

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** FY 2004 Budget Ceiling Adjustments  
**Date:** July 21, 2004

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**Recommended Action:**

Approve the FY 2004 budget ceiling adjustments of \$2.6 million and revised FY 2004 general fund budgets as identified in this agenda item.

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**Executive Summary:**

FY 2004 Budget Ceiling Adjustments Board policy requires the Board to approve budget ceiling adjustments, which are implemented to recognize any new revenue incurred in a fiscal year.

Iowa Code does not allow additional revenues to be carried forward to the following fiscal year for expenditure. If an institution anticipates revenues in excess of its Board-approved budget, the institution must present a request for a budget ceiling adjustment to the Board to be allowed the opportunity to use the funds in the current fiscal year.

On Friday, June 25<sup>th</sup>, the Governor announced a partial restoration totaling \$1.5 million for the Regent institutions of the October 2.5% across-the-board state appropriations reduction.

The gubernatorial restoration increased the indirect state allocations from the Iowa Department of Education to the special schools by a total of \$4,650.

Since the fiscal year ended June 30 and the Board had previously approved (July 2003) budgets for FY 2004 at higher levels, the Board Office advised the institutions to spend / encumber the additional state appropriations by June 30, with the understanding the Board would be asked to retroactively approve the adjustments.

The University of Iowa also seeks a \$1.1 million budget ceiling adjustment for its Psychiatric Hospital as a result of additional patient revenues.

The Board Office is recommending the Board approve the budget ceiling adjustments and revised FY 2004 budgets (pages 8-9). Details of each institutions use of the additional funds are included in the agenda item.

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**Background:**

Regent Policy Manual §7.02A(5) requires Regent institutions to docket proposed changes in budget ceilings of general fund operations for Board action prior to institutional action modifying their obligations.

Iowa Code §8.33 requires that no obligation shall be incurred or created subsequent to the last day of the fiscal year for which an appropriation is made. Certain exception to these provisions include repair projects, purchase of specialized equipment and furnishings, and other contracts for services and capital expenditures, which were committed and in progress prior to the end of the fiscal year.

Unspent or unencumbered state appropriations of a fiscal year are to be reverted to the state.

FY 2004 Budget Ceiling Adjustments

	June 2004 Partial Restoration of Direct <u>Appropriations</u>	Other Revenue <u>Increases</u>	<u>Totals</u>
SUI	\$ 697,407	\$1,119,632	\$1,817,039
ISU	582,041	--	582,041
UNI	200,968	--	200,968
ISD	20,598	3,052	23,650
IBSSS	<u>524</u>	<u>1,598</u>	<u>13,122</u>
Subtotal	\$1,512,539	\$1,124,282	\$2,636,820
Board Office	2,975	--	2,975
Other	<u>913</u>	<u>--</u>	<u>913</u>
Total	\$1,516,426	\$1,124,282	\$2,636,820

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**Analysis:**

<b>University of Iowa</b>			
	FY 2004		FY 2004
	Revised Budget	Budget Ceiling	Revised Budget
	(Feb 2004)	Adjustment	(June 2004)
General University	\$461,180,581	\$ 563,942	\$461,744,523
Hospital Units			
University Hospital	607,947,195	69,960	608,017,156
Psychiatric Hospital	18,625,209	1,137,691	19,762,900
Center for Disabilities			
and Development	8,707,739	16,316	8,724,055
SCHS	5,057,957	1,664	5,059,621
Other Units			
Oakdale Campus	3,063,335	6,814	3,070,149
Hygienic Laboratory	6,712,142	9,750	6,721,892
Family Practice	2,103,948	5,323	2,109,271
Primary Health Care	759,875	1,948	761,823
Cancer Registry	178,739	458	179,197
Substance Abuse	64,871	166	65,037
Biocatalysis	881,384	2,260	883,644
Birth Defects Registry	44,636	114	44,750
Economic	<u>247,005</u>	<u>633</u>	<u>247,638</u>
Development			
TOTAL	\$1,115,574,616	\$1,817,039	\$1,117,391,656

The University of Iowa has identified the use of the additional FY 2004 funds as follows:

- General University – Building renewal that otherwise would be deferred into FY 2005 or subsequent years.
- University Hospital – Support for the care of the patients in the indigent patient care program.
- Psychiatric Hospital – This unit has two revenue sources for adjustment.
  - Sales and Services revenues were \$1,119,632 higher than anticipated due to an increase in patient volumes. These additional revenues were used for the corresponding increase in the cost of providing this care.
  - The state appropriation increase of \$18,059 supports the cost of treatments for the psychiatric patient population.
- Center for Disabilities and Development – Funding will enable partial restoration of reduced and/or indefinitely suspended patient care programs in the areas of behavior disorders, assistive technology, clinical outreach, tele-consultation and patient intake and care coordination functions.

- SCHS – Staff serving pediatric patients in the High Risk Infant program will be supported.
  - Oakdale – Offset the increased price of natural gas to heat its buildings.
  - Hygienic Laboratory – Scientific supplies.
  - Family Practice – Program affiliates and support of general expenses and travel associated with the statewide program.
  - Primary Health Care – General expenses and travel associated with the Health Professions Tracking Program.
  - State of Iowa Cancer Registry – This state appropriation is used as a mandatory matching fund for a seven-year \$26.4 million contract from the National Cancer Institute. The additional state funds will be used to restore a portion of the mandatory matching requirement.
  - Substance Abuse Consortium – Support the operations of the program.
  - Biocatalysis – Support the operations of the program.
  - Birth Defects Registry – Support hardware upgrades for the program.
  - Technology Innovation Center (TIC) – Support essential services to its tenants.
  - Oakdale Research Park (ORP) – Support essential services to its tenants.
  - Advanced Drug Development – Support general expenses of the program.
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## Iowa State University

	FY 2004 Revised Budget (Feb 2004)	Budget Ceiling Adjustment	FY 2004 Revised Budget (June 2004)
General University	\$351,616,017	444,076	\$352,060,093
Ag. Experiment Station	35,149,893	79,537	35,229,430
Coop. Ext. Service*	28,443,432	50,611	28,194,043
Leopold Center	464,319	1,191	465,510
Livestock Disease Research	220,708	566	221,274
Economic Development	<u>2,363,557</u>	<u>6,060</u>	<u>2,369,617</u>
<b>TOTAL</b>	<b>\$418,257,926</b>	<b>\$582,041</b>	<b>\$418,539,967</b>

\*Budget was revised in June 2004.

Iowa State University has identified the use of the additional FY 2004 funds as follows:

- General University – With the budget reductions in the past several years, the University has reduced building repairs and now has a list of deferred maintenance projects totaling over \$60 million. The restored funds were allocated to three critical roof replacements on McKay Hall, Seed Sciences, and Food Sciences.
- Agriculture Experiment Station – Complete repair and restoration of a research laboratory to evaluate the impact of diet on odor emission from swine.
- Cooperative Extension Services – Support the installation of the new statewide high speed network for 100 county offices.
- Leopold Center – Sponsor a seminar from a leading academic expert in the nation on food products with geographic indications and cover the costs associated with a meeting of the Regional Food System Working Group.
- Livestock Disease Research – Address a major livestock health issue, specifically, pre-harvest reduction of salmonella contamination in turkeys.
- Economic Development (IPRT) – Software license for project with American Athletic; supplies for a project with the Iowa Egg Council; and a digital camera, accessories, and various chemical supplies for a project with Pella Corporation.
- ISU Research Park – Reduce Research Park expenses that have to be passed on to tenants at the park.
- Small Business Development Center – Funds were used to supplement subcontract payments to Regional SBDC Centers.

## University of Northern Iowa

	FY 2004 Revised Budget (Feb 2004)	Budget Ceiling Adjustment	FY 2004 Revised Budget (June 2004)
General University	136,704,507	199,499	\$136,904,006
Recycling and Reuse	211,858	543	212,401
Economic Development	<u>361,291</u>	<u>926</u>	<u>362,217</u>
TOTAL	<u>\$137,277,656</u>	<u>\$200,968</u>	<u>\$137,478,624</u>

The University of Northern Iowa has identified the use of the additional FY 2004 funds as follows:

- General University – The restoration has been expended in building repairs and utilities. The monies will fund a backlog of deferred maintenance projects and support larger than anticipated utilities expenses.
- Recycling and Reuse and Economic Development – The increased funds were used for supplies and services.

### Iowa School for the Deaf

	FY 2004 Revised Budget (Feb 2004)	Budget Ceiling Adjustment	FY 2004 Revised Budget (June 2004)
General Fund	\$8,682,663	23,650	\$8,706,313

The school received an increase in direct state appropriations of \$20,598 and an indirect appropriation increase from the Department of Education (DOE) of \$3,052 for a total increase of \$23,650.

The School increased funding for building repairs and deferred maintenance.

## Iowa Braille and Sight Saving School

	FY 2004 Revised Budget (Feb 2004)	Budget Ceiling Adjustment	FY 2004 Revised Budget (June 2004)
General Fund	\$4,927,609	\$13,122	\$4,940,731

The school received an increase in direct state appropriations of \$11,524 and an indirect appropriation increase from the Department of Education (DOE) of \$1,598 for a total increase of \$13,122.

The school used the direct appropriated funds increase to support adaptive technology equipment purchases and the increase in DOE funding for staff development and tuition reimbursement.

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### Board Office

	FY 2004 Revised Budget (Feb 2004)	Budget Ceiling Adjustment	FY 2004 Revised Budget (June 2004)
	\$2,459,323	\$2,975	\$2,462,298

The Board Office used the additional funds to upgrade computer equipment.

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Deb A. Hendrickson

Approved:   
Gregory S. Nichols

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**BOARD OF REGENTS  
STATE OF IOWA  
FY 2004 REVISED GENERAL FUND OPERATING BUDGETS**

RESOURCES	University of Iowa									
	Univ.	Univ. Hosp.	Psych. Hosp.	CDD	Oakdale Campus	Hyg. Lab	Family Prac.	SCHS	Special Purpose	Subtotal
<b>APPROPRIATIONS</b>										
General	\$220,501,286	\$27,354,545	\$7,061,115	\$6,379,581	\$2,664,149	\$3,812,270	\$2,081,271	\$650,730	\$2,182,089	\$272,687,036
Other	-	-	-	-	-	-	-	-	-	-
<b>RESOURCES</b>										
Federal Support	-	-	-	-	-	-	-	2,749,293	-	2,749,293
Interest	900,000	-	-	-	6,000	-	28,000	-	-	934,000
Tuition and Fees	198,291,993	-	-	-	-	-	-	-	-	198,291,993
Reimb. Indirect Costs	41,926,244	2,594,000	911,400	152,900	325,000	82,056	-	-	-	45,991,600
Sales and Service	-	577,661,111	11,790,385	2,191,574	-	2,827,566	-	250,707	-	594,721,343
Other Income	125,000	407,500	-	-	75,000	-	-	1,408,891	-	2,016,391
Subtotal - Inst. Income	241,243,237	580,662,611	12,701,785	2,344,474	406,000	2,909,622	28,000	4,408,891	-	844,704,620
<b>TOTAL RESOURCE BUDGET</b>	\$461,744,523	\$608,017,156	\$19,762,900	\$8,724,055	\$3,070,149	\$6,721,892	\$2,109,271	\$5,059,621	\$2,182,089	\$1,117,391,656
<b>EXPENDITURES</b>										
Fac. & Inst. Off. Salaries	201,111,466	23,459,400	3,207,100	671,200	-	-	1,665,016	576,563	679,563	231,370,308
Prof. & Sci. Staff Salaries	73,685,072	225,847,100	7,929,200	4,318,979	79,841	4,047,485	311,654	2,725,085	759,958	319,704,374
General Service Staff Sal.	72,093,735	107,410,300	4,696,800	2,454,260	1,445,474	2,046,639	81,785	942,603	171,822	191,343,418
Hourly Wages	3,048,196	6,076,700	127,300	192,100	-	16,752	9,355	94,600	3,316	9,568,319
Subtotal - Salaries	349,938,469	362,793,500	15,960,400	7,636,539	1,525,315	6,110,876	2,067,810	4,338,851	1,614,659	751,986,419
Prof. and Scientific Supp.	32,991,793	210,221,356	2,856,800	871,016	347,893	602,016	41,461	707,770	543,905	249,184,010
Library Acquisitions	10,872,574	-	-	-	-	-	-	-	-	10,872,574
Rentals	1,500,000	4,725,700	3,300	27,000	-	9,000	-	-	-	6,265,000
Utilities	18,928,738	14,082,200	942,400	189,500	1,184,328	-	-	-	-	35,327,166
Bldg. Repairs	6,668,634	7,376,500	-	-	-	-	-	-	-	14,045,134
Auditor of State Reimb.	471,016	-	-	-	-	-	-	-	-	471,016
Equipment	6,557,189	8,817,900	-	-	12,613	-	-	13,000	23,525	15,424,227
Aid to Individuals	33,816,110	-	-	-	-	-	-	-	-	33,816,110
Subtotal - Other Expenses	111,806,054	245,223,656	3,802,500	1,087,516	1,544,834	611,016	41,461	720,770	567,430	365,405,237
<b>TOTAL EXPENDITURES</b>	\$461,744,523	\$608,017,156	\$19,762,900	\$8,724,055	\$3,070,149	\$6,721,892	\$2,109,271	\$5,059,621	\$2,182,089	\$1,117,391,656

Highlighted line items changed.



**BOARD OF REGENTS  
STATE OF IOWA  
FY 2004 REVISED GENERAL FUND OPERATING BUDGETS**

RESOURCES	Iowa State University					Univ. of Northern Iowa	ISD	IBSSS	FY 2004 General Fund Total
	Gen. Univ.	Exp. Station	Coop. Ext.	Special Purpose	Subtotal				
APPROPRIATIONS									
General	\$173,633,827	\$31,099,057	\$19,789,043	\$3,056,401	\$227,578,328	\$78,578,624	\$8,120,310	\$4,543,016	\$591,507,314
Other	-	-	-	-	-	-	172,394	90,241	262,635
RESOURCES									
Federal Support	-	4,125,373	8,400,000	-	12,525,373	-	54,000	190,452	15,519,118
Interest	1,370,000	-	-	-	1,370,000	600,000	25,000	3,500	2,932,500
Tuition and Fees	159,809,266	-	-	-	159,809,266	56,100,000	-	-	414,201,259
Reimb. Indirect Costs	15,000,000	-	-	-	15,000,000	1,575,000	-	69,734	62,636,334
Sales and Service	290,000	-	-	-	290,000	625,000	322,693	24,638	595,983,674
Other Income	1,957,000	5,000	5,000	-	1,967,000	-	11,916	19,150	4,014,457
Subtotal - Inst. Income	178,426,266	4,130,373	8,405,000	-	190,961,639	58,900,000	413,609	307,474	1,095,287,342
<b>TOTAL RESOURCE BUDGET</b>	<b>\$352,060,093</b>	<b>\$35,229,430</b>	<b>\$28,194,043</b>	<b>3,056,401</b>	<b>\$418,539,967</b>	<b>\$137,478,624</b>	<b>\$8,706,313</b>	<b>\$4,940,731</b>	<b>\$1,687,057,291</b>
EXPENDITURES									
Fac. & Inst. Off. Salaries	143,689,299	19,698,566	6,518,501	524,749	170,431,115	61,858,793	3,464,953	1,591,189	468,716,358
Prof. & Sci. Staff Salaries	58,349,689	7,477,301	14,929,518	1,361,830	82,118,338	23,484,471	1,717,952	480,640	427,505,775
General Service Staff Sal.	43,635,213	3,349,648	2,528,063	300,141	49,813,065	21,032,706	1,976,648	1,998,172	266,164,009
Hourly Wages	4,172,000	400,000	310,000	159,092	5,041,092	1,870,939	-	-	16,480,350
Subtotal - Salaries	249,846,201	30,925,515	24,286,082	2,345,812	307,403,610	108,246,909	7,159,553	4,070,001	1,178,866,492
Prof. and Scientific Supp.	24,106,123	3,862,395	3,348,350	614,987	31,931,855	10,943,690	980,641	578,072	293,618,268
Library Acquisitions	8,474,019	-	-	-	8,474,019	1,891,520	8,226	7,212	21,253,551
Rentals	694,307	-	160,000	-	854,307	911,200	-	-	8,030,507
Utilities	20,014,648	61,983	13,000	-	20,089,631	3,357,844	317,997	125,165	59,217,803
Bldg. Repairs	7,078,508	129,537	-	-	7,208,045	1,050,000	121,650	87,257	22,512,086
Auditor of State Reimb.	431,682	-	-	-	431,682	225,000	57,000	26,000	1,210,698
Equipment	6,105,000	250,000	386,611	95,602	6,837,213	752,461	61,246	47,024	23,122,171
Aid to Individuals	35,309,605	-	-	-	35,309,605	10,100,000	-	-	79,225,715
Subtotal - Other Expenses	102,213,892	4,303,915	3,907,961	710,589	111,136,357	29,231,715	1,546,760	870,730	508,190,799
<b>TOTAL EXPENDITURES</b>	<b>\$352,060,093</b>	<b>\$35,229,430</b>	<b>\$28,194,043</b>	<b>\$3,056,401</b>	<b>\$418,539,967</b>	<b>\$137,478,624</b>	<b>\$8,706,313</b>	<b>\$4,940,731</b>	<b>\$1,687,057,291</b>

Highlighted line items changed.