Cancer Institute (NCI) requires 20% cost sharing as a part of renewing the next seven-year contract. Renewal of this contract will bring \$29 million in NCI funding to the University over the next seven years. The Iowa Cancer Registry would utilize state funding to leverage significant federal funding.

Economic Development The Oakdale Research Park / Technology Innovation Center and the Center for Advanced Drug Development at the University of Iowa would use the funding to provide more staff to work with new and growing companies and to lease additional equipment, cover staffing and supplies costs associated with the enhanced bioanalytical methods and equipment use.

Oakdale Campus The Oakdale Campus is the physical home for the Technology Innovation Center, the Center for Advanced Drug Development, and the Research Park. Increased funding would support the increased level of activity at the Campus; and other significant cost increases, including those in merit salaries and purchased natural gas and electricity.

Indigent Patient Care Program The University of Iowa Hospitals and Clinics provides health care for a population of Iowans who are identified by their home counties as having no other means to pay for medically necessary health care. The University requests funding for inflation of non-salary costs including such items as pharmaceuticals, implants, and surgical supplies within the Indigent Patient Care Program. The UIHC provides transportation, temporary lodging and meals, medical and surgical care, social and psychiatric services, and pharmaceuticals. The request would prevent the further erosion of the program but would not restore any of the appropriation losses of recent years.

ISU

Iowa State University Incremental FY 2005 Appropriations Requests by Board's Strategic Planning Priority	
High Quality Education and Discovery (#1 & 2)	\$10,500,000
Valued Public Service (#3)	<u>3,000,000</u>
Total	\$13,500,000

<u>State Identified Appropriation Units</u>	<u>FY 2004 Budget</u>	<u>FY 2004 Direct State Appropriations</u>	<u>FY 2005 Incremental Strategic Investments</u>
General University	\$358,556,780	\$177,630,514	\$ 8,500,000*
Experiment Station	35,945,265	31,814,892	2,000,000*
Cooperative Extension	28,649,546	20,244,546	1,000,000*
Special Purpose			
Economic Development	2,424,161	2,424,161	2,000,000*
Leopold Center	476,225	476,225	*
Livestock Disease Research	226,367	226,367	*
Total	\$426,278,344	\$232,816,705	\$13,500,000

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

Priorities #1 and 2	<u>High Quality Education and Discovery</u>	\$10,500,000
General University and Agriculture Experiment Station	<p>Iowa State University requests additional funds to rebuild the ranks of faculty, which have been depleted by the series of budget cuts, to maintaining excellent undergraduate instructional programs. The number of tenured and tenure track faculty has decreased by 7.8% while the total enrollment of the University has increased 10.6% between the fall of 1993 and the fall of 2002.</p> <p>Consequently, the student-to-faculty ratio continues to climb resulting in larger class sizes and reduced course offerings for undergraduate students, both of which compromise the quality of the University's instructional programs. The requested funding would allow the University to reduce class sizes, increase the frequency of course offerings, and reinforce critical research and development.</p> <p>The University would increase funding to the Agriculture Experiment Station. The University believes reductions in state funding have compromised the Agriculture Experiment Station's ability to carry out its mission in supporting Iowa agriculture and economic development.</p> <p>The proposal would assist with improving student persistence and graduation rates and initiatives to improve the University's ability to offer challenging and engaging educational experiences.</p> <p>The requested funding would allow the University to establish a more stable building repair budget which has been reduced several times in recent years due to large reductions in state appropriations.</p>	
Priority #3	<u>Valued Public Service</u>	\$3,000,000
Cooperative Extension Service	<p>The University is requesting funding for a number of areas to enhance public service including the following:</p> <p>Increased funding for Cooperative Extension Service (CES) is a priority for the University. CES has had reductions in state funding that the University believes have compromised the organizations ability to provide services and educational programs to Iowa's citizens, institutions, and businesses.</p>	
Economic Development	<p>The University requests funding to revitalize its economic development programs that were severely impacted by reductions in state appropriations. The University's ability to fully participate is imperative to efforts for stimulating Iowa's economy.</p> <ul style="list-style-type: none">• Institute for Physical Research and Technology (IPRT), a federation of world-class research centers and industrial outreach programs, aids economic development through the creation of spin-off companies and assistance in cutting edge technologies;• Small Business Development Center consists of 17 centers covering ninety-nine counties with over 18 years of conducting research as well as counseling, training, and providing comprehensive services to thousands of small business owners in the state.• The ISU Research Park, a technology community and incubator of new and expanding businesses, provides a rich environment for technology-based firms and research organizations to help develop and nurture scientific and technological entrepreneurial ventures.	

UNI

University of Northern Iowa Incremental FY 2005 Appropriations Requests by Board's Strategic Planning Priority	
High Quality Education and Discovery (#1 & 2)	\$6,250,000
Valued Public Service (#3)	<u>250,000</u>
Total	\$6,500,000

<u>State Identified Appropriation Units</u>	<u>FY 2004 Budget</u>	<u>FY 2004 Direct State Appropriations</u>	<u>FY 2005 Incremental Strategic Investments</u>
General University	\$138,699,494	\$79,799,494	\$6,250,000*
Recycling and Reuse	217,290	217,290	*
Economic Development	<u>370,555</u>	<u>370,555</u>	<u>250,000*</u>
Total	\$139,287,339	\$80,387,339	\$6,500,000

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

Priorities #1 and 2

High Quality Education and Discovery \$6,250,000

The University of Northern Iowa proposes to create 60 new faculty positions in high demand areas, such as career-oriented fields and liberal arts and sciences. These positions would be allocated based on current needs rather than in areas of past reductions.

Summer school faculty would be hired to teach courses to relieve enrollment pressures for the academic year, as well as provide course offerings for K-12 teachers.

Funding would be increased for the student work award program that provides students a scholarship, awarded with the understanding that the student would be engaged in a quality work experience on campus that prepares them for future careers.

The University would invest in critical infrastructure needs to support building, informational resources, and library materials. Due to reductions in state appropriations, funding for critical building maintenance was reduced significantly, causing an increase in needed building repairs.

The cost to provide Campus Network Infrastructure, including fiber optic and Internet service has increased substantially. The University would be challenged to keep up with the demand. The Student Services Information System (SIS) is critical to the University and in need of an upgrade.

Priority #3

Valued Public Service \$250,000

Economic
Development

The University requests would increase funding for the Institute for Decision Making (IDM) and Metal Casting Center (MCC). The funding would allow IDM to fill, in combination with generating fees for services, two of its vacant professional staff positions to better meet the needs of Iowa's communities, especially rural communities. MCC would be able upgrade some of its dated castings and testing equipment in addition to restoring part-time professional staffing. Both programs would create student experiential learning positions.

ISD

Iowa School for the Deaf Incremental FY 2005 Appropriations Requests by Board's Strategic Planning Priority	
High Quality Education (#1)	\$360,000

<u>State Identified Appropriation Units</u>	<u>FY 2004 Budget</u>	<u>FY 2004 Direct State Appropriations</u>	<u>FY 2005 Incremental Strategic Investments</u>
Iowa School for the Deaf	\$8,897,748	\$8,305,689	\$360,000*

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

Priority #1

High Quality Education \$360,000

Iowa School for the Deaf requests funding to:

- Upgrade computers in the classrooms and dormitories;
- Fill a technology position that would facilitate installation and training of the technology upgrades;
- Fill a counselor position in the Residence Program to maintain more appropriate student to staff ratios;
- Address deferred maintenance; and
- Increase funding for the Lied Multipurpose Center operations.

IBSSS

Iowa Braille and Sight Saving School Incremental FY 2005 Appropriations Requests by Board's Strategic Planning Priority	
High Quality Education (#1)	\$200,000

<u>State Identified Appropriation Units</u>	<u>FY 2004 Budget</u>	<u>FY 2004 Direct State Appropriations</u>	<u>FY 2005 Incremental Strategic Investments</u>
Iowa Braille & Sight Saving School	\$5,109,681	\$4,646,740	\$200,000*

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

Priority #1

High Quality Education \$200,000

The School is requesting funding to:

- Fill positions for vision consultants in the areas of independent living skills, multiple disabilities, and transition / work experience;
- Increase student access to needed educational opportunities; and
- Increase outreach initiatives in cooperation with the Area Education Agencies of western Iowa to provide quality consultation, assessment and modeling of appropriate instructional practices for visually impaired students including those with multiple disabilities in the western part of the state.

Special Schools

Special School Student Support Incremental FY 2005 Appropriations Requests by Board's Strategic Planning Priority	
High Quality Education (#1)	(\$7,603)

Priority #1

This appropriation represents state funding for tuition and transportation, in lieu of property taxes, for children of employees of the Iowa School for the Deaf who reside on school property and attend the Lewis Central public school system. This appropriation is also available for clothing and prescriptions as allowed by Iowa Code §270.4.

The FY 2005 request of \$7,500 is less than the \$15,103 appropriated for FY 2004 due to a reduced number of children that meet the criteria.

Board of Regents Office Incremental FY 2005 Appropriations Requests by Board's Strategic Planning Priority	
Valued Public Service and Accountability (#3 &4)	\$90,000

Priorities #3 & 4

The Board Office currently has a very lean staff — 16 full-time equivalent positions funded by state appropriations.

The Board Office is requesting additional state appropriations to provide the funding necessary to implement HF 692, the Regulatory, Taxation and Statutory Requirements related to the new duties and responsibilities for the Board of Regents for the commercialization of research and fulfill the aspirations of the Board's strategic plan as it relates to economic development.

Increased state funding of \$90,000, which is \$60,000 less than the amount presented to the Board in July, would enable the Board Office to hire an assistant director to provide the necessary reporting, oversight, and coordination duties related to economic development activities in compliance with statute as well as with the Board's strategic focus.

Priorities for Restoring Base Operating Appropriations

University of Iowa

General University	1	Instructional program for on-campus students.	\$11,584,584
	2	Academic support for libraries, computing services, and audiovisual services.	17,463,539
	3	Student services for counseling, academic advising, and placement services.	4,769,891
	4	Institutional support for administration of instruction, research, and public service programs, including affirmative action, general management, financial coordination, planning, and various administrative services.	12,077,313
	5	Plant operations and maintenance services such as building maintenance, remodeling, and custodial services.	7,158,608
	6	Public service (outreach) for continuing education programs.	3,340,256
UIHC	1	County quota allocations for services and admissions of indigent patients. (Phased in three parts.)	6,996,047
Psychiatric Hospital	1	Funding for inpatient admissions, patient days, hospital service programs, and supplies. (Phased in three parts.)	1,805,912
Center for Disabilities and Development	1	Funding for staff positions supporting the care of children as well as professional and support services. (Phased in three parts.)	1,631,606
Oakdale Campus	1	Funding for transportation between the Oakdale and main campus; supplies and services in housekeeping, administration, business affairs, services, and plant operations and maintenance, equipment and building renewal, and personnel services. (Phased in four parts.)	680,368
Hygienic Laboratory	1	Environmental monitoring, public health microbiology, statewide computer services, and public programs. (Phased in three parts.)	975,005
Family Practice Program	1	Funding for faculty to maintain community based physician training programs and teaching visits to training sites. (Phased in two parts.)	532,294
SCHS	1	Direct patient care services, primary education for physicians and nurses, monitoring of services to children, and monitoring of local health care providers for children. (Phased in three parts.)	166,427
Economic	1	Funding for Technology Innovation Center	11,205
Development	2	Funding for Oakdale Research Park	23,836
	3	Funding for Advanced Drug Development	28,293

Priorities for Restoring Base Operating Appropriations

Iowa State University

General University	1	Academic and nonacademic staff, equipment and services.	\$17,763,053
	2	Academic and nonacademic staff, financial aid, equipment and services.	12,434,135
	3	Instructional programs and student services support	14,210,440
Agriculture and Home Economics Experiment Station	1	Research programs and farms.	3,181,490
	2	Research programs and farms.	2,227,042
	3	Existing programs.	2,545,191
Cooperative Extension Service	1	Agricultural Profitability program	2,033,018
	2	Youth and family development and resource management.	1,335,362
	3	Revitalizing Rural Iowa program.	881,107
	4	Environmental Management of Natural Resources for Sustainable Agriculture and Communities.	463,288
	5	Nutrition, diet, and health program.	348,361
Economic Development	1	Outreach programs for Iowa business, industry and technology transfer, SBDC regional centers, and client services.	242,416
	2	Research and development projects, regional centers, and client services.	193,932
	3	Technical Development projects regional centers, and client services.	169,692

University of Northern Iowa

General University	1	Instructional program.	\$7,944,852
	2	Academic support and student services	5,958,432
	3	Physical plant and institutional support	6,046,589
Recycling and Reuse Center	1	Funding for staff.	54,322
Economic Development	1	Funding for staff.	92,639

Priorities for Restoring Base Operating Appropriations

Iowa School for the Deaf

1	Elementary program	\$1,411,967
2	Utilities, building repairs, and maintenance.	249,171
3	Instructional and academic support staff.	415,284

Iowa Braille & Sight Saving School

1	Personnel, supplies and services, building repair, library, and equipment.	\$401,080
2	Personnel, supplies, and services.	526,878
3	Three-week Summer School, extra-curricular activities and building repair.	233,727

Board Office

1	Board of Regents professional and support staff.	\$297,538
---	--	-----------

Deb A. Hendrickson Approved: Gregory S. Nichols
Deb A. Hendrickson Gregory S. Nichols