

Contact: Brad Berg

**FY 2011 BUDGETS – UNIVERSITIES, SPECIAL SCHOOLS,
IOWA PUBLIC RADIO, BOARD OFFICE**

Actions Requested: Consider approval of the FY 2011:

1. Regent institutional budgets as presented on pages 5-8.
2. Iowa Public Radio budget as presented in Attachment F on page 26.
3. Board Office operating budget as shown in Attachment G on page 27.
4. Distribution of the operating appropriations to the regional study centers as follows:
 - Quad Cities Graduate Study Center \$134,665
 - Southwest Iowa Regents Resource Center \$ 90,766
 - Tri-State Graduate Study Center \$ 69,110

Executive Summary: Consistent with the Board's strategic plan to demonstrate public accountability and effective stewardship of resources, all institutional budgets are approved annually by the Board.

In April, the Board considered key budgetary issues to provide guidance in the development of the FY 2011 institutional budgets and received FY 2011 budget development updates from Iowa's public universities and special schools. Agenda Item 7 contains the FY 2011 proposed salary policies utilized in the development of the FY 2011 budgets. The Board is now asked to consider approval of the proposed budgets for the universities, special schools, Iowa Public Radio, and the Board Office.

The Regent institutional budgets include two basic types of funds:

- General operating funds include operational appropriations, interest income, tuition and fee revenues, reimbursed indirect costs, and sales and services revenues. Some appropriations are designated for specific operating uses and cannot be used for other purposes.
- Restricted funds are specifically designated or restricted for a particular purpose or enterprise and include capital and tuition replacement appropriations, gifts, sponsored funding from federal and private sources, athletics as well as other auxiliary or independent functions such as residence, parking, and utility systems.

This memorandum incorporates numerous aspects of budgets for the Regent Enterprise. There is a separate attachment which includes budget details specific to each university, special school, Iowa Public Radio, and the Board Office. While the residence systems and athletics are included as a part of the restricted budgets, individual budgets for these auxiliary units are contained in this memorandum.

The proposed FY 2011 Regent Enterprise consolidated budget exceeds \$4.0 billion and is slightly less than FY 2010 estimates. The consolidated budget shown below includes UIHC. The table on page 8 includes the detailed budgeted revenues and expenditures from all funds for all Regent institutions.

FY 2011 REGENT ENTERPRISE BUDGET
(in millions)

	SUI	ISU	UNI	ISD	IBSSS	Total	FY 2010 Estimates
General Operating	*1,474.4	512.5	160.9	9.6	9.4	2,166.8	**2,254.7
Restricted	1,114.3	599.3	158.9	1.2	0.4	1,874.1	1,810.7
Total	2,588.7	1,111.8	319.8	10.8	9.8	4,040.9	4,065.4

*includes UIHC

**includes \$80.3 million in ARRA-State Stabilization funds

University Operating Budgets

The primary revenue sources providing FY 2011 general operating funds for Iowa's public universities are state appropriations and tuition revenues.

General university operating appropriations for FY 2011 totaling \$474.5 million are \$8.5 million less than final FY 2010 state funding levels and \$103.0 million less than final FY 2009 amounts. The following table includes one-time funding of \$30.4 million for FY 2010 and \$8.7 million for FY 2011.

GENERAL UNIVERSITY OPERATING APPROPRIATIONS

	<u>Final FY 2009</u>	<u>*Final FY 2010</u>	<u>**Current FY 2011</u>	<u>FY11 Less FY10</u>
SUI	269,527,169	225,563,663	221,724,526	(3,839,137)
ISU	212,192,481	176,976,136	173,738,096	(3,238,040)
UNI	95,792,085	80,385,388	79,005,927	(1,379,461)
Total	577,511,735	482,925,187	474,468,549	(8,456,638)

*includes one-time funding of \$30,438,807

**includes one-time funding of \$8,744,689

The Board approved a resident undergraduate tuition increase of 6.0% for the 2010-11 academic year at its February 2010 meeting; non-resident tuition increases of 6.0% at SUI, 4.1% at ISU, and 3.0% at UNI were also approved. The tuition rate increases, coupled with current enrollment projections, are anticipated to generate \$45.3 million in incremental gross tuition revenue for FY 2011 compared to the final FY 2010 budgets.

Based on the proposed FY 2011 general university operating budgets, state appropriations provide 39.7% of the total general university operating revenues. Tuition comprises 54.4% of the FY 2011 budgeted revenues.

Board policy mandates that a minimum of 15% of gross tuition proceeds be set-aside for student financial aid, a mix of need and merit-based aid. The Regent universities have dedicated an additional \$11.3 million in FY 2011 tuition set-aside for student financial aid compared to the FY 2010 budget. The budgeted FY 2011 financial aid set-aside comprises 22% of the projected gross tuition revenues.

Each university's special purpose units receiving state general fund appropriations were subject to the 10% across-the-board cut in FY 2010 and were generally flat funded in FY 2011 when compared to final FY 2010 appropriated levels. One exception was UNI's Iowa Mathematics and Science Education Partnership program (IMSEP), which was reduced to \$1.8 million in FY 2011 from the final FY 2010 appropriation of \$3.25 million.

In FY 2010, the Regent Enterprise received one-time funds of approximately \$80.3 million in State Fiscal Stabilization Funds from the American Recovery and Reinvestment Act of 2009. This funding will not be received in FY 2011.

Restricted Budgets

The restricted fund budgets include the FY 2011 capital appropriations approved by the General Assembly for ISU's Veterinary Medicine Facility-Phase II and SUI's Biomedical Discovery Building. The restricted fund budgets also contain Grow Iowa Values Fund (GIVF) and tuition replacement appropriations allocated to the three Regent universities.

The three universities will bring forward proposals for allocation and use of the FY 2011 Grow Iowa Values Fund appropriation at the August Board meeting. Legislative funding for the GIVF program was reduced to \$3.8 million for FY 2011. The GIVF allocations to each university are \$1.459 million for SUI and ISU, and \$729,600 for UNI. The remainder is available for projects as submitted by independent colleges and universities in Iowa. Allocations are to be matched on a 1:1 basis and used to fund capacity-building infrastructure in areas related to technology commercialization, entrepreneurship, and business growth.

Athletic Budgets

Each of the Regent universities hosts a multitude of intercollegiate athletic events that attract many alumni and friends to the campuses each year. The athletic departments are independent entities included in the restricted fund budgets. The proposed FY 2011 athletic revenue budgets total \$124 million. Details pertaining to each university's proposed FY 2011 athletic budget are included in the attachments.

Athletic Revenues		
	FY 2010	FY 2011
	<u>Estimates</u>	<u>Budget</u>
SUI	67,519,971	70,689,727
ISU	40,577,950	41,656,070
UNI	11,582,690	11,730,483
Total	119,680,611	124,076,280

Residence System Budgets

Residence systems, which include dining services, are self-supporting operations and do not receive state-appropriated funds for operations or capital improvements. Residence system budgets total approximately \$161.0 million for all three universities.

Residence systems are independent entities within each university and are included in the restricted fund budgets. The Board received the FY 2011 residence system preliminary budgets as part of the residence system governance report presented in March.

The final proposed FY 2011 residence system budgets for ISU and UNI remain identical to the preliminary budgets previously received by the Board. SUI projects an increase in net revenue in the final proposed budget when compared to the preliminary budget due to an increase in projected contract revenues. The proposed detailed budget for the SUI residence system is provided in Attachment A on page 14.

University Residence Systems FY 2011 Budgets				
	SUI		ISU	UNI
	Preliminary	Final	Preliminary & Final	Preliminary & Final
Revenues	\$ 51,047,264	\$ 51,401,360	\$ 73,479,336	\$ 36,077,441
Expenditures for Operations	36,955,585	36,909,363	54,844,482	26,626,772
Debt Service and Mandatory Transfers	5,396,903	5,396,903	11,344,976	4,206,874
Net Revenues after Debt Service and Mandatory Transfers	\$ 8,694,776	\$ 9,095,094	\$ 7,289,878	\$ 5,243,795

Special Schools

The primary funding source for the special schools continues to be state appropriations. Iowa's special school FY 2011 operating appropriations totaling \$14.3 million are \$0.3 million less than final FY 2010 state funding levels and \$1.6 million less than final FY 2009 amounts. The following table includes one-time funding of \$0.9 million for FY 2010 and \$0.6 million for FY 2011. Detailed general operating and restricted fund budgets are provided on pages 6-7. Additional information specific to each special school is provided in Attachments D and E beginning on page 22.

SPECIAL SCHOOL OPERATING APPROPRIATIONS

	Final FY 2009	*Final FY 2010	**Current FY 2011	FY11 Less FY10
ISD	10,155,182	9,339,546	9,153,265	(186,281)
IBSSS	5,720,006	5,264,613	5,154,512	(110,101)
Total	15,875,188	14,604,159	14,307,777	(296,382)

*includes one-time funding of \$921,693

**includes one-time funding of \$625,311

Iowa Public Radio

In December 2004, the Board approved the creation of Iowa Public Radio, which includes WSUI-AM and KSUI-FM at the University of Iowa (KSUI Radio Group); WOI AM and FM, KTPR-FM, KOWI-FM, and KWOI-FM at Iowa State University (WOI Radio Group); and KUNI-FM and KHKE-FM at the University of Northern Iowa (KUNI Radio Group).

In May 2007, the Board approved the Public Service Operating Agreement between Iowa Public Radio and the Board of Regents. Under the operating agreement, Iowa Public Radio manages the operations of the Radio Groups.

For FY 2011, the 2010 General Assembly appropriated \$406,318 for operations and was flat funded when compared to final FY 2010 state funding levels (which was reduced 10% during FY 2010). The proposed FY 2011 budgets for Iowa Public Radio and the three Radio Groups are contained in Attachment F on page 26.

Regional Study Centers

The regional study centers are publicly funded consortia of colleges and universities that offer undergraduate and graduate degree programs, graduate non-degree courses, and continuing professional education opportunities to area residents. The three regional study centers that serve Iowans include:

- Quad Cities Graduate Study Center in Rock Island
- Southwest Iowa Regents Resource Center in Council Bluffs
- Tri-State Graduate Center in Sioux City

The legislature appropriates funds to the Board of Regents for distribution to the Regional Study Centers. The FY 2010 operating appropriations for the study centers were subject to the 10% across-the-board cut and were reduced \$32,727 during the current fiscal year. For FY 2011, the 2010 General Assembly appropriated a total of \$294,541 to the three study centers which were flat funded when compared to final FY 2010 state funding levels. The Board is asked to consider approval of the distribution of funds to the study centers as appropriated by the 2010 General Assembly.

BOARD OF REGENTS, STATE OF IOWA
FY 2011 GENERAL FUND AMENDED OPERATING BUDGETS

University of Iowa										
RESOURCES	Gen. Univ.	Univ. Hosp.	Psych. Hosp.	CDD	Oakdale Campus	Hyg. Lab	Family Prac.	SCHS	Special Purpose	Subtotal
APPROPRIATIONS										
General	\$217,638,034	\$27,284,584			\$2,268,925	\$3,669,943	\$1,855,628	\$684,297	\$2,067,416	\$255,468,827
Supplemental-Nonrecurring	4,086,492	49,020,031								4,086,492
Other										49,020,031
Balance Forward										
RESOURCES										
Federal Support										
Interest	1,465,474									2,277,743
Tuition and Fees	321,150,000				2,000		5,000			1,472,474
Reimb. Indirect Costs	47,144,000	3,630,900	1,320,000	151,600	1,148,000	159,327				321,150,000
Sales and Service		749,463,085	24,752,300	7,485,500		2,763,099		300,000		53,553,827
Other Income	125,000	510,700	262,000		120,000			1,638,135		784,763,984
Subtotal - Inst. Income	369,884,474	753,604,685	26,334,300	7,637,100	1,270,000	2,922,426	5,000	4,215,878	0	1,165,873,863
TOTAL REVENUES	\$591,609,000	\$829,909,300	\$26,334,300	\$7,637,100	\$3,538,925	\$6,592,369	\$1,860,628	\$4,900,175	\$2,067,416	\$1,474,449,213
EXPENDITURES										
Fac. & Inst. Off. Salaries	\$231,605,000	\$54,746,800	\$3,266,300	\$523,800		\$65,981	\$1,484,504	\$471,666	\$583,847	\$292,747,898
Prof. & Sci. Staff Salaries	104,966,000	335,302,200	12,138,300	3,798,400	96,513	4,200,706	286,815	2,638,215	954,338	464,381,487
General Service Staff Sal.	72,811,000	136,363,900	5,922,400	1,984,900	1,638,879	1,786,550	69,716	732,599	176,772	221,486,716
Hourly Wages	3,348,000	4,804,100	158,600	161,600			9,593	218,962	16,000	8,716,855
Subtotal - Salaries	412,730,000	531,217,000	21,485,600	6,468,700	1,735,392	6,053,237	1,850,628	4,061,442	1,730,957	987,332,956
Supplies and Services	47,800,000	268,150,600	3,359,600	893,000	292,356	536,731	10,000	838,733	148,217	322,029,237
Library Acquisitions	15,297,000									15,297,000
Rentals	1,500,000	5,165,300	15,100	3,500	30,000	2,401			165,000	6,881,301
Utilities	31,524,000	25,376,400	1,474,000	271,900	1,468,677					60,114,977
Bldg. Repairs	8,706,000									8,706,000
Auditor of State Reimb.	605,000									605,000
Equipment	5,698,000				12,500				23,242	5,733,742
Aid to Individuals	67,749,000									67,749,000
Subtotal - Other Expenses	178,879,000	298,692,300	4,848,700	1,168,400	1,803,533	539,132	10,000	838,733	336,459	487,116,257
TOTAL EXPENDITURES	\$591,609,000	\$829,909,300	\$26,334,300	\$7,637,100	\$3,538,925	\$6,592,369	\$1,860,628	\$4,900,175	\$2,067,416	\$1,474,449,213

BOARD OF REGENTS, STATE OF IOWA
FY 2011 GENERAL FUND AMENDED OPERATING BUDGETS (continued)

RESOURCES	Iowa State University					University of Northern Iowa				IBSSS	ISD	FY 2011 Operating Total
	Gen. Univ.	Exp. Station	Coop. Ext.	Special Purpose	Subtotal	Gen. Univ.	Special Purpose	Subtotal				
APPROPRIATIONS												
General	\$170,536,017	\$29,170,840	\$18,612,391	\$6,612,021	\$224,931,269	\$77,549,809	\$2,722,554	\$80,272,363	\$8,679,964	\$4,917,362	\$574,269,765	
Supplemental-Nonrecurring	3,202,079				3,202,079	1,456,118		1,456,118	395,980	229,331	9,370,000	
Other									77,321	7,819	49,105,171	
Balance Forward										200,000	200,000	
RESOURCES												
Federal Support		4,028,617	8,800,000		12,828,617	618,000		618,000	54,000	333,000	15,493,360	
Interest						75,800,424		75,800,424	15,000	1,000	2,106,474	
Tuition and Fees	252,958,560				252,958,560	2,216,649		2,216,649			649,908,984	
Reimb. Indirect Costs	17,141,800				17,141,800	520,000		520,000			72,953,544	
Sales and Service									333,274	41,268	789,318,479	
Other Income	1,411,881				1,411,881			0	11,916	5,000	4,084,632	
Subtotal - Inst. Income	271,512,241	4,028,617	8,800,000	0	284,340,858	79,155,073	0	79,155,073	414,190	4,081,489	1,533,865,473	
TOTAL REVENUES	\$445,250,337	\$33,199,457	\$27,412,391	\$6,612,021	\$512,474,206	\$158,161,000	\$2,722,554	\$160,883,554	\$9,567,455	\$9,436,001	\$2,166,810,429	
EXPENDITURES												
Fac. & Inst. Off. Salaries	\$171,000,000	\$20,400,000	\$6,200,000	\$2,143,000	\$199,743,000	\$69,109,446	\$272,400	\$69,381,846	\$3,349,109	\$5,010,396	570,232,249	
Prof. & Sci. Staff Salaries	76,000,000	8,300,000	15,350,000	2,813,931	102,463,931	28,775,959	679,372	29,455,331	2,042,743	550,027	598,893,519	
General Service Staff Sal.	43,100,000	2,350,000	1,615,000	525,023	47,590,023	23,540,952	85,235	23,626,187	2,038,467	2,117,282	296,858,675	
Hourly Wages	4,300,000	250,000	100,000	66,000	4,716,000	1,781,257	26,500	1,807,757			15,240,612	
Subtotal - Salaries	294,400,000	31,300,000	23,265,000	5,547,954	354,512,954	123,207,614	1,063,507	124,271,121	7,430,319	7,677,705	1,481,225,055	
Supplies and Services	41,300,337	1,017,457	4,036,891	1,038,689	47,393,374	10,906,077	1,659,047	12,565,124	1,235,521	1,120,663	384,343,919	
Library Acquisitions	9,900,000				9,900,000	1,875,770		1,875,770	8,226	1,500	27,082,496	
Rentals	1,400,000	17,000	57,000		1,474,000	886,367		886,367			9,241,668	
Utilities	27,500,000	75,000	6,000		27,581,000	5,714,169		5,714,169	390,520	230,000	94,030,666	
Bldg. Repairs	5,000,000	200,000			5,200,000	1,200,000		1,200,000	319,173	351,133	15,776,306	
Auditor of State Reimb.	500,000				500,000	275,000		275,000	40,000	30,000	1,450,000	
Equipment	3,500,000	320,000	25,000	20,378	3,865,378	490,003		490,003			10,257,819	
Aid to Individuals	61,750,000	270,000	22,500	5,000	62,047,500	13,606,000		13,606,000	143,696	25,000	143,402,500	
Subtotal - Other Expenses	150,850,337	1,899,457	4,147,391	1,064,067	157,961,252	34,953,386	1,659,047	36,612,433	2,137,136	1,758,296	685,585,374	
TOTAL EXPENDITURES	\$445,250,337	\$33,199,457	\$27,412,391	\$6,612,021	\$512,474,206	\$158,161,000	\$2,722,554	\$160,883,554	\$9,567,455	\$9,436,001	\$2,166,810,429	

BOARD OF REGENTS
STATE OF IOWA
FY 2011 RESTRICTED FUNDS BUDGETS

REVENUES	SUI	ISU	UNI	ISD	IBSSS	FY 2011 Restricted Total
APPROPRIATIONS						
Grow Iowa Values Fund	\$1,459,200	\$1,725,200	\$729,600			\$3,914,000
Tuition Replacement	10,300,410	8,099,595	5,905,407			24,305,412
Capital	10,000,000	13,000,000				23,000,000
Grape & Wine/Water Quality/Zoo		738,000				738,000
Iowa Flood Center	1,300,000					1,300,000
RESOURCES						
Federal Support	268,686,000	168,500,000	26,000,000	149,814	330,040	463,665,854
Interest			1,600,000	15,000		1,615,000
Tuition and Fees	60,353,000	11,900,000	15,000,000			87,253,000
Reimbursed Indirect Costs	26,504,000	10,000,000				36,504,000
Sales and Service	281,520,000	40,000,000	79,000,000	993,750		401,513,750
Other Income	454,137,390	345,410,000	30,700,000	3,000	90,400	830,340,790
Subtotal - Inst. Income	1,091,200,390	575,810,000	152,300,000	1,161,564	420,440	1,820,892,394
TOTAL REVENUES	\$1,114,260,000	\$599,372,795	\$158,935,007	\$1,161,564	\$420,440	\$1,874,149,806
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$140,748,000	\$57,600,000	\$5,460,000	\$619,100	\$22,862	\$204,449,962
Prof. & Sci. Staff Salaries	177,908,000	91,000,000	18,130,000	58,093		287,096,093
General Service Staff Salaries	38,974,000	41,500,000	12,870,000	126,762		93,470,762
Hourly Wages	25,081,000	19,000,000	6,900,000			50,981,000
Subtotal - Salaries	382,711,000	209,100,000	43,360,000	803,955	22,862	635,997,817
Prof. and Scientific Supplies	265,037,000	212,175,795	52,964,205	181,408	284,354	530,642,762
Library Acquisitions			33,000	2,600		35,600
Rentals	16,570,000		1,100,000			17,670,000
Utilities	10,006,000	11,000,000	2,300,000	60,000	41,324	23,407,324
Building Repairs	5,740,000	3,500,000	3,000,000	90,000		12,330,000
Auditor of State			10,000	3,000		13,000
Equipment	13,800,000	10,000,000	3,000,000	20,601	71,900	26,892,501
Student Aid	60,096,000	46,000,000	18,000,000			124,096,000
Debt Service	66,700,000	36,000,000	13,167,802			115,867,802
Plant Capital	293,600,000	71,597,000	22,000,000			387,197,000
Subtotal - Other Expenses	731,549,000	390,272,795	115,575,007	357,609	397,578	1,238,151,989
TOTAL EXPENDITURES	\$1,114,260,000	\$599,372,795	\$158,935,007	\$1,161,564	\$420,440	\$1,874,149,806

BOARD OF REGENTS
STATE OF IOWA
FY 2011 ALL FUNDS BUDGETS

RESOURCES	FY 2011 All Funds						Total
	SUI	ISU	UNI	ISD	IBSSS	Total	
APPROPRIATIONS							
General	\$255,468,827	\$224,931,269	\$80,272,363	\$8,679,964	\$4,917,362	\$574,269,785	
Supplemental-Nonrecurring	4,086,492	3,202,079	1,456,118	395,980	229,331	\$9,370,000	
Balance Forward					200,000	200,000	
Grow Iowa Values Fund	1,459,200	1,725,200	729,600			3,914,000	
Tuition Replacement	10,300,410	8,099,595	5,905,407			24,305,412	
Capital	10,000,000	13,000,000				23,000,000	
Other	49,020,031			77,321	7,819	49,105,171	
Grape & Wine/Water Quality/Zoo		738,000				738,000	
Iowa Flood Center	1,300,000					1,300,000	
RESOURCES							
Federal Support	270,963,743	181,328,617	26,000,000	203,814	663,040	479,159,214	
Interest	1,472,474	-	2,218,000	30,000	1,000	3,721,474	
Tuition and Fees	381,503,000	264,858,560	90,800,424			737,161,984	
Reimb. Indirect Costs	80,057,827	27,141,800	2,216,649		41,268	109,457,544	
Sales and Service	1,066,283,984	40,000,000	79,520,000	1,327,024	3,701,221	1,190,832,229	
Other Income	456,793,225	346,821,881	30,700,000	14,916	95,400	834,425,422	
Subtotal - Inst. Income	2,257,074,253	860,150,858	231,455,073	1,575,754	4,501,929	3,354,757,867	
TOTAL REVENUES	\$2,588,709,213	\$1,111,847,001	\$319,818,561	\$10,729,019	\$9,856,441	\$4,040,960,235	
EXPENDITURES							
Fac. & Inst. Off. Salaries	\$433,495,898	\$257,343,000	\$74,841,846	\$3,968,209	\$5,033,258	\$774,682,211	
Prof. & Sci. Staff Salaries	642,289,487	193,463,931	47,585,331	2,100,836	550,027	885,989,612	
General Service Staff Sal.	260,460,716	89,090,023	36,496,187	2,165,229	2,117,282	390,329,437	
Hourly Wages	33,797,855	23,716,000	8,707,757			66,221,612	
Subtotal - Salaries	1,370,043,956	563,612,954	167,631,121	8,234,274	7,700,567	2,117,222,872	
Prof. and Scientific Supp.	587,066,237	259,569,169	65,529,329	1,416,929	1,405,017	914,986,681	
Library Acquisitions	15,297,000	9,900,000	1,908,770	10,826	1,500	27,118,096	
Rentals	23,451,301	1,474,000	1,986,367			26,911,668	
Utilities	70,120,977	38,581,000	8,014,169	450,520	271,324	117,437,990	
Bldg. Repairs	14,446,000	8,700,000	4,200,000	409,173	351,133	28,106,306	
Auditor of State Reimb.	605,000	500,000	285,000	43,000	30,000	1,463,000	
Equipment	19,533,742	13,865,378	3,490,003	164,297	96,900	37,150,320	
Aid to Individuals	127,845,000	108,047,500	31,606,000			267,498,500	
Debt Service	66,700,000	36,000,000	13,167,802			115,867,802	
Plant Capital	293,600,000	71,597,000	22,000,000			387,197,000	
Subtotal - Other Expenses	1,218,665,257	548,234,047	152,187,440	2,494,745	2,155,874	1,923,737,363	
TOTAL EXPENDITURES	\$2,588,709,213	\$1,111,847,001	\$319,818,561	\$10,729,019	\$9,856,441	\$4,040,960,235	

FY 2011 BUDGETS – UNIVERSITY OF IOWA

The FY 2011 General University budget has been developed based on the most current information available regarding revenue projections and an expenditure plan guided by The Iowa Promise. In addition, six strategic task forces were formed to offer recommendations that were an integral part of the FY 2011 budget planning process. Priorities utilized during the budget development process included the protection of personnel, quality of education, and affordable access for Iowa students.

SUI FY 2011 General University Operating Budget

SUI's proposed FY 2011 General University operating budget is \$14.6 million more (2.5%) than the final FY 2010 budget and incorporates the following revenue changes when compared to FY 2010.

- State Appropriation (includes one-time funding) (\$ 3.8 million)
- Tuition 22.6 million
- Other (4.2 million)
- Total Incremental Revenues \$ 14.6 million

The General University's original FY 2010 state operating appropriation of \$235.5 million was reduced by a net \$9.9 million during the current fiscal year. This includes supplemental one-time funding of \$14.4 million. FY 2011 General University operating appropriations totaling \$221.7 million (includes one-time funding of \$4.1 million) are \$3.8 million less than final FY 2010 amounts.

SUI General University Appropriations

	<u>Base</u>	<u>Reductions</u>	<u>One-Time Supplemental</u>	<u>Total</u>
FY 2011	217,638,034		4,086,492	221,724,526
FY 2010	235,483,091	(24,291,049)	14,371,621	<u>225,563,663</u>
			FY 2011 Less FY 2010	(3,839,137)

The Board approved a 6.0% tuition increase for all resident and non-resident undergraduates, graduate, and professional students. Approximately 100 additional freshman students are anticipated next year with a slightly higher mix of non-resident students. The University is projecting \$19.1 million in new tuition revenue prior to offsets for financial aid when compared to the final FY 2010 budget. In addition to the base tuition increases, the Board also approved professional school and upper division tuition supplements expected to yield an additional \$3.5 million in FY 2011 for corresponding program improvements and financial aid.

A complicating factor of projecting indirect cost recoveries is measuring the success and timing of one-time federal ARRA research grant awards. The impact of a large number of supplemental research grant opportunities is uncertain and therefore only partially factored into this budget. As more becomes known throughout FY 2011, the University will update projections of the indirect cost recovery impact and the resulting cost of research administration and compliance activities. These awards are projected to impact the FY 2010-2012 budget years. The University increased budgeted FY 2010 indirect cost recoveries by \$4.2 million in the amended budget approved by the Board in April 2010. The indirect cost recoveries in the proposed FY 2011 budget are \$2.2 million more than the original FY 2010 budget and \$2.0 million less than the final FY 2010 budget.

The FY 2010 amended budget included an interest income increase of \$3.2 million from the very suppressed original budget (\$0.5 million) due to a substantial improvement in the valuation of investments since the financial crisis of 2008-2009. The University expects interest income to stabilize at \$1.5 million annually resulting in a \$2.2 million decrease when compared to the final FY 2010 budget (\$1.0 million more than original FY 2010 budget).

The University established a minimum reallocation policy of 1% of the FY 2010 original General Education Fund (GEF) base and protected student financial aid and library acquisitions from the policy. The Provost's Office required an additional 0.5% reallocation by academic units which will be redistributed within the units. A total of approximately \$6.6 million will be reallocated to fund unavoidable and essential cost increases.

As described in Agenda Item 7, the University will adhere to all collective bargaining agreements. Fringe benefits will be charged in accord with the federally approved rate structures of the University. The average General Education Fund budget cost for merit increases in FY 2011 will be 3.81%. Funds equal to 2% of faculty and P&S staff salaries will be allocated to collegiate units to provide on a case-by-case basis, promotional increases, reclassification increases, equity and acute market adjustments, and counter offers.

Fringe benefit rates for FY 2011 have been negotiated and finalized with the federal government. The effect of changes in fringe benefit rates on the existing GEF is a net decrease of \$7.1 million. The decrease is attributable to cumulative historic costs of covered benefits, changes in the average salary for employees in each fringe benefit pool, the University's internal charge back system (federally mandated) to recover its payment of fringe benefit costs, and internal cost saving measures. In October 2009, the Board approved the temporary reduction of employer contributions to defined contribution retirement plans through June 2011. The projected GEF savings for FY 2011 is \$4.7 million.

As approved by the Board in September 2008, the University initiated changes to its flexible health/dental/life benefit system to better control cost increases and distribute benefits as fairly as possible to faculty and staff. Full implementation of all recommendations will occur on January 1, 2011. Health and dental benefits for AFSCME-covered staff are determined by the State and were not included in these changes.

Utility expenses are expected to increase \$0.8 million, including the General University's share of additional debt service payments for expanded chilled water capacity, energy conservation investments, fuel, and purchased electricity. The University aims to reduce energy consumption by 10% for all owned, conditioned major facilities and anticipates that 15% of all energy used by the campus will be produced from renewable sources.

The University is committed to meeting its increased financial aid targets for undergraduate lowans with demonstrated financial need. Financial aid set-aside is budgeted to increase \$8.7 million from FY 2010 and comprises 21.1% of projected tuition revenues.

The University's strategic objective affirmed by the Board continues to be attaining annual financial support for facilities renewal equal to 1% of the replacement costs of all GEF supported buildings. Progress toward the 1% goal had been possible over the last several fiscal years but will not be possible in FY 2011. Contributing to this goal is the GEF building renewal budget, operations and maintenance budget directed to renewal, State capital appropriations for facilities, State Academic Building Revenue Bonding authorizations, and any other central sources of support such as designated gifts and grants. The GEF building renewal budget for FY 2011 is \$8.7 million.

FY 2011 Special Purpose Appropriations

Budget details for UIHC, Psychiatric Hospital, Center for Disabilities and Development, Oakdale Campus, Hygienic Laboratory, Family Practice, and Specialized Children's Health Services are provided on page 5.

SUI's consolidated special purpose budget on page 5 includes Primary Health Care, State Cancer Registry, Substance Abuse, Biocatalysis, Iowa Registry for Congenital and Inherited Disorders, Non-Profit Resource Center, Advance Drug Development, Oakdale Research Park, and the Technology Innovation Center.

All state general fund supported special purpose units were subject to the 10% across-the-board cut in FY 2010. FY 2011 state general operating funding for these special purpose units remain flat when compared to final FY 2010 appropriated amounts.

UIHC

In FY 2011, the strategic focus for the University of Iowa Hospitals and Clinics (UIHC) will continue to center on the offering of a broad spectrum of clinical services to all patients, serving as the primary teaching hospital for the University, and providing a base for innovative research to improve health care.

The proposed FY 2011 UIHC budget of \$829.9 million represents a 3.4% decrease when compared to the FY 2010 budget. The proposed FY 2011 UIHC budget is provided on page 5.

State appropriations from the IowaCare Account include \$27.3 million with an additional \$49.0 million available as needed for the care of Iowa's indigent population during FY 2011. The IowaCare appropriations do not provide funding for dental services, pharmaceuticals, and durable medical equipment, even though UIHC provides these services. \$14 million was added to the UI Physicians Practice Plan to partially compensate physicians for care provided to IowaCare patients.

UIHC reports there are ever-increasing challenges on the healthcare industry to maintain funding sources while keeping operating expenses in check. An average "all-in" salary and benefit increase of 3.5% is projected for FY 2011. Medical and surgical supply costs are estimated to rise 3% or more and pharmaceutical costs are anticipated to increase 7%. Utilities and administrative purchases from the University are expected to increase 6% and 4% respectively. Revenue challenges include the potential impacts of healthcare reform on Medicare and Medicaid payment rates and the significant change to the outpatient payment methodology by the dominant managed care provider in Iowa.

The Board approved a 6.0% rate increase effective July 1, 2010, at its April 2010 meeting. Market data indicates that UIHC continues to have lower rate adjustments when compared to academic medical center peers and other Midwest healthcare institutions. UIHC forecasts a 2.2% increase in inpatient acute admissions and a 4.7% increase in outpatient activity for FY 2011. Length of stay is expected to decrease by 0.18 days.

Other UIHC units include the Psychiatric Hospital, the Center for Disabilities and Development, and Specialized Child Health Services. The proposed combined FY 2011 budget of these units is \$38.9 million, which represents a 1.6% decrease when compared to the FY 2010 amended budget approved in April 2010.

SUI FY 2011 Restricted Fund Budget

The Restricted Fund includes the Organized Activities Fund, the Auxiliary Enterprise Fund, the Current Restricted Fund and the Plant Fund and involves virtually every department on campus in revenue and expenditure planning.

- Organized Activities Fund – includes continuing education, medicine and dentistry practice plan funds, sports camps, conferences and institutes, and various publications and workshops
- Auxiliary Enterprise Fund – includes athletics, residence halls, the Iowa Memorial Union, student health, recreational services, Hancher Auditorium, parking and transportation, Cambus, and various smaller enterprises
- Current Restricted Fund – includes sponsored activities, predominately research and student financial aid funded from federal and non-federal sources
- Plant Fund – includes bond proceeds and capital project receipts

Revenues are derived from federal and non-federal support for sponsored programs, sales and services, reimbursed indirect costs, fees, bond proceeds, transfers from current unrestricted funds, tuition replacement and capital appropriations.

The proposed FY 2011 Restricted Fund Budget includes the following state appropriations:

- Tuition Replacement \$ 10.3 million
This appropriation funds the debt service on academic building revenue bond issues.
- Biomedical Discovery Institute \$ 10.0 million
- Iowa Flood Center \$ 1.3 million
- Grow Iowa Values Fund (GIVF) \$ 1.5 million

Athletics

The SUI Athletic Department is a self-sustaining auxiliary enterprise and receives no general university support. The University of Iowa's FY 2011 athletic budget on the following page reflects revenue projections of \$70.7 million; 4.7% more than FY 2010 estimates.

Sports income in FY 2011 is expected to increase slightly compared to FY 2010 due to a ticket price increase for football and men's basketball revenues are projected to return to original FY 2010 budget levels.

Athletic conference revenue is expected to increase \$2.2 million due to new bowl contracts with the BCS and the Big Ten Conference, and a one-time 1% equity stock sale of the Big Ten Network to FOX Sports.

Departmental salary costs are budgeted to increase 2% and scholarship expenses totaling \$8.6 million reflect a 5% increase when compared to FY 2010.

The increase in facility debt service is due to the additional payments for Carver Hawkeye Arena and the Campus Recreation and Wellness Center.

Additional building and grounds expenses are attributable to Athletics' responsibility for the new Campus Recreation and Wellness Center, higher utility costs, and increased building insurance premiums directly attributable to the flood of 2008.

The Athletic Department purchases services from numerous entities within the University including, Public Safety, UIHC, parking, scholarships, utilities, and residence services. The projected total FY 2011 costs of these services is \$17.0 million.

**University of Iowa Athletics
FY 2011 Proposed Budget**

	<u>FY 10 Estimates</u>	<u>FY 11 Budget</u>
<u>INCOME:</u>		
Men's Sports		
Football	\$ 19,725,044	\$ 19,897,100
Basketball	\$ 1,875,000	\$ 2,301,500
Wrestling	\$ 407,068	\$ 426,000
All Other	\$ 31,273	\$ 30,000
Total Men's Sports	<u>\$ 22,038,385</u>	<u>\$ 22,654,600</u>
Women's Sports		
Basketball	\$ 133,992	\$ 178,500
Volleyball	\$ 12,921	\$ 10,000
All Other	\$ 13,000	\$ 13,000
Total Women's Sports	<u>\$ 159,913</u>	<u>\$ 201,500</u>
Other Income		
Facility Debt Service/Student Fees	\$ 500,803	\$ 500,000
Learfield Multi Media Contract Income	\$ 5,085,086	\$ 5,290,000
Athletic Conference	\$ 19,968,000	\$ 22,196,000
Student Financial Aid Set Aside Reimbursement	\$ 545,200	\$ 545,200
Interest	\$ 900,000	\$ 1,000,000
Foundation Support	\$ 9,292,180	\$ 9,228,149
Foundation Premium Seat Revenue	\$ 4,880,404	\$ 5,180,598
Novelties--Bookstore	\$ 2,000,000	\$ 1,768,680
General Income	\$ 2,150,000	\$ 2,125,000
Total Other Income	<u>\$ 45,321,673</u>	<u>\$ 47,833,627</u>
TOTAL INCOME	<u><u>\$ 67,519,971</u></u>	<u><u>\$ 70,689,727</u></u>
<u>EXPENSES:</u>		
Men's Sports		
Football	\$ 16,198,717	\$ 16,143,273
Basketball	\$ 4,577,833 *	\$ 4,576,072
Wrestling	\$ 1,117,711	\$ 1,132,858
Other Sports	\$ 3,809,754	\$ 3,793,655
Total Men's Sports	<u>\$ 25,704,014</u>	<u>\$ 25,645,857</u>
Women's Sports		
Basketball	\$ 2,600,072	\$ 2,902,480
Volleyball	\$ 906,103	\$ 1,039,802
Other Sports	\$ 7,239,108	\$ 7,378,263
Total Women's Sports	<u>\$ 10,745,284</u>	<u>\$ 11,320,546</u>
Other Expenses		
Training Services	\$ 1,518,635	\$ 1,594,692
Sports Information	\$ 639,127	\$ 638,598
Admin. & General Expenses	\$ 9,432,561	\$ 9,689,942
Facility Debt Service	\$ 9,467,742	\$ 11,100,546
Transfer-New Facility Costs/Reserves (Kinnick)	\$ 700,000	\$ 1,000,000
Academic & Counseling	\$ 1,565,094	\$ 1,576,130
Buildings & Grounds	\$ 7,747,515	\$ 8,123,418
Total Other Expenses	<u>\$ 31,070,674</u>	<u>\$ 33,723,325</u>
TOTAL OPERATING EXPENSE	<u><u>\$ 67,519,971</u></u>	<u><u>\$ 70,689,727</u></u>

University Housing

The proposed FY 2011 residence system budget projects an increase in contract revenues when compared to the preliminary budget received by the Board in March 2010. Current enrollment and occupancy projections for Fall 2010 indicate occupancy will be above capacity. Projected revenues are based on the room and board rates approved at the April Board meeting.

Voluntary reserve balances on June 30, 2011, are projected to be \$11.5 million and is higher than originally projected in March. The projected reserve balance is reflective of the increase in net revenues from operations and savings on capital projects planned for FY 2010 and FY 2011.

**University of Iowa
Residence System Proposed Budget 2010-11**

	Estimate 2009-10	Preliminary Budget 2010-11	Final Budget 2010-11
OPERATIONS			
Revenues	\$ 49,738,799	\$ 51,047,264	\$ 51,401,360
Expenditures for Operations	35,581,545	36,955,585	36,909,363
Net Revenues	14,157,254	14,091,679	14,491,997
% of Revenues	28.5%	27.6%	28.2%
Debt Service (due July 1)	5,003,144	4,796,903	4,796,903
Mandatory Transfers	600,000	600,000	600,000
Net After Debt Service & Mandatory Transfers	\$ 8,554,110	\$ 8,694,776	\$ 9,095,094
% of Revenues	17.2%	17.0%	17.7%
Debt Service Coverage Ratio	283%	294%	302%
University Overhead Payment	\$ 462,696	\$ 469,095	\$ 482,052
Overhead as % of Expenditures	1.3%	1.3%	1.3%
FUND BALANCES (June 30)			
Operation & Maintenance Fund	1,000,000	1,000,000	1,000,000
Improvement Fund	8,703,815	8,241,000	8,398,454
System Fund	1,302,186	1,400,097	2,136,130
Subtotal--Voluntary Reserves	11,006,001	10,641,097	11,534,584
Sinking Fund	-	-	-
Bond Reserve Fund	4,754,560	4,754,560	4,754,560
Bond Construction Fund	-	-	-
Subtotal--Mandatory Reserves	4,754,560	4,754,560	4,754,560
Total Fund Balances (June 30)	\$ 15,760,561	\$ 15,395,657	\$ 16,289,144
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 44,645,313	\$ 46,330,415	\$ 46,668,457
Interest	1,067,206	635,582	703,540
Other Income	4,026,280	4,081,267	4,029,363
Total Revenues	\$ 49,738,799	\$ 51,047,264	\$ 51,401,360
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 13,954,314	\$ 14,888,055	\$ 14,574,126
Cost of Food or Goods Sold	4,362,837	4,759,105	4,570,053
Other Operating Expense	6,714,293	6,985,134	6,958,897
Utilities	5,392,089	5,416,402	5,586,087
Repairs & Maintenance	5,158,012	4,906,889	5,220,200
Total Expenditures	\$ 35,581,545	\$ 36,955,585	\$ 36,909,363

FY 2010 BUDGETS – IOWA STATE UNIVERSITY

Fiscal year 2011 will be the first year of Iowa State University’s strategic plan, which is scheduled for consideration by the Board of Regents in September 2010. Thus, the FY 2011 budget was developed within the context of the strategic planning that was occurring at the institutional level as well as in colleges and other major administrative units. Budget advisory committees with campus-wide representation performed thorough reviews to fund highest priority items during FY 2011. The planning for the FY 2011 operating budget was made extraordinarily challenging for several reasons: uncertain funding levels, increased costs largely outside the institution’s control, and the timing of the planning and budget development processes.

ISU FY 2011 General University Operating Budget

The proposed FY 2011 General University operating budget is \$12.2 million more than the final FY 2010 budget and incorporates the following revenue changes when compared to FY 2010.

- State Appropriation (\$ 3.2 million)
- Tuition 18.3 million
- Indirect Cost Recoveries/Other (2.9 million)
- Total Incremental Revenues and Reallocations \$ 12.2 million

The General University’s original FY 2010 state operating appropriation of \$185.0 million was reduced by a net \$8.0 million during the current fiscal year. This includes supplemental one-time funding of \$10.8 million. FY 2011 state operating appropriations totaling \$173.7 million (includes one-time funding of \$3.2 million) are \$3.2 million less than final FY 2010 amounts.

ISU General University Appropriations

	<u>Base</u>	<u>Reductions</u>	<u>One-Time Supplemental</u>	<u>Total</u>
FY 2011	170,536,017		3,202,079	173,738,096
FY 2010	184,987,583	(18,850,968)	10,839,521	<u>176,976,136</u>
			FY 2011 Less FY 2010	<u>(3,238,040)</u>

The Board approved a tuition increase of 6.0% for resident and 4.1% for non-resident undergraduates, graduate, and professional students for FY 2011 at its February 2010 meeting. The tuition rates coupled with enrollment projections are expected to generate \$18.3 million in incremental tuition revenue in FY 2011 prior to offsets for financial aid. The additional revenue will continue strong support for financial aid, fund institutional infrastructure needs, offset state funding reductions, and fund college priorities consistent with ISU’s strategic plan.

Indirect cost recoveries and other income for FY 2011 are expected to decrease by approximately \$2.9 million when compared to the amended FY 2010 budget approved in April, which increased recoveries by \$3.0 million due to an increase in grant activity.

Administrative costs were closely scrutinized, streamlined, and restructured to maintain as much direct support for academic programs as possible. Administrative restructuring continues and may include significant downsizing and/or merging of departments, realignment of the academic and administrative structures, and reorganizing and downsizing central administrative functions.

Planning is underway to modify the structure of several academic programs as units continue to adjust to their reduced budgets. Reductions planned in the University Library will streamline and take advantage of previous support consolidations. Three service centers were combined into a single Media Center, which brought efficiencies and modified workloads for staff. Journal cancellation projects will also yield savings.

While maintaining an emphasis on the best undergraduate education possible, changes in academic programs and departmental structure will have an impact on teaching. Teaching loads will be aligned with departmental and curricular needs; vacant faculty positions will remain unfilled; and some departments will develop new majors, courses and labs. Teaching support will be affected through the reduction of graduate assistants and support staff. The increase in faculty teaching assignments may negatively impact research grants and the subsequent indirect cost recovery revenue stream.

Salary guidelines were developed recognizing no state salary funding will be received in FY 2011. The cost of implementing the guidelines described in Agenda Item 7 will be the responsibility of individual budget units with the exception of that described below.

For all employees participating in the TIAA/CREF retirement plan, the employer contribution to TIAA/CREF retirement plans will return to 10% of salary for FY 2011. The goal of the University Benefits Committee is to hold overall insurance cost increases to 5% while considering the impact to out-of-pocket costs on faculty and staff. Individual salary increases will be permitted for faculty promotions, P&S staff reclassifications, and those funded from external sources as permitted in the grants/contracts.

Salary increases for supervisory and confidential merit staff will be awarded consistent with past practice. Increases for AFSCME-covered employees will follow the terms of the agreement. The estimated cost to the General Fund budget units for these increases is \$1.3 million.

In addition, \$3.5 million was distributed to support General Fund budget units to address equity, merit, or retention concerns for individual faculty, P&S staff, graduate assistants, and post doctorates. Funding was provided to those units with P&S staff whose salaries fell below the minimums of the pay grades of the new compensation structure approved in April 2010.

The financial aid budget has been developed with the goal of maintaining access for as many students as possible. An additional \$3.1 million has been committed in FY 2011 to maintain ISU's commitment to accessibility and to address the growing numbers of need-based students applying for admission. The University continues its commitment to affordability and has budgeted 24.4% of tuition revenue for financial aid set-aside. A priority has also been placed on maintaining tutoring and supplemental instruction programs that support student success and student counseling services.

Conservation efforts across the campus and the ability to secure favorable contracts for purchased utilities held the overall utility costs relatively flat from last year. However, the University will achieve full occupancy of two new buildings during FY 2011 (Biorenewables Research Lab and Hach Hall) which results in a budgeted utility cost increase of \$2.5 million for FY 2011.

ISU FY 2011 Special Purpose Operating Budgets

The proposed budgets for the Agricultural Experiment Station and Cooperative Extension Services are provided on page 6. ISU's consolidated special purpose budget on page 6 includes the Institute for Physical Research and Technology, Small Business Development Centers, Leopold Center, Livestock Disease Research, Research Park/ISIS, and the Veterinary Diagnostic Lab.

All special purpose units were subject to the 10% across-the-board cut in FY 2010 and were generally flat funded for FY 2011 when compared final FY 2010 amounts. The Small Business Development Centers received an additional \$100,000 to provide individual business planning and marketing counseling services.

ISU FY 2011 Restricted Budget

The restricted funds budget represents activities that receive targeted appropriations for specific strategic initiatives including capital appropriations, and revenues and expenditures from university units and operations that do not receive direct state appropriations. Major restricted fund revenue categories include:

- Federal Support – receipts for sponsored programs and student financial aid
- Student Fees and Continuing Education Tuition
- Sales and Services – includes academic department service centers
- Endowment Income – earnings distributed from the University’s endowment funds
- Auxiliary Enterprises – comprised primarily of bonded enterprises including Intercollegiate Athletics, University Bookstore, Department of Residence, Memorial Union, Parking Systems, Student Health Center, Reiman Gardens, and the Iowa State Center
- Private Gifts, Grants, and Contracts – includes nongovernmental sponsored programs from private industry, non-profit organizations, and individuals
- Plant Funds – includes bond proceeds and capital project funds

The proposed FY 2011 Restricted Fund Budget also includes the following state appropriations;

- Tuition Replacement \$ 8.1 million
This appropriation funds the debt service on academic building revenue bond issues.
- Veterinary Medical Teaching Hospital-Phase II \$13.0 million
- Grow Iowa Values Fund \$ 1.7 million
The legislature authorized an additional allocation of \$266,000 (included in the amount above) in GIVF funding to ISU to provide financial assistance to establish Small Business Development Centers.
- Grape and Wine Institute/Blank Park Zoo \$ 0.7 million

Athletics

Iowa State University’s FY 2011 athletic budget reflects revenue projections totaling \$41.7 million, a slight increase when compared to FY 2010 estimates.

Sports income from ticket sales is projected to slightly exceed FY 2010 estimates primarily due to the addition of a seventh home football game this upcoming season. Football season tickets have been increased from \$350 to \$375 due to the additional home game.

Fundraising revenue is projected to increase as additional revenue is transferred from ISU Foundation sources to assist in payment of increased scholarship expenses and offset reductions in general university support.

General university support for athletics during FY 2010 was reduced \$500,000 during the fiscal year. University support for FY 2011 is budgeted at slightly less than current FY 2010 estimates. ISU Athletics plans to continue to reduce dependence on university support over the next several years.

Debt service for FY 2011 will decrease approximately \$1.2 million due to early payments being made for the Hilton scoreboard and Jack Trice Stadium improvements.

FY 2011 salaries and related costs are projected to increase approximately \$1.4 million from current FY 2010 projections. Athletics realized salary cost reductions in FY 2010 resulting from mandated unpaid days and reductions in retirement plan contributions. FY 2011 salaries will remain level with FY 2010 for all personnel except for merit staff and employees under contract.

The Athletic Department is responsible for paying tuition resulting from awarding scholarships. Scholarship expenses are projected to increase in FY 2011 since not all available football scholarships were exhausted in FY 2010 due to the coaching change made late in the recruiting period. The University projects scholarship costs to Athletics of approximately \$7.0 million.

The Athletic Department purchases services from numerous entities within the University including, tuition and room board from scholarship payments, facilities, University services, and utilities. The projected total FY 2011 costs of these services is \$16.7 million.

**Iowa State University - Department of Athletics
FY 2011 Proposed Budget**

	FY10 Estimates	FY11 Budget
OPERATING REVENUE		
Ticket Sales	\$ 11,509,145	\$ 11,617,047
Conference & NCAA Revenue	9,709,911	9,826,635
Fundraising	7,490,665	8,144,197
Multi-Media Rights	2,736,000	3,183,000
Post Season	1,674,156	1,400,000
Investment Income	200,324	98,996
Student Fees	1,113,000	1,125,000
University Support	1,613,607	1,600,107
Facility Management Fee	500,000	450,000
Licensing	314,873	315,000
Game Guarantees	1,115,650	1,566,000
Auxiliary Revenue	1,230,146	1,236,538
Hilton Operating Revenue		
Other Revenue	1,370,472	1,093,550
TOTAL OPERATING REVENUE	40,577,950	41,656,070
OPERATING EXPENSES		
Salaries	14,467,868	15,894,496
Scholarships	5,976,241	7,042,853
Sports Programs - Operations	6,303,638	6,574,357
Sports Programs - Post Season	1,864,852	1,840,000
Sports Program - Support Units	1,371,357	1,387,062
Internal Operations	2,180,167	2,152,221
External Operations	1,024,785	920,232
Facilities & Events	3,933,416	4,232,870
TOTAL OPERATING EXPENSES	37,122,324	40,044,092
NET OPERATING MARGIN	3,455,625	1,611,978
Less: Debt Service	(2,823,724)	(1,578,707)
Less: Capital Expenditures	(240,000)	(525,000)
Less: Administrative Fee	-	-
Less: Coaching Change	(368,862)	500,000
Less: Contingency	-	-
NET MARGIN	\$ 23,039	\$ 8,271

FY 2011 BUDGETS – UNIVERSITY OF NORTHERN IOWA

FY 2011 budget planning provided numerous challenges that will carry through FY 2011 and into FY 2012. Decreases in state funding levels to FY 1998 levels and unavoidable cost increases have been entirely funded by tuition revenue increases and decreases in personnel and non-personnel budget lines. Several key strategies to reduce costs and improve efficiencies will continue to be evaluated throughout the year. These include administrative position reductions, general fund support reductions to auxiliaries, outsourcing, reorganizations of units, and other one-time expense reduction strategies. The FY 2011 budget development process included operational decisions made with a strong emphasis on University goals and priorities. UNI's goals include providing a premier undergraduate experience and teacher-education program as well as increasing services to Iowans. The following guiding principles were applied to the budget planning process:

- Maintain affordability and accessibility (hold financial aid set-aside harmless)
- Maintain academic mission to ensure program quality and timely graduation
- Provide a safe campus for students and staff
- Make strategic operational changes rather than across-the-board cuts

UNI FY 2011 General University Operating Budget

UNI's proposed FY 2011 General University operating budget is \$1.9 million less than the final FY 2010 budget and incorporates the following revenue changes when compared to FY 2010.

• State Appropriation	(\$ 1.4 million)
• Tuition	4.4 million
• Indirect Cost Recoveries/Other	<u>(4.9 million)</u>
Total Incremental Revenues	(\$ 1.9 million)

The General University's original FY 2010 state operating appropriation of \$83.8 million was reduced by a net \$3.4 million during the current fiscal year. The net reduction includes supplemental one-time funding of \$5.2 million. FY 2011 General University operating appropriations totaling \$79.0 million (includes one-time funding of \$1.5 million) are \$1.4 million less than the final FY 2010 amounts.

UNI General University Appropriations

	<u>Base</u>	<u>Reductions</u>	<u>One-Time Supplemental</u>	<u>Total</u>
FY 2011	77,549,809		1,456,118	79,005,927
FY 2010	83,789,887	(8,632,164)	5,227,665	<u>80,385,388</u>
			FY 2011 Less FY 2010	<u>(1,379,461)</u>

The Board approved a tuition increase of 6.0% for resident and 3.0% for non-resident students at its February 2010 meeting. Actual Fall 2009 enrollment exceeded FY 2010 budget projections by 380 students. A projected decline of 42 students from the actual Fall 2009 enrollment coupled with the FY 2011 tuition rates, results in a budgeted tuition revenue increase of an additional \$4.4 million when compared to the FY 2010 amended budget.

Indirect cost recoveries and the other revenue lines are budgeted to remain flat when compared to the final FY 2010 budget. The FY 2010 amended budget approved in April included advanced commitment revenues of \$4.9 million received in prior years which resulted in other income for FY 2010 exceeding the proposed FY 2011 budget.

The University also plans to redirect approximately \$2.5 million, largely from Academic Affairs, Administration and Finance, and the Central University to fund appropriation reductions, mandated salary increases, and a portion of the Student Information System project.

Mandatory salary and related benefit increases from faculty and merit employee bargaining are included in the proposed FY 2011 budget. United Faculty salaries will increase 3% and AFSCME covered employees will receive increases based on the statewide negotiated agreement. Professional and Scientific employees have historically received increases commensurate with the faculty bargaining contract. UNI's contribution to TIAA-CREF retirement plans is proposed to be 9% of salary for FY 2011. The mandated salary and benefit increases are projected to cost approximately \$3.9 million.

The University continues its commitment to affordability and has budgeted 18% of tuition revenue for financial aid set-aside. Financial aid set-aside will increase approximately \$200,000 when compared to final FY 2010 estimates.

UNI FY 2011 Special Purpose Operating Budgets

UNI's consolidated special purpose budget on page 6 includes the Institute for Decision Making, Recycling and Reuse Center, Metal Casting, Real Estate Education, MyEntreNet, and the Iowa Mathematics and Science Education Partnership program (IMSEP).

All state general fund supported special purpose units were subject to the 10% across-the-board cut in FY 2010. FY 2011 state funding levels for all special purpose units except IMSEP remained flat when compared to final FY 2010 appropriated amounts. The IMSEP leadership team will adjust downward the goals and objectives of the program resulting from the \$1.5 million reduction (44.6% cut) in the program's state appropriation.

UNI FY 2011 Restricted Budget

UNI's restricted budget includes auxiliary enterprises, capital appropriations, and revenues and expenditures from university units and operations that do not receive direct state appropriations. Major auxiliary enterprise operations include the residence system, athletics, Maucker Union, Fieldhouse Operations (UNI-Dome/McLeod), Gallagher-Bluedorn Performing Arts Center, Wellness Recreation Center, and the Student Health Center.

The proposed FY 2011 Restricted Fund Budget includes the following state appropriations:

- Tuition Replacement \$5.9 million
This appropriation funds the debt service on academic building revenue bond issues.
- Grow Iowa Values Fund (GIVF) \$0.7 million

Athletics

The University of Northern Iowa's FY 2011 athletic budget reflects revenue projections totaling \$11.7 million; which is a 1.3% increase when compared to the FY 2010 estimates.

General university funds for athletics provide support for scholarships, operations, and the graduate assistant program. University support in FY 2010 was reduced \$190,000 in response to the budget cuts which occurred during the year. General university support for FY 2011 is projected to slightly exceed current FY 2010 estimates.

The athletic department is responsible for paying tuition from awarded scholarships. The total number of budgeted scholarships for FY 2011 remains the same as FY 2010 at a total cost to the athletic department of approximately \$3.5 million.

The UNI athletic department purchases services from numerous entities within the University. These include in part, tuition and room/board from scholarship payments, Business Services, Public Safety, marketing, and utilities. The projected total cost of these services in FY 2011 is \$4.1 million.

University of Northern Iowa Athletics
FY 2011 Proposed Budget

	<u>FY2010</u> <u>Estimates</u>	<u>FY 2011</u> <u>Proposed</u>
INCOME		
Football	1,016,179	1,102,500
Men's Basketball	1,138,335	1,199,000
Men - All Other Sports	55,766	37,000
Women - All Sports	148,582	112,800
Subtotal - Sports	<u>2,358,862</u>	<u>2,451,300</u>
Other Income		
Student Activity Fee	1,212,518	1,212,500
University Support for:		
General Athletics Operations	3,155,693	3,266,702
Scholarships	1,283,481	1,283,481
Alumni/Foundation Support	1,196,063	1,290,000
Athletic Marketing	1,050,000	1,066,000
Athletic Conf/NCAA Support	640,000	650,000
Novelties - Outings	337,100	182,000
General	348,973	328,500
Subtotal - Other	<u>9,223,828</u>	<u>9,279,183</u>
TOTAL INCOME	<u>11,582,690</u>	<u>11,730,483</u>
EXPENSES		
Men's Sports		
Football	2,571,706	2,673,766
Basketball	1,688,956	1,677,101
All Other Men's Sports	1,026,584	1,013,166
Subtotal - Men's Sports	<u>5,287,246</u>	<u>5,364,033</u>
Women's Sports		
Basketball	765,778	842,628
Volleyball	662,949	681,941
All Other Women's Sports	1,989,904	1,990,617
Subtotal - Women's Sports	<u>3,418,631</u>	<u>3,515,186</u>
Other Expenses		
Athletic Training	260,216	342,888
Administration & General	2,258,283	2,188,556
Athletic Marketing	284,210	219,820
Contingency	74,104	100,000
Subtotal - Other Expenses	<u>2,876,813</u>	<u>2,851,264</u>
TOTAL EXPENSES	<u>11,582,690</u>	<u>11,730,483</u>

FY 2011 BUDGETS – IOWA SCHOOL FOR THE DEAF

The proposed total FY 2011 budget for ISD is 1% less than FY 2010 estimates. Decreases in one-time state operating funding resulted in the FY 2011 operating budget being 2.3% less than FY 2010 estimates while the FY 2011 restricted budget is 11.1% higher than FY 2010 due to an increase in budgeted revenue received from the State of Nebraska.

	*FY 2010 Estimates	FY 2011 Proposed	% Change
Operating	9,788,736	9,567,455	-2.3%
Restricted	1,045,806	1,161,564	11.1%
Total	10,834,542	10,729,019	-1.0%

*does not include FY 2010 ARRA funding of \$583,987

ISD - FY 2011 General Operating Budget

The Iowa School for the Deaf offers educational programs in compliance with federal and state laws to provide free and appropriate public education for deaf and hard of hearing children and youths. Each child's Individual Education Program (IEP) is designed to maximize the student's educational potential. In its mission to provide this educational service, ISD has been accredited by the North Central Association of Schools and Colleges, and the Conference of Educational Administrators at Schools and Programs for the Deaf. The mission is served by accomplishing four strategic goals:

- Ensure high-quality educational opportunities for students
- Ensure high-quality transition services for students
- Develop effective statewide outreach services
- Demonstrate effective stewardship of resources

The following educational programs are included in the FY 2011 operating budget:

- On-Campus – The primary educational program provides academic and vocational programming for 110 deaf and hard of hearing children from early childhood through high school. The educational programming options must be comprehensive enough to meet each child's education requirements specified in the IEP.
- Off-Campus – The School provides educational programming in off-campus public school settings for approximately 60 students whose IEP's include interaction with non-disabled peers. Off-campus programs include indirect instruction from itinerant resource teachers, tutorial services, consultative services, and monitoring services designed to ensure students are successful in their educational programs.
- Reverse Mainstream – The program permits non-disabled peers to receive classroom instruction with deaf and hard of hearing students on the ISD campus and will serve more than 15 students and families during FY 2011.
- Parent/Infant – ISD estimates 15 families will receive year-round educational services from the parent/infant program as determined by their Individual Family Service Plan. Options include on-campus and/or home-based infant/parent instruction, audiological evaluation, medical consultation services, and sign language instruction.

Total state operating funds represent approximately 95.7% of the proposed FY 2011 operating budget. ISD's FY 2010 general operating state appropriation remained unchanged from the final FY 2010 amount. One-time state funding for FY 2011 is approximately \$188,000 less than the one-time supplemental appropriation for FY 2010.

ISD was appropriated approximately \$396,000 in one-time funding for FY 2011. These funds are budgeted to address needs related to information technology, campus security, and the vehicle fleet. Outdated desktop computers in the classrooms will be replaced, and the school's wireless environment will be upgraded to allow a more seamless connectivity between classrooms and buildings. The installation of additional cameras will provide increased security for the campus, and aging high-mileage vehicles will be replaced.

ISD plans to internally reallocate \$97,500 from the regular deaf education and student life programs to fund instructional technology education with an emphasis on career development.

The proposed salary policies outlined in Agenda Item 7 include average increases of 2.3% for faculty, 2.25% for Professional and Scientific staff, and merit staff will receive increases as negotiated in the statewide collective bargaining agreement.

ISD - FY 2011 Restricted Budget

The FY 2011 restricted fund budget of \$1,161,564 represents a net increase of \$115,758 from the FY 2010 budget resulting from:

- increases of \$144,904 in Nebraska tuition funding
- decrease of \$29,146 in Iowa grants administered through the Iowa Department of Education

Revenue generated from students attending ISD from Nebraska will again be treated as restricted funds and will be segregated from ISD's general fund appropriation. The FY 2011 budget anticipates 15 students attending from Nebraska, an increase of two students from FY 2010.

These funds will generally be utilized to maintain best practices for staffing ratios; to purchase technology equipment, and enhance the recruitment of quality staff. Curriculum development is a multi-year process and is done as part of the NCA evaluation cycle. Participation in various student learning activities will be available, and the maintenance and upgrading of facilities, equipment, vehicles and furnishings will continue.

FY 2011 BUDGETS – IOWA BRAILLE AND SIGHT SAVING SCHOOL

The proposed total FY 2011 budget for IBSSS is 4.6% more than FY 2010 estimates. Increases in sales and service revenue from AEA's are partially offset by decreases in one-time state operating funding, which result in the FY 2011 operating budget being 5.1% higher than FY 2010 estimates. Conversely, the restricted budget is 5.7% less than FY 2010 due to a projected decrease in federal grant funding.

	*FY 2010 <u>Estimates</u>	FY 2011 <u>Proposed</u>	FY10 to FY11 <u>% Change</u>
Operating	8,978,251	9,436,001	5.1%
Restricted	<u>445,978</u>	<u>420,440</u>	-5.7%
Total	9,424,229	9,856,441	4.6%

*does not include FY 2010 ARRA funding of \$330,215

IBSSS FY 2011 General Fund Operating Budget

IBSSS's Statewide System for Vision Services, in partnership with agencies, families, and communities, provides leadership in the education of all of Iowa's students who are blind or visually impaired through exemplary support and services. The School provides educational services to children and youth in the state of Iowa with visual impairments who require the comprehensive programs provided by the Statewide System for Vision Services. IBSSS's mission is to enable Iowa's students who are blind or visually impaired to function as independently as possible in all aspects of life by providing appropriate educational opportunities, resources, and support services. The mission is served by accomplishing five strategic goals:

- Provide equitable access to a continuum of high quality services for all students in Iowa who are blind and visually impaired, including those with multiple disabilities
- Assure an adequate supply of highly trained teachers and orientation and mobility specialists
- Assure adequate and professional supervision, ongoing professional development and equitable job assignments for professionals working with blind and visually impaired students
- Eliminate duplication in service delivery by creating a seamless coordinated system of services to blind and visually impaired students across multiple funding sources and agencies responsible for this population
- Maintain a center of excellence in Iowa for discipline-specific expertise at Iowa Braille and Sight Saving School

IBSSS's FY 2011 general operating state appropriation of \$4.9 million remained unchanged from the final FY 2010 general appropriation, while the one-time supplemental state funding is \$108,460 less than the supplemental funding received for FY 2010.

IBSSS was appropriated approximately \$229,000 in one-time supplemental funding for FY 2011. The supplemental funds will fund the Extended Core Curriculum which includes summer school, expanded school year curriculum, and a Summer Institute for faculty development.

IBSSS intends to carry forward \$200,000 of the FY 2010 one-time supplemental funding into FY 2011 to be used for building repairs and maintenance.

Sales and services revenue is projected to increase \$0.4 million when compared to the FY 2010 estimated budget resulting from additional contractual income to be received from the AEA's and in rental income from AmeriCorps. The additional contractual income is primarily due to four (4) AEA Teachers of the Visually Impaired and Orientation and Mobility Specialists becoming employees of IBSSS's Statewide System for Vision Services. The additional revenue will support the salary costs of the teachers.

Adding the teachers to the IBSSS payroll will eliminate duplicate service delivery by creating a seamless, coordinated system of services to blind and visually impaired students regardless of the funding source and agency. Their employment with IBSSS will also ensure standardized professional supervision, on-going professional development, and an equitable assignment of duties.

The proposed salary policies outlined in Agenda Item 7 include average increases of 4.1% for faculty, 2.5% for Professional and Scientific staff, and merit staff will receive increases as negotiated in the statewide collective bargaining agreement.

IBSSS FY 2011 Restricted Budget

The FY 2011 restricted fund budget of \$420,440 represents a decrease of \$25,538 from the FY 2010 restricted budget primarily from a decrease in three federal grants that fund activities such as literacy initiatives, summer institute for parent and staff development, and early childhood development.

IBSSS anticipates spending \$7,000 in unrestricted endowment funds in FY 2011 for therapeutic horseback riding and recreation activities. The unrestricted endowment monies of \$7,000 and restricted endowment funds of \$83,400 for blind services and education scholarships are included in the FY 2010 restricted budget and comprise the other income of \$90,400.

FY 2011 BUDGETS – IOWA PUBLIC RADIO

The FY 2011 operating budget supports the realignment of IPR based on the merger of the three stations in an effort to improve and expand service and outreach to Iowans. IPR is in the process of completing a 3-5 year strategic plan with the IPR Board, leadership team, and community stakeholders. Total revenues are expected to be approximately \$0.3 million more in FY 2011 than FY 2010. The budgeted increase in revenues is primarily comprised of fund raising resources being partially offset by reductions in university support. The following items are incorporated into the proposed FY 2011 budget.

- The Corporation for Public Broadcasting continues to be a strong source of federal support. IPR applies for all available grants when they meet the requirements and are generally awarded all grants for which they apply.
- Fund raising revenue is projected to increase in response to IPR's direct mail, on-air, and telemarketing campaigns. All efforts are focused on contributions to Iowa Public Radio versus a specific station group. IPR Corporate distributes the fund raising revenue to the Radio Groups.
- Salary and related benefit costs are expected to increase 2.8% from FY 2010 estimates resulting from the bargained merit increases, the addition of a Chief Administrative Officer, and a few market-index corrections on current salaries.
- IPR plans to continue to keep the employee headcount under 60 by eliminating duplication of work, improving technology infrastructure, and streamlining functions at the network level.

The proposed FY 2011 operating budget was approved by the IPR Board of Directors on May 26, 2010. IPR's consolidated available reserve balance is approximately \$4.3 million as of March 31, 2010.

Iowa Public Radio - FY 2011 Budgets

Income:	<u>Radio Group Budgets</u>			<u>Total Radio</u>	<u>IPR</u>	<u>Total</u>	<u>Total FY10</u>
	<u>KSUI</u>	<u>WOI</u>	<u>KUNI</u>	<u>Groups</u>	<u>Corporate</u>	<u>FY11 IPR</u>	<u>Estimates</u>
University Support	\$434,000	\$250,000	\$361,840	\$1,045,840		\$1,045,840	\$1,326,818
Federal Grants	265,000	295,000	190,000	750,000		750,000	750,000
Fund Raising	405,153	1,035,714	569,026	2,009,893	2,450,107	4,460,000	3,865,000
State Appropriation					406,318	406,318	406,318
Investment Earnings	5,000	5,000		10,000		10,000	10,000
Other		40,000	40,000	80,000		80,000	120,000
Total Revenue	\$1,109,153	\$1,625,714	\$1,160,866	\$3,895,733	\$2,856,425	\$6,752,158	\$6,478,136
Expenses:							
Salaries & Benefits	\$644,153	\$1,015,714	\$675,866	\$2,335,733	\$1,870,039	\$4,205,772	\$4,091,850
Supplies & Services	465,000	600,000	485,000	1,550,000	986,015	2,536,015	2,060,945
Equipment							275,000
Total Expenditures	\$1,109,153	\$1,615,714	\$1,160,866	\$3,885,733	\$2,856,054	\$6,741,787	\$6,427,795
					Net Revenues	\$10,371	\$50,341
Reserve Balance	1,544,411	926,038	1,818,444			4,288,893	

Restricted Funds

Iowa Public Radio has a \$1.9 million capital appropriation available for improvements. IPR currently plans to use the capital funding to fund station expansions and upgrades and maintenance of current transmission equipment. The actual distribution of the funds will be determined by the timing of the construction permits approved by the Federal Communications Commission. IPR also plans to apply for federal and private grants to supplement the state funding for the capital projects.

FY 2011 BUDGET – BOARD OFFICE

FY 2011 Operating Budget

The Board Office budget is supported by state appropriations and institutional support. The proposed FY 2011 operating budget of the Board Office shows a 1.4% decrease over the FY 2010 revised budget (the 10% across-the-board appropriations cut reduced funding \$122,791). State appropriations are at the same level as the current year. Adjustments in income and expenses holds the budget essentially flat compared to FY 2010.

Reflecting the service nature of the Board Office, personnel costs are approximately 78% of the FY 2011 budget. The appropriations reduction for the current year eliminated the addition of staff in Academic Affairs; that position will remain vacant in FY 2011.

Other significant expenses are travel, office space, outside services & repairs, and special services (Attorney General fees for services). The budgeted increase in travel costs accommodates the need for several staff to acquire continuing education credits.

Board Office FY 2011 Operating Fund			
	Estimates FY 2010	Proposed Budget FY 2011	% Change from FY 2010
TOTAL BOARD OFFICE BUDGET			
Revenues			
State Appropriations	1,105,123	1,105,123	0.0%
Institutional Reimbursements	2,008,401	1,966,947	-2.1%
Non-institutional	3,500	1,000	-71.4%
Principal Demutualization	1,500	2,500	66.7%
TOTAL REVENUE	3,118,524	3,075,570	-1.4%
Expenditures			
Personnel and Board per diem	2,320,020	2,389,020	3.0%
Travel	64,059	78,450	22.5%
Office Supplies & Printing	30,000	30,000	0.0%
Dues	25,000	25,000	0.0%
Advertising	2,000	2,000	0.0%
Communications	50,500	50,500	0.0%
Outside Services & Repairs	45,000	45,000	0.0%
State Audit	14,000	14,000	0.0%
Workers Comp	5,295	6,000	13.3%
IT Services	45,000	35,000	-22.2%
Office Equipment & Furnishings	10,000	10,000	0.0%
Office Space	107,650	105,600	-1.9%
Educational/Training Expense	15,000	10,000	-33.3%
Board Meeting Cost Reimb	10,000	0	-100.0%
Special Services	375,000	275,000	-26.7%
TOTAL EXPENDITURES	3,118,524	3,075,570	-1.4%