

**Contact: Brad Berg**

**FY 2008 BUDGETS – UNIVERSITIES, IOWA PUBLIC RADIO, REGIONAL STUDY CENTERS**

**Actions Requested:**

1. Consider approval of the FY 2008 Regent institutional budgets as presented on pages 5-8.
2. Consider approval of the FY 2008 Iowa Public Radio budgets as presented in Attachment D on page 17.
3. Consider approval of the distribution of the regional study centers FY 2008 operating appropriations and salary funds as follows:
  - Quad Cities Graduate Study Center \$160,806
  - Southwest Iowa Regents Resource Center \$108,698
  - Tri-State Graduate Study Center \$ 80,467
4. Receive the FY 2008 budgets of the regional study centers as shown in Attachment E on page 18.

**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. The FY 2008 budgets for the special schools and the Board Office were approved at the June 2007 meeting.

The Regent institutions have two basic types of funds within the budgets:

- General operating funds include operational appropriations, federal funds, 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 appropriations, tuition replacement, gifts, sponsored funding from federal and private sources, athletics, and other auxiliary or independent functions such as residence, parking, and utility systems.

The proposed FY 2008 Regent Enterprise budget exceeds \$3.6 billion. The table on page 8 includes budgeted revenues and expenditures from all funds for all Regent institutions.

FY 2008 REGENT ENTERPRISE BUDGET  
(in millions)

	SUI	ISU	UNI	ISD	IBS	Total
General Operating	1,348.4	483.2	157.8	10.3	7.4	2,007.1
Restricted	903.8	589.6	132.3	1.4	1.0	1,628.1
Total	2,252.2	1,072.8	290.1	11.7	8.4	3,635.2

The final FY 2008 composite university general operating and restricted fund budgets illustrated in the following table represent a 6.8% increase from the FY 2007 university composite budget.

UNIVERSITY BUDGETS  
(in millions)

	SUI		ISU		UNI		Total	
	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008
General Operating	*1,265.9	1,348.4	*454.2	483.2	*151.2	157.8	1,871.3	1,989.4
Restricted	838.0	903.8	541.1	589.6	138.3	132.3	1,517.5	1,625.7
Total	2,103.9	2,252.2	995.3	1,072.8	289.1	290.1	3,385.9	3,615.1

\*includes previously approved budget ceiling adjustments at SUI and ISU, and new special purpose budgets at UNI

The 2007 General Assembly approved \$25 million in new incremental general university operating appropriations. Achieving the competitive salaries necessary to recruit and retain top faculty and staff members is one of the top FY 2008 budget priorities for the universities. Faculty salaries continue to be at or near the bottom of SUI's and ISU's respective peer groups. The bargained faculty salaries at UNI are mid-range relative to their peers. \$14 million of the new state incremental operating funding is specifically targeted to enhance the quality of education by increasing the ranking levels of average faculty salaries at SUI and ISU within their respective peer groups and funding new faculty positions at UNI.

The allocation of the salary funding within the Regent enterprise totals \$40.9 million and will be directed towards the costs associated with the collective bargaining agreements and improving the competitiveness of faculty salaries.

The Board approved inflationary resident undergraduate tuition increases of 5.2% at the December 2006 meeting. In December 2006, the tuition increase was expected to generate an additional \$24.4 million in gross tuition revenue. Based on current enrollment projections, the tuition increase is projected to generate \$25.6 in gross tuition revenue for FY 2008 from the FY 2007 approved budget. The increase is primarily due to increased enrollment projections at the University of Iowa. These calculated amounts for additional revenues have not been adjusted downward for the \$10.9 million in surcharge revenues provided by the temporary surcharge for FY 2007.

The universities are required to reallocate a minimum of 1% of the FY 2007 operating budgets. The universities plan to exceed the requirement by approximately \$5 million and reallocate an aggregate \$16.3 million during FY 2008 to support key strategic initiatives and fund other cost increases.

Primary uses of the incremental revenues include cost increases in salaries and related benefits, investment in students, and improving educational environments for learning and research.

The university budgets include additional investment in students through increased financial aid, and enriching educational programs and instruction with smaller class sizes and new equipment.

Increased costs associated with improving educational environments for learning and research include operating and maintenance costs of academic facilities, library acquisitions, and operational support of new state-funded educational and research facilities.

Detailed general operating and restricted fund budgets are provided on pages 5-8. Additional information specific to each university is provided in the attachments beginning on page 9.

The General Assembly authorized the issuance of \$131.4 million of academic building revenue bonds for various capital projects during the 2007 session. No increase is anticipated in tuition replacement appropriations for the debt service resulting from the additional bonding authority. The Board will be asked to approve a bond issuance schedule for calendar year 2008 at the October meeting. New bond issues resulting from the recent authorization are not included in the proposed FY 2008 restricted fund budgets as the bond issuance schedule is yet to be determined.

Athletic Budgets

The athletic departments are independent entities and thus are included in the restricted fund budgets. However, each University supports athletics by providing direct university support and/or financial aid set-aside funds. Student fees are used in part to support either debt service or operations of the athletic departments.

The proposed FY 2008 athletic department revenues are projected to increase 9.8% at SUI, 9.7% at ISU, and 8.0% at UNI from the FY 2007 budget. Details pertaining to each university's athletic budget are included in the attachments.

Budgeted Athletic Revenues						
	SUI		ISU		UNI	
	FY 2007	FY 2008	FY 2007	FY 2008	FY 2007	FY 2008
Sports Income	\$21,046,000	\$20,244,500	\$11,081,669	\$13,561,579	\$1,799,790	\$2,112,100
Alumni/Foundation/Corp. Support/Sponsorship	12,917,426	12,292,026	5,015,600	5,636,572	815,000	955,000
Athletic Conference / NCAA Support	10,715,000	18,448,000	7,547,650	7,931,608	300,000	500,000
Univ. Support General & Financial Aid	1,573,359	800,000	2,974,067	2,953,732	5,083,347	5,267,058
Student Fees	1,513,683	1,500,000	1,068,750	1,068,750	1,280,943	1,210,148
Other Income	<u>8,308,000</u>	<u>8,269,700</u>	<u>5,890,800</u>	<u>5,672,032</u>	<u>200,000</u>	<u>191,500</u>
Total	\$56,073,468	\$61,554,226	\$33,578,536	\$36,824,273	\$9,479,080	\$10,235,806

Residence System Budgets

Residence systems are independent entities within each University and are included in the restricted fund budgets. The Board received the FY 2008 residence system preliminary budgets as part of the residence system governance report in March and again in May when FY 2008 room and board rates were approved.

SUI projects a slight decrease in net revenue in the final proposed budget from the preliminary budget primarily due to an increase in projected utility costs. ISU's and UNI's final proposed FY 2008 residence system budgets remain identical to the preliminary budgets previously received by the Board.

University Residence Systems FY 2008 Budgets						
	SUI		ISU		UNI	
	Preliminary	Final	Preliminary	Final	Preliminary	Final
Revenues	\$ 44,264,123	\$ 44,386,064	\$ 63,338,095	\$ 63,338,095	\$ 31,039,399	\$ 31,039,399
Expenditures for Operations	31,357,631	31,556,261	47,346,301	47,346,301	25,067,262	25,067,262
Debt Service and Mandatory Transfers	<u>5,568,395</u>	<u>5,568,395</u>	<u>10,435,444</u>	<u>10,435,444</u>	<u>3,620,449</u>	<u>3,620,449</u>
Net Revenues after Debt Service and Mandatory Transfers	\$ 7,338,097	\$ 7,261,408	\$ 5,556,350	\$ 5,556,350	\$ 2,351,688	\$ 2,351,688

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, with the consent of the University Presidents. The purpose of the operating agreement was to engage Iowa Public Radio to manage the day-to-day operations of the Radio Groups on behalf of the Board of Regents. The service agreement requires Board approval of the Iowa Public Radio FY 2008 proposed budgets provided in Attachment D on page 17.

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 serving the Quad Cities,
- Southwest Iowa Regents Resource Center in Council Bluffs, and
- Tri-State Graduate Center in Sioux City.

Each year funds are appropriated to the Board of Regents for distribution to the centers. The FY 2008 operating budgets for the three centers are provided in Attachment E on page 18.

Lakeside Lab Regent Resource Center

The Iowa Lakeside Lab Regent Resource Center is a field station that supports the science programs of the Regent institutions and the Lakeside Consortium. The primary research focuses on the diverse ecosystems that surround Lakeside Lab including studies that relate to water quality and the biodiversity of environments. The FY 2008 budget for Lakeside Lab will be reviewed by the Council of Provosts in August and will be considered for Board approval at the September 2007 meeting.

The Lakeside Lab is primarily funded from allocations made by the three Regent universities. The Lab's strategic plan approved by the Board in September 2006 capped the university allocations at \$600,000 for five years beginning in FY 2007.











**FY 2008 BUDGETS – UNIVERSITY OF IOWA**

SUI FY 2008 General University Operating Budget

The FY 2008 General University budget was guided by The Iowa Promise: A Strategic Plan for the University of Iowa 2005-2010. SUI's proposed FY 2008 operating budget represents a 7.2% increase over FY 2007 and incorporates the following incremental revenues and reallocations when compared to the FY 2007 base budget:



The General University's total allocation of the approved incremental operating appropriation and state salary funding, less the one-time state funding received in FY 2007, results in incremental state operating funding of \$23.5 million.

The Board approved a tuition increase of 5.2% for residents and 7.0% for non-residents at the December 2006 meeting. Fall 2007 student application and acceptance data indicate another large enrollment class. The expected large enrollment coupled with the FY 2008 tuition rates less the one-time FY 2007 surcharge revenue result in a projected net \$12.0 million in new tuition revenues.

Indirect cost recoveries for FY 2008 are projected to remain level when compared to the FY 2007 budget adjustment approved by the Board in June 2007. The adjustment increased indirect cost recoveries by \$2.0 million when compared to the original FY 2007 budget.

The University is required to commit a minimum of \$5.2 million in reallocations for FY 2008. However, the need to improve the competitiveness of faculty salaries relative to peer institutions and to help cover other unavoidable cost increases, the University of Iowa is committing an additional \$2.0 million in reallocated dollars, bringing the total reallocations in FY 2008 to \$7.2 million.

The incremental revenues and reallocations are budgeted to fund the following strategic initiatives:



The University seeks to maintain competitive salaries for its staff. The average salary increase for non-union Professional and Scientific staff is targeted between 4.5% and 6.0%.

Investment in faculty is SUI's top academic budget priority for FY 2008. The FY 2008 budget is the third year of a faculty salary recovery plan supported by reallocations, tuition revenue, and state salary funding. The pay policy approved in June 2007 contained a split pay increase plan for faculty with an overall average salary increase of 4.5% on July 1, 2007 and an additional supplement of 2.0% on December 1, 2007.

The investment in students initiative includes funding to provide access to financial aid, introduce students to research opportunities, develop freshman seminars, strengthen the honors program, and direct resources to core educational programs.

Renewing environments for learning and research is an important component of maintaining a productive environment for students, faculty, and staff. Funding is budgeted for the projected cost increases of utilities, custodial services, information technology, and maintenance for general education facilities to renew environments for learning and research.

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, Ag Health and Safety, Non-Profit Resource Center, Advance Drug Development, Oakdale Research Park, and the Technology Innovation Center.

### UIHC

In FY 2008, 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.

State appropriations from the IowaCare Account include \$27.3 million with an additional \$10 million available as needed for the program. The Board approved a 6% rate increase effective July 1, 2007, at the May 2007 meeting. An average "all-in" salary increase of 5.5% is projected for FY 2008, medical and surgical supply costs are estimated to rise 4%, and drug costs are projected to increase 7%. Utilities and other administrative services purchased from the University will increase 9% and 4.5%, respectively.

The proposed FY 2008 UIHC budget of \$742.0 million reflects a 6.5% increase over the FY 2007 budget of \$696.6 million. The proposed FY 2008 UIHC budget is provided on page 5.

Other UIHC units include the Psychiatric Hospital, the Center for Disabilities and Development, and Specialized Child Health Services. The proposed combined FY 2008 budget of these units is \$37.5 million which represents a 2.1% increase over the FY 2007 budget.

### SUI FY 2008 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

The proposed FY 2008 Restricted Fund Budget includes the following state appropriations:

- Tuition Replacement \$ 9.5 million  
The Tuition Replacement appropriation funds the debt service on academic building revenue bond issues.
- Capital \$25.7 million  
The FY 2008 capital appropriation includes \$10.0 million of a \$30 million three year capital appropriation for the construction of the new Institute for Biomedical Discovery facility and \$15.7 million from the 2006 legislative session for FY 2008 for the Hygienic Laboratory.
- Grow Iowa Values Fund (GIVF) \$ 1.9 million  
The GIVF appropriation will be used for continued support of the I-START and I-GROW programs and will be matched dollar for dollar by the University as described in Agenda Item 5. The programs facilitate university-private sector partnerships in entrepreneurship and address middle to long-term commitments needed to promote sustained growth of new companies.

Athletics

The University of Iowa's FY 2008 athletic budget reflects revenue projections of \$61.6 million which is a 9.8% increase when compared to the FY 2007 budget. Kinnick Stadium premium seating revenues and the new multi-media contract first realized in FY 2007 will continue to be realized in FY 2008. The projected increase in conference support is due to television rights revenues generated from the recently established Big Ten Television Network.

Sports income is projected to decline in FY 2008 primarily due to one less home football game when compared to FY 2007.

Beginning in FY 2008, direct general university support has been eliminated. Athletics will receive \$800,000 from the University in financial aid set-aside funds derived from the Athletic Department's tuition scholarship payments.

<b>University of Iowa Athletic Revenues FY 2004-FY 2008</b>					
	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>Budget FY 2007</u>	<u>Proposed FY 2008</u>
Revenues					
Sports Income	\$ 20,434,095	\$ 19,274,254	\$ 20,313,247	\$ 21,046,000	\$ 20,244,500
Alumni / Foundation / Corp Support / Sponsorship	5,224,344	4,250,048	5,950,453	12,917,426	12,292,026
Athletic Conference / NCAA Support	10,562,297	10,535,131	10,636,553	10,715,000	18,448,000
General University Support	2,223,359	1,923,359	1,673,359	1,573,359	800,000
Student Fees	1,401,944	1,505,016	1,495,060	1,513,683	1,500,000
Other Income	4,943,861	5,959,356	6,467,252	8,308,000	8,269,700
<b>Total Revenues</b>	<b>\$ 44,789,900</b>	<b>\$ 43,447,164</b>	<b>\$ 46,535,924</b>	<b>\$ 56,073,468</b>	<b>\$ 61,554,226</b>

The SUI athletic department anticipates providing \$14.1 million in direct and indirect support to other departments and entities within the universities.

The athletic department is responsible for paying tuition resulting from awarded scholarships. The University projects 300 FTE scholarships at a total cost of approximately \$7.3 million.

An enterprise reserve and contingency account has been established to create a quasi-endowment that will provide financial stability to the athletic department over the long term. Athletics plans to make periodic investments in the account with a minimal goal of \$10 million. The Department projects to invest \$2.4 million from the FY 2007 budget and \$2.0 million from FY 2008 in the account.

**FY 2008 BUDGETS – IOWA STATE UNIVERSITY**

ISU FY 2008 General University Operating Budget

The University is highly committed to the goals included in its strategic plan, *Forward Thinking*, as well as to those in the Board of Regent's strategic plan. The strong support from state appropriations will allow progress to be made in FY 2008. ISU's proposed FY 2008 general university operating budget represents a 6.5% increase over FY 2007 and incorporates the following incremental revenues and reallocations when compared to the FY 2007 base budget:

• State Appropriation	\$21.3 million
• Tuition	3.8 million
• Reallocations	<u>3.8 million</u>
Total Incremental Revenues and Reallocations	\$28.9 million

The General University's total allocation of the approved incremental operating appropriation and state salary funding, less the one-time state funding received in FY 2007, results in incremental state operating funding of \$21.3 million.

The Board approved a tuition increase of 5.2% for resident and 3.4% for non-resident students at the December 2006 meeting. The projected stable enrollment coupled with the FY 2008 tuition rates, less the one-time FY 2007 surcharge revenue, result in a projected net \$3.8 million in new tuition revenues when compared to the FY 2007 adjusted budget approved in May 2007. The budget adjustment approved in May increased FY 2007 tuition revenues by \$1 million when compared to the original FY 2007 budget.

Indirect cost recoveries for FY 2008 are projected to remain comparable with the FY 2007 adjusted budget approved in May 2007, resulting in no projected incremental revenue.

ISU has committed a total of \$4.5 million in reallocations for FY 2008 of which \$3.8 million is within the General University. The University's reallocated funds will improve the competitiveness of faculty salaries, strengthen the University's premier programs, and maintain and support campus infrastructure.

The incremental revenues and reallocations are budgeted to fund the following strategic initiatives:

• Competitive Salaries	\$17.1 million
• Increase Student Success and Enhance Educational Programs	4.1 million
• Increase Excellence of Graduate, Professional, and Research Programs	3.5 million
• Improve Systems, Informational Infrastructure, and Facilities	<u>4.2 million</u>
Total Uses of Incremental Revenues and Reallocations	\$28.9 million

One of ISU's highest budget priorities is to reach the faculty salary levels necessary to recruit and retain faculty members who are among the very best in their fields of study. Faculty salaries at ISU are currently the lowest when compared to its peers. The University distributed funds to all general fund units equal to 3% of the continuing employee salary base for faculty and P&S staff salary increases.

Student success and enhanced undergraduate educational programs will be achieved through increased financial aid, smaller class sizes, renovating laboratories, and updating instructional equipment.

ISU's initiative to increase the excellence of graduate, professional, and research programs will be achieved as a result of attracting the very best graduate students with tuition scholarships, competitive stipends, and excellent faculty with exciting and challenging research programs. The maintenance and further enhancement of ISU's premier programs requires the continuous recruitment and retention of outstanding faculty.

Cost increases of utilities, library acquisitions, information technology, and general education building maintenance and renovations are budgeted to improve systems, infrastructure, and facilities. A combination of tuition, reallocation, and appropriation revenues will be used to replenish the building repair fund, open new buildings, and provide new and updated software for campus use.

ISU's consolidated special purpose budget on page 6 includes the Institute for Physical Research and Technology, Small Business Development Center, Leopold Center, Livestock Disease Research, Research Park/ISIS, George Washington Carver Endowed Chair, and the Veterinary Diagnostic Lab.

#### ISU FY 2008 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 both sponsored and student financial aid
- Endowment Income – earnings distributed from the University's endowment funds
- Auxiliary Enterprises – comprised primarily of bonded enterprises including 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 2008 Restricted Fund Budget includes the following state appropriations;

- Tuition Replacement \$9.5 million  
The Tuition Replacement appropriation funds the debt service on academic building revenue bond issues.
- Capital \$6.2 million  
The FY 2008 capital appropriation includes \$5.6 million of a \$32 million, three year capital appropriation for the construction of a new biorenewable fuels facility and \$0.6 million for the Veterinary Diagnostic Lab.
- Grow Iowa Values Fund (GIVF) \$1.9 million  
FY 2008 GIVF funds will be used to support commercialization of research, assist Iowa industry and spur economic development. \$1.3 million is identified for competitive grants and \$0.6 million for infrastructure support as described in Agenda Item 5. Organizations and university units receiving funding will be required to provide matching funds on a one-to-one basis.

#### Athletics

Iowa State University's FY 2008 athletic budget reflects revenue projections totaling \$36.8 million which is an increase of 9.5% when compared to the FY 2007 budget. The revenue increase is primarily due to increased football season ticket prices and an increase in season ticket sales.

Sports income is projected to decline in FY 2008 primarily due to one less home football game when compared to FY 2007.

General university support for FY 2008 is projected to decrease slightly from FY 2007 and revenue from student fees remains level.

<b>Iowa State University Athletic Revenues FY 2004-FY 2008</b>					
	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>Budget FY 2007</u>	<u>Proposed FY 2008</u>
Revenues					
Sports Income	\$ 9,464,888	\$ 9,974,561	\$ 10,236,527	\$ 11,081,669	\$ 13,561,579
Alumni / Foundation / Corp Support / Sponsorship	6,308,994	6,139,955	5,712,712	5,015,600	5,636,572
Athletic Conference / NCAA Support	6,272,461	6,837,992	9,315,157	7,547,650	7,931,608
General University Support	2,544,403	2,640,797	2,824,102	2,974,067	2,953,732
Student Fees	1,097,684	1,124,361	1,089,160	1,068,750	1,068,750
Other Income	<u>2,744,588</u>	<u>3,049,824</u>	<u>2,141,134</u>	<u>5,890,800</u>	<u>5,672,032</u>
Total Revenues	\$ 28,433,018	\$ 29,767,490	\$ 31,318,792	\$ 33,578,536	\$ 36,824,273

The ISU athletic department anticipates providing \$16.4 million in direct and indirect support to other departments and entities within the universities.

The athletic department is responsible for paying tuition resulting from issuing scholarship awards. The University projects 202 FTE scholarships at a total cost to the athletic department of approximately \$5.8 million.

**FY 2008 BUDGETS – UNIVERSITY OF NORTHERN IOWA**

UNI FY 2008 General University Operating Budget

UNI's Strategic Plan reinforces the philosophy of Students First. It emphasizes the need to provide a University environment that lets students experience a personalized learning environment. The plan also focuses on maintaining an excellent and diverse faculty that will continue to provide quality instruction. UNI's proposed FY 2008 general university operating budget represents a 4.6% increase over the FY 2007 budget and incorporates the following incremental revenues and reallocations when compared to the FY 2007 base budget.

• State Appropriation	\$ 8.1 million
• Tuition	- 1.1 million
• Indirect Cost Recoveries/Other Income	- 0.1 million
• Reallocations	<u>4.6 million</u>
Total Incremental Revenues and Reallocations	\$11.5 million

The General University's total allocation of the approved incremental operating appropriation and state salary funding, less the one-time state funding received in FY 2007, results in incremental state operating funding of \$8.1 million.

The Board approved a tuition increase of 5.2% for resident and 3.4% for non-resident students at the December 2006 meeting. A projected decline in enrollment coupled with the FY 2008 tuition rates, less the one-time FY 2007 surcharge revenue, results in projected tuition revenue that is \$1.1 million less than that budgeted for FY 2007.

Indirect cost recoveries are projected to decline \$0.3 million when compared to FY 2007 due to the elimination of several congressionally directed appropriations in FY 2007 that would have generated indirect cost recoveries in FY 2008. The reduction of indirect cost recoveries is offset in part by a projected increase in interest income of \$0.2 million.

The University is required to commit a minimum of \$1.5 million in reallocations for FY 2008. The University projects to reallocate approximately \$4.6 million primarily to provide intellectually challenging and character building experiences for students and to promote university culture and organizational effectiveness.

The incremental revenues and reallocations are budgeted to fund the following strategic initiatives and unavoidable cost increases.

• Negotiated Salaries/Benefits	\$ 5.8 million
• Faculty Positions/Startup Costs	2.0 million
• Investment in Student Experiences	1.9 million
• Maintain Resources for Strategic Opportunities	0.4 million
• Critical Needs Involvement/University Culture Promotion	0.7 million
• Other Cost Increases	<u>0.7 million</u>
Total Uses of Incremental Revenues and Reallocations	\$ 11.5 million

Mandatory salary and related benefit increases from faculty and merit employee bargaining are included in the proposed FY 2008 budget. The negotiated AFSCME contract provided a 3% increase effective July 1, 2007 with eligible employees also receiving step increases of 4.5% on anniversary dates. The United Faculty contract also allowed a 3% increase on July 1, 2007. Salary increases for professional and scientific staff typically follow the United Faculty pay increase. In order to sustain competitive salaries, the professional and scientific plan will increase 1% at the minimum and 4% at the maximums of the pay range.

UNI will dedicate \$2 million to fund the University's strategic initiative of providing additional faculty and instructional support.

Incremental revenues will also be used to create challenging student experiences, maintain resources for strategic opportunities, promote university culture, and fund other cost increases, including utilities and insurance premiums.

Special purpose budgets rolled into the UNI operating budget on page 6 include the Institute for Decision Making, the Recycle and Reuse Center, Metal Casing, and MyEntreNet.

UNI FY 2008 Restricted Budget

UNI's restricted budget includes auxiliary enterprise, 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 2008 Restricted Fund Budget does include the following state appropriations:

- Tuition Replacement \$5.3 million  
The Tuition Replacement appropriation funds the debt service on academic building revenue bond issues.
- Capital \$0.2 million  
The FY 2008 capital appropriation of \$235,000 provides funding for technology resources associated with the MyEntreNet project.
- Grow Iowa Values Fund (GIVF) \$1.0 million  
FY 2008 GIVF funds will be used to support UNI's technology transfer and business incubation projects, rural entrepreneurship, market research, Helping Regions Succeed, and the Ag-Based Lubricants Center as described in Agenda Item 5.

Athletics

The University of Northern Iowa's FY 2008 athletic budget reflects revenue projections totaling \$10.2 million which is an increase of 8.0% when compared to the FY 2007 budget.

The projected increase in sports income is primarily due to additional guaranteed football revenue and ticket sales revenue for men's and women's basketball.

General university support for FY 2008 is projected to increase from FY 2007 and the allocation of student fee revenues to athletics is expected to slightly decrease.

<b>University of Northern Iowa Athletic Revenues FY 2004-FY 2008</b>					
	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>Budget FY 2007</u>	<u>Proposed FY 2008</u>
Revenues					
Sports Income	\$ 1,267,919	\$ 1,356,431	\$ 1,720,490	\$ 1,799,790	\$ 2,112,100
Alumni / Foundation / Corp Support / Sponsorship	465,838	844,323	720,636	815,000	955,000
Athletic Conference / NCAA Support	470,408	390,617	444,779	300,000	500,000
General University Support	4,662,997	4,860,848	5,107,784	5,083,347	5,267,058
Student Fees	1,224,963	1,111,067	1,125,344	1,280,943	1,210,148
Other Income	242,433	284,355	372,044	200,000	191,500
<b>Total Revenues</b>	<b>\$ 8,334,558</b>	<b>\$ 8,847,641</b>	<b>\$ 9,491,077</b>	<b>\$ 9,479,080</b>	<b>\$ 10,235,806</b>

The UNI athletic department anticipates providing \$6.3 million in direct and indirect support to other departments and entities within the universities.

The athletic department is responsible for paying tuition resulting from awarded scholarships. The University projects 194 FTE scholarships at a total cost to the athletic department of approximately \$3.4 million.



**FY 2008 BUDGETS – IOWA PUBLIC RADIO**

The FY 2008 budget was approved by the Iowa Public Radio's Executive Council at the June 28, 2007 meeting. The Regent universities provide approximately \$1.7 million in support for Iowa Public Radio.

The proposed budget includes an IPR Board approved salary budget pool increase of 4.5% to be used for merit and equity adjustments. IPR intends to create new positions while maintaining overall total positions through reassignment, attrition, and restructuring reductions. Revenue producing positions will receive top priority.

Additional one-time capital expenditures are being financed by the universities as described in Agenda Item 15.

**Iowa Public Radio - FY 2008 Budgets**

Income:	Radio Group Budgets			IPR Corporate	Total IPR
	<u>KSUI</u>	<u>WOI</u>	<u>KUNI</u>		
University Support	\$602,528	\$550,000	\$573,563		\$1,726,091
Federal Grants	256,402	1,015,500	304,885		1,576,787
Fund Raising					
Membership	150,000	1,124,933	485,000	941,067	2,701,000
Underwriting	540,000	560,000	200,000		1,300,000
Major Gifts	66,667	66,668	66,667		200,002
Corporate Foundations	29,167	29,167	29,166	25,000	112,500
Special Projects	27,083	27,084	27,083		81,250
Investment Earnings	5,000	35,000	30,000		70,000
Other	10,000	20,000	30,000		60,000
<b>Total Revenue</b>	<b>\$1,686,847</b>	<b>\$3,428,352</b>	<b>\$1,746,364</b>	<b>\$966,067</b>	<b>\$7,827,630</b>
<b>Expenses:</b>					
Salaries & Benefits	\$986,405	\$1,593,421	\$1,027,548	\$801,167	\$4,408,541
Supplies & Services	669,058	1,136,084	558,469	164,900	2,528,511
Equipment	113,333	113,334	113,333		340,000
Capital Expenditures	0	672,000	85,000		757,000
<b>Total Expenditures</b>	<b>\$1,768,796</b>	<b>\$3,514,839</b>	<b>\$1,784,350</b>	<b>\$966,067</b>	<b>\$8,034,052</b>
Increase/-Decrease to Reserve	-81,949	-86,487	-37,986	0	-206,422
<sup>1</sup> Operating Revenue	\$1,659,764	\$3,401,268	\$1,719,281	\$966,067	\$7,746,380
<sup>2</sup> Operating Expenses	1,655,463	2,729,505	1,586,017	966,067	6,937,052
<b>Inc/-Dec From Operating</b>	<b>\$4,301</b>	<b>\$671,763</b>	<b>\$133,264</b>	<b>\$0</b>	<b>\$809,328</b>

<sup>1</sup> Excludes Special Projects

<sup>2</sup> Excludes Equipment, Capital Expenses

**FY 2008 BUDGETS – REGIONAL STUDY CENTERS**

The inclusion of the study centers in state salary funding totaling \$8,930 results in their first appropriation increase in several years. The study centers report the historical flat funding has inhibited their ability to effectively promote offered programs. The most prominent FY 2008 budget issue for the study centers is the need for advertising dollars and for computer equipment.

The Quad Cities Graduate Center’s FY 2008 budget plan includes expanded access to high quality graduate programming, servicing the needs of current and prospective students, facilitating economic growth, and maintaining a strong consortium that is productive, efficient, and accountable.

The Southwest Iowa Regents Resource Center reports the largest need in the budget is for advertising and promotion of the center’s programs. Surrounding schools are using media outlets such as cable television, billboards, print, and electronic media to market their services. Display ads, news releases, and course mailers represent the only marketing mediums currently utilized by the center.

The Tri-State Graduate Center identifies the need to develop new marketing materials for a public awareness campaign and to make current students aware of the services offered by the center.

<b>QUAD CITIES GRADUATE CENTER FY2008 Budget</b>	<b>SW IA REGENTS RESOURCE CENTER FY2008 Budget</b>	<b>TRI-STATE GRADUATE CENTER FY2008 Budget</b>
<b>REVENUES</b>	<b>REVENUES</b>	<b>REVENUES</b>
State Appropriation - Iowa \$157,144	State Appropriation - Iowa \$105,956	State Appropriation - Iowa \$77,941
State Salary Funding - Iowa 3,662	State Salary Funding - Iowa 2,742	State Salary Funding - Iowa 2,526
State Appropriation - Illinois 220,000	<b>TOTAL REVENUE \$108,698</b>	IA Dept. of Ed Tech Allocation 5,000
<b>TOTAL REVENUE \$380,806</b>		State Appropriation - Nebraska 43,660
<b>EXPENDITURES</b>	<b>EXPENDITURES</b>	South Dakota Universities 6,890
Personnel/Benefits \$215,235	Salaries/Benefits \$55,465	Private Schools 6,000
Contractual 134,632	County Extension 34,000	Course Schedule Ads 2,594
Commodities 3,400	Travel 200	Interest Income 1,800
Travel 7,500	Telephone 1,500	Siouxland Foundation Interest 900
Printing 6,810	Postage 2,500	Reappropriated Reserves 2,046
Equipment 2,000	Advertising 313	<b>TOTAL REVENUE \$149,357</b>
Telecommunications 5,879	ISD Services 9,470	<b>EXPENDITURES</b>
Audit 5,350	Equipment/Printing 4,500	Salaries/Fringes \$113,512
<b>TOTAL EXPENDITURES \$380,806</b>	Supplies 500	Equipment/Repairs/Service 6,500
	Program Delivery 250	Insurance 500
	<b>TOTAL EXPENDITURES \$108,698</b>	Rent (Northwest AEA) 3,600
		Dues & Memberships 780
		Advertising/Marketing 5,000
		Postage 1,400
		Telephone 1,300
		Printing 6,000
		Supplies 300
		Meetings 400
		Travel/Training/Meals 3,700
		Administration (SIMPCO) 6,365
		<b>TOTAL EXPENDITURES \$149,357</b>