

BOARD MEMORANDUM

TO: Board of Regents, State of Iowa
FROM: Gary Steinke
DATE: June 1, 2005 *ASN*
SUBJ: Final Action of 2005 Legislative Session

Recommended Action:

Receive the report on the final legislative actions as they relate to appropriations and policy changes which impact the Regent institutions.

Executive Summary:

Since Fiscal Year 2001, the Regent institutions have experienced base budget reductions totaling \$102 million. It is obvious, based on the appropriations allocated to the Regent institutions this fiscal year, the Regent's decision to sharply focus the legislative agenda and to consolidate the state relations effort, was a prudent decision that yielded positive results.

Operating Appropriations The General Assembly provided additional general university appropriations, from a variety of sources, totaling \$24,019,288 for operating expenditures to the Board of Regents. These appropriations do not include the special purpose appropriations outlined below.

Economic Development Appropriations House file 809, the Economic Development Appropriations bill, appropriated \$5 million each year for 10 years to the Department of Economic Development for financial assistance to the Regent universities for capacity building infrastructure in areas related to technology commercialization, entrepreneurship, and business growth.

Special Schools Appropriations The Iowa School for the Deaf and the Iowa Braille and Sight Saving School received increases of 4% or \$530,000, which is comparable to the allowable growth increase for all other K-12 schools in the state of Iowa. In addition, the two special schools received a capitals appropriation of \$500,000 for major maintenance.

Tuition Replacement The General Assembly provided \$24,305,412 for tuition replacement which was the Regent request. Of this amount, \$10,329,981 was appropriated from the Rebuild Iowa Infrastructure Fund and \$13,975,431 was appropriated from the state general fund. Tuition replacement represents the state of Iowa commitment to fund the debt service on academic buildings.

Regulatory Relief The Regent Regulatory Relief language simplifies and streamlines government processes of the Board of Regents to allow the Board and its institutions to operate more efficiently and effectively while maintaining accountability.

Indigent Patient Care Program Appropriation	House File 841, the expanded Medicaid legislation, appropriated \$27,284,584 for the University of Iowa Hospitals and Clinics for provision of medical treatment to indigent patients.
Agricultural	House File 808, the Agriculture and Natural Resources Appropriations bill, appropriated \$100,000 to Iowa State University from the agrichemical remediation fund to support a water quality research project which studies the effectiveness of alternative technologies used to reduce risks to water quality from effluent originating from open feedlots which house beef cattle.
Economic Development	House File 809, the Economic Development bill, allocated \$350,000 to Iowa state University for each of the next ten years from an appropriation to the Department of Economic Development from the grow Iowa values fund. This funding provides financial assistance awards to establish and maintain small business development centers in cities or counties that can demonstrate local matching money on a dollar for dollar basis.
Safety Initiative	\$500,000 was appropriated to the University of Northern Iowa's National Program for Playground Safety (NPPS). This money is to be used for the administration of the Iowa Safe Surfacing Initiative. This initiative is a cost sharing program with public schools and child care centers in Iowa to install rubber playground tiles that are specially designed to significantly reduce playground injuries and allow for greater access for children with disabilities. Not more than 2.5 percent of the money appropriated may be used for the administration of the program.
Related Regents Requests	House File 816, the Education Appropriations bill, appropriated \$76,365 to the College Student Aid Commission for work study grants at the Regent institutions and community colleges.

Background/Analysis:

Partnership Plan	<p>The Regent legislative appropriations request for FY 2006 was centered on \$40 million in new state appropriations for the Partnership Plan for Transformation and Excellence. The legislature appropriated a total of \$29,019,288 to the Regents from the following sources:</p> <ul style="list-style-type: none"> • \$14,969,288 from the general fund of the state to be used for operating expenditures at the three Regent universities. This funding will become part of the universities' base budgets. • \$6,250,000 from the Rebuild Iowa Infrastructure Fund to displace university general fund dollars being spent for building repairs. This funding is intended to allow the Regent universities to use \$6.25 million of general funds for other operating expenditures. This is one-time funding that is not built into the operating base budgets. • \$2,800,000 from the state general fund ending balance for operating budgets of the three Regent universities. This, also, is one-time funding. • \$5,000,000 for each of the next ten years from the grow Iowa values fund to the Iowa Department of Economic Development for financial assistance to the Regent institutions for "capacity building infrastructure" in areas related to economic development and commercialization.
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Regulatory Relief In an effort to save taxpayer dollars and provide efficiencies in the operation of a variety of Regent responsibilities and services, the Board requested a series of regulatory relief measures from the General Assembly. Several of these requests were not adopted by the legislature, but the Board made significant progress in this area as described below:

- Custodian
Authorizes the Board of Regents and its institutions to competitively select investment custodians from a larger group of service providers, which would allow for increased competition and lower costs.
- Municipality definition
Removes the Board of Regents and its institutions from being defined as a municipality, which relieves the institutions from unnecessary costly advertising of public hearings for construction work which is governed by other Iowa Code sections.
- Real estate and easements
Authorizes the Board of Regents to acquire or dispose of real estate and grant easements without Executive Council approval.
- Bid limit
Increases the bid limit for construction, repairs, and building improvements from \$25,000 to \$100,000 to permit the institutions to proceed in a more timely and cost-effective method, resulting in savings for small projects.
- Bonding
Allows the Regents to be more market responsive in selling Regent bonds and could result in enhanced revenues for bond sales.
- Retainage language
Modifies language on retainage to permit the Regent institutions to have the discretion, not currently allowed by Iowa Code, to release retainage prior to acceptance of the contract for the portions of the work that have been completed and determined to be acceptable.
- Other
Eliminates certain extraneous reporting requirements and obsolete Code sections.

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