

Contact: Brad Berg

FY 2010 BUDGETS – UNIVERSITIES, IOWA PUBLIC RADIO, BOARD OFFICE

Actions Requested: Consider approval of FY 2010:

1. Regent institutional budgets as presented on pages 5-9.
2. Iowa Public Radio budget as presented in Attachment D on page 23.
3. Board Office operating budget as shown in Attachment E on page 24.

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 2010 budgets for the special schools were approved at the June 2009 meeting.

In April, the Board considered key budgetary issues to provide guidance in the development of the FY 2010 institutional budgets. In June, the Board approved the institutional salary policies and received FY 2010 budget development updates from Iowa’s public universities, which included the projected application of one-time federal economic stimulus funding. The Board also adopted a resolution to hold salaries flat in FY 2010 for all non-bargaining unit employees with exceptions being approved by the institutional heads upon consultation with the Board Office. The Board is now asked to consider approval of the proposed budgets for the universities, 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. For FY 2010, the operating budgets also include \$80.3 million in one-time State Fiscal Stabilization Funds under the American Recovery and Reinvestment Act of 2009 (ARRA).
- 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, 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 2010 Regent Enterprise consolidated budget exceeds \$4.0 billion. The consolidated budget shown below includes UIHC and \$80.3 million in one-time ARRA funding. The table on page 9 includes the detailed budgeted revenues and expenditures from all funds for all Regent institutions.

FY 2010 REGENT ENTERPRISE BUDGET

(in millions)

	SUI	ISU	UNI	ISD	IBSSS	Total
**General Operating	*1,528.0	534.3	172.6	10.7	9.5	2,255.1
Restricted	1,085.4	579.2	144.7	1.0	0.5	1,810.8
Total	2,613.4	1,113.5	317.3	11.7	10.0	4,065.9

*includes UIHC

**general operating budgets include \$80.3 million in ARRA funding

University Operating Budgets

The three primary revenue sources providing FY 2010 general operating funds for Iowa's public universities are state appropriations, tuition revenue, and ARRA funding.

The Regent's FY 2009 general fund operating appropriations were cut \$17.5 million during the fiscal year. The reductions were comprised of a 1% cut to the university appropriations at the Governor's request and an additional 1.5% across-the-board cut applied to all appropriated units. For FY 2010, the 2009 General Assembly approved general university operating appropriations that were an aggregate 12.7% less than final FY 2009 state funding levels. State operating funding reductions for the special purpose units ranged from 7.4% to 8.3% when compared to final FY 2009 levels. State general fund support for all recurring university appropriated units is approximately \$95.3 million less than original FY 2009 state funding levels, approximately the equivalent of UNI's final general university operating appropriation for FY 2009.

The Board approved a resident undergraduate tuition increase of 4.2% for the 2009-10 academic year at its December 2008 meeting; non-resident tuition increases of 7.6% at SUI, 2.8% at ISU, and 2.0% at UNI were also approved. The tuition rate increases, coupled with current enrollment projections, are anticipated to generate \$38.7 million in incremental gross tuition revenue for FY 2010 compared to the final FY 2009 budgets.

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 \$12.1 million in FY 2010 tuition set-aside for student financial aid compared to the FY 2009 budget. The budgeted FY 2010 financial aid set-aside comprises 21.5% of the projected gross tuition revenues.

ARRA – State Stabilization Funding

The 2009 legislature appropriated approximately \$80.3 million in State Fiscal Stabilization Funds from the American Recovery and Reinvestment Act of 2009 to be distributed to Iowa's public universities and special schools. The FY 2010 university operating budgets include approximately \$79.4 million of the ARRA funds; the remainder has been allocated to the special schools. Each institution's allocation of ARRA funding is budgeted separately to ensure transparency and accountability. The universities will utilize the one-time ARRA funds as a means to bridge strategic budget decisions in FY 2010 and beyond to minimize the funding "cliff" in FY 2011. Generally, ARRA funds will be used to fund costs for budget reduction programs implemented in FY 2010 until the actual cost reductions are realized later in the fiscal year. The proposed ARRA consolidated expense budget for the universities is as follows:

• Salaries	\$ 51.5 million
• Supplies & Services	\$ 12.4 million
• Building Repairs	\$ 11.1 million
• Equipment/Other	<u>\$ 4.4 million</u>
Total	\$ 79.4 million

Restricted Budgets

The restricted fund budgets include the FY 2010 capital appropriation approved by the 2007 General Assembly for ISU's Biorenewables Research Laboratory. The restricted fund budgets also contain Grow Iowa Values Fund and tuition replacement appropriations allocated to the three Regent universities.

The 2009 General Assembly authorized the sale of \$100 million in academic building revenue bonds for the University of Iowa and modified prior bonding authorizations to allow academic building revenue bond proceeds to be used for flood recovery. The 2009 General Assembly also funded \$38 million for Phase II of the ISU Veterinary Medicine project (Small Animal Hospital Renovation and Addition) through a combination of bonding and capital appropriations. The Board will be asked to approve a bond issuance schedule for calendar year 2010 at its October 2009 meeting.

Detailed general operating and restricted fund budgets are provided on pages 5-9. Additional information specific to each university is provided in the attachments beginning on page 10.

Athletic Budgets

The athletic departments are independent entities included in the restricted fund budgets. 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.

Details pertaining to each university's proposed FY 2010 athletic budget are included in the attachments.

Budgeted Athletic Revenues						
	SUI		ISU		UNI	
	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010
Sports Income	\$22,433,800	\$22,312,307	\$12,427,717	\$12,294,369	\$2,092,674	\$2,474,350
Alumni/Foundation/Corp. Support/Sponsorship	12,117,052	12,648,617	10,705,744	12,211,901	2,306,832	2,175,000
Athletic Conference / NCAA Support	19,088,000	19,772,000	10,089,407	10,776,020	550,000	600,000
Univ. Support General & Financial Aid	840,000	882,000	3,631,772	3,082,457	5,422,383	4,629,318
Student Fees	1,500,000	500,000	1,520,000	1,562,939	1,210,000	1,212,500
Other Income	<u>10,183,475</u>	<u>9,494,086</u>	<u>3,488,791</u>	<u>3,364,027</u>	<u>254,950</u>	<u>465,000</u>
Total	\$66,162,327	\$65,609,010	\$41,863,431	\$43,291,713	\$11,836,839	\$11,556,168

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 \$152 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 2010 residence system preliminary budgets as part of the residence system governance report in March.

The final proposed FY 2010 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 occupancy. The proposed detailed budget for the SUI residence system is provided in Attachment A.

University Residence Systems FY 2010 Budgets				
	SUI		ISU	UNI
	<u>Preliminary</u>	<u>Final</u>	<u>Preliminary & Final</u>	<u>Preliminary & Final</u>
Revenues	\$ 47,168,901	\$ 48,116,473	\$ 71,418,261	\$ 32,828,492
Expenditures for Operations	34,629,747	35,226,192	54,393,593	26,460,297
Debt Service and Mandatory Transfers	<u>5,603,144</u>	<u>5,603,144</u>	<u>11,379,832</u>	<u>3,610,804</u>
Net Revenues after Debt Service and Mandatory Transfers	\$ 6,936,010	\$ 7,287,137	\$ 5,644,836	\$ 2,757,391

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 2010, the 2009 General Assembly appropriated \$451,465 (8.3% less than FY 2009) for operations and \$1.9 million for capital improvements. The proposed FY 2010 budgets for Iowa Public Radio and the three Radio Groups are contained in Attachment D on page 23.

Lakeside Lab Regent Resource Center

The Iowa Lakeside Lab Regents Resource Center is a field station located on Lake Okoboji that supports the science programs, including education, research and outreach, of the Regent institutions. Research focuses primarily on the diverse ecosystems that surround Lakeside Lab, with special emphasis on studies that relate to water quality and the biodiversity of environments. The FY 2010 budget for Lakeside Lab will be reviewed by the Council of Provosts in August and will be considered for Board approval at its September 2009 meeting.

BOARD OF REGENTS
STATE OF IOWA
FY 2010 GENERAL FUND OPERATING BUDGETS

		University of Iowa										Subtotal
RESOURCES	Gen. Univ.	ARRA State Stab.	Univ. Hosp.	Psych. Hosp.	CDD	Oakdale Campus	Hyg. Lab	Family Prac.	SCHS	Special Purpose		
APPROPRIATIONS												
General	\$235,483,091		\$27,284,584			\$2,521,028	\$4,077,715	\$2,061,809	\$760,330	\$3,597,129	\$275,785,686	
Other			47,020,131								\$47,020,131	
ARRA - State Stabilization		35,393,382									\$35,393,382	
RESOURCES												
Federal Support						375		10,000	2,313,693		2,313,693	
Interest	464,909										464,909	
Tuition and Fees	296,045,000		3,461,500	1,334,700	170,000	1,148,000	203,840				296,045,000	
Reimb. Indirect Costs	44,899,000		780,844,985	25,145,271	7,200,600		3,087,262		650,000		51,217,040	
Sales and Service			534,800	264,729		160,000			1,731,013		816,928,118	
Other Income	125,000										125,000	
Subtotal - Inst. Income	341,533,909	0	784,841,285	26,744,700	7,370,600	1,308,375	3,291,102	10,000	4,694,706	0	1,169,794,677	
TOTAL REVENUES	\$577,017,000	\$35,393,382	\$859,146,000	\$26,744,700	\$7,370,600	\$3,829,403	\$7,368,817	\$2,071,809	\$5,455,036	\$3,597,129	\$1,527,993,876	
EXPENDITURES												
Fac. & Inst. Off. Salaries	\$235,134,000	\$10,479,832	\$53,322,000	\$1,727,600	\$501,400		\$90,473	\$1,649,447	\$560,913	\$1,190,463	\$304,656,128	
Prof. & Sci. Staff Salaries	100,504,000	8,528,044	333,716,500	13,633,300	3,665,000	96,513	4,617,550	306,106	3,082,837	1,334,247	469,484,097	
General Service Staff Sal.	75,804,000	5,141,961	142,614,300	6,202,600	2,129,800	1,769,239	2,096,570	83,844	788,643	175,612	236,806,569	
Hourly Wages	3,048,000		6,082,300	294,400	169,500		2,900	10,000	354,012	54,384	10,015,496	
Subtotal - Salaries	414,490,000	24,149,837	535,735,100	21,857,900	6,465,700	1,865,752	6,807,493	2,049,397	4,786,405	2,754,706	1,020,962,290	
Supplies and Services	38,243,000	1,643,545	294,937,700	3,403,100	500,100	352,632	558,824	22,412	668,631	515,523	340,845,467	
Library Acquisitions	14,569,000									0	14,569,000	
Rentals	1,500,000		4,940,300	14,700	3,500	30,000	2,500			103,658	6,594,658	
Utilities	31,677,000		23,532,900	1,469,000	401,300	1,468,519				0	58,548,719	
Bldg. Repairs	10,744,000	7,100,000				100,000				0	17,944,000	
Auditor of State Reimb.	609,000									0	609,000	
Equipment	5,756,000	2,500,000				12,500				223,242	8,491,742	
Aid to Individuals	59,429,000										59,429,000	
Subtotal - Other Expenses	162,527,000	11,243,545	323,410,900	4,886,800	904,900	1,963,651	561,324	22,412	668,631	842,423	507,031,586	
TOTAL EXPENDITURES	\$577,017,000	\$35,393,382	\$859,146,000	\$26,744,700	\$7,370,600	\$3,829,403	\$7,368,817	\$2,071,809	\$5,455,036	\$3,597,129	\$1,527,993,876	

BOARD OF REGENTS
STATE OF IOWA
FY 2010 GENERAL FUND OPERATING BUDGETS (continued)

RESOURCES	ISD			IBSSS			FY 2010 Operating Total
	ISD	ARRA State Stab.	Subtotal	IBSSS	ARRA State Stab.	Subtotal	
APPROPRIATIONS							
General	\$9,542,404		\$9,542,404	\$5,395,736		\$5,395,736	\$624,362,245
Other	186,089		186,089	78,511		78,511	47,284,731
ARRA - State Stabilization		583,987	583,987		330,215	330,215	80,280,000
RESOURCES							
Federal Support	54,000		54,000	357,000		357,000	15,553,310
Interest	15,000		15,000	5,000		5,000	995,284
Tuition and Fees							591,203,756
Reimb. Indirect Costs				41,268		41,268	69,327,957
Sales and Service	333,274		333,274	3,300,370		3,300,370	821,081,762
Other Income	11,916		11,916	10,000		10,000	5,009,339
Subtotal - Inst. Income	414,190	0	414,190	3,713,638	0	3,713,638	1,503,171,408
TOTAL REVENUES	\$10,142,683	\$583,987	\$10,726,670	\$9,187,885	\$330,215	\$9,518,100	\$2,255,098,384
EXPENDITURES							
Fac. & Inst. Off. Salaries	\$3,684,838		\$3,684,838	\$4,692,173	\$120,721	\$4,812,894	\$600,399,915
Prof. & Sci. Staff Salaries	2,222,556		2,222,556	569,281	11,376	580,657	602,708,407
General Service Staff Sal.	2,283,924		2,283,924	1,870,270	91,602	1,961,872	311,108,663
Hourly Wages	-		-	-		-	14,588,126
Subtotal - Salaries	8,191,318	0	8,191,318	7,131,724	223,699	7,355,423	1,528,805,111
Supplies and Services	1,125,730		1,125,730	1,084,865	92,854	1,177,719	416,840,539
Library Acquisitions	8,226		8,226	3,500		3,500	26,408,261
Rentals			0			0	9,143,025
Utilities	390,520		390,520	251,250		251,250	99,744,189
Bldg. Repairs	296,193		880,180	593,008		593,008	30,017,188
Auditor of State Reimb.	40,000		40,000	29,200		29,200	1,428,400
Equipment	90,696		90,696	94,338	13,662	108,000	14,885,441
Aid to Individuals	-		-	-		-	127,826,230
Subtotal - Other Expenses	1,951,365	583,987	2,535,352	2,056,161	106,516	2,162,677	726,293,273
TOTAL EXPENDITURES	\$10,142,683	\$583,987	\$10,726,670	\$9,187,885	\$330,215	\$9,518,100	\$2,255,098,384

BOARD OF REGENTS
STATE OF IOWA
FY 2010 RESTRICTED FUNDS BUDGETS

REVENUES	SUI	ISU	UNI	ISD	IBSSS	FY 2010 Restricted Total
APPROPRIATIONS						
Iowa Values Fund	1,732,500	1,732,500	855,000			4,320,000
Tuition Replacement	9,037,683	10,208,010	5,059,719			24,305,412
Capital		11,597,000				11,597,000
Grape & Wine		238,000				238,000
RESOURCES						
Federal Support	254,475,000	148,000,000	26,000,000	178,960	356,578	429,010,538
Interest			2,077,937	15,000		2,092,937
Tuition and Fees	53,340,000	17,000,000	14,700,000			85,040,000
Reimbursed Indirect Costs	24,841,000	10,000,000				34,841,000
Sales and Service	264,817,000	50,000,000	78,000,000	848,846		393,665,846
Other Income	477,152,817	330,400,000	18,000,000	3,000	89,400	825,645,217
Subtotal - Inst. Income	1,074,625,817	555,400,000	138,777,937	1,045,806	445,978	1,770,295,538
TOTAL REVENUES	\$1,085,396,000	\$579,175,510	\$144,692,656	\$1,045,806	\$445,978	\$1,810,755,950
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$133,702,000	\$60,000,000	\$5,300,000	\$415,394	\$49,400	\$199,466,794
Prof. & Sci. Staff Salaries	177,221,000	91,000,000	17,600,000	136,498		285,957,498
General Service Staff Salaries	40,781,000	42,000,000	12,500,000	47,860		95,328,860
Hourly Wages	24,274,000	20,000,000	6,800,000			51,074,000
Subtotal - Salaries	375,978,000	213,000,000	42,200,000	599,752	49,400	631,827,152
Prof. and Scientific Supplies	241,285,000	204,578,510	47,700,000	269,853	328,178	494,161,541
Library Acquisitions			30,000	2,600		32,600
Rentals	16,570,000		1,000,000			17,570,000
Utilities	9,903,000	10,000,000	2,300,000	60,000		22,263,000
Building Repairs	4,100,000	3,000,000	4,000,000	90,000		11,190,000
Auditor of State				3,000		3,000
Equipment	13,345,000	10,000,000	2,600,000	20,601	68,400	26,034,001
Student Aid	54,513,000	41,000,000	14,000,000			109,513,000
Debt Service	61,102,000	36,000,000	12,987,218			110,089,218
Plant Capital	308,600,000	61,597,000	17,875,438			388,072,438
Subtotal - Other Expenses	709,418,000	366,175,510	102,492,656	446,054	396,578	1,178,928,798
TOTAL EXPENDITURES	\$1,085,396,000	\$579,175,510	\$144,692,656	\$1,045,806	\$445,978	\$1,810,755,950

BOARD OF REGENTS
STATE OF IOWA
FY 2010 ALL FUNDS BUDGETS

RESOURCES	SUI	ISU	UNI	ISD	IBSSS	FY 2009 All Funds Total
APPROPRIATIONS						
General	\$275,785,686	\$245,315,640	\$88,322,779	\$9,542,404	\$5,395,736	\$624,362,245
ARRA - State Stabilization	35,393,382	31,595,952	12,376,464	583,987	330,215	80,280,000
Iowa Values Fund	1,732,500	1,732,500	855,000			4,320,000
Tuition Replacement	9,037,683	10,208,010	5,059,719			24,305,412
Capital	-	11,597,000	-			11,597,000
Other	47,020,131	238,000		186,089	78,511	47,522,731
RESOURCES						
Federal Support	256,788,693	160,828,617	26,000,000	232,960	713,578	444,563,848
Interest	475,284	-	2,577,937	30,000	5,000	3,088,221
Tuition and Fees	349,385,000	243,358,756	83,500,000			676,243,756
Reimb. Indirect Costs	76,058,040	26,003,000	2,066,649		41,268	104,168,957
Sales and Service	1,081,745,118	50,000,000	78,520,000	1,182,120	3,300,370	1,214,747,608
Other Income	479,968,359	332,571,881	18,000,000	14,916	99,400	830,654,556
Subtotal - Inst. Income	2,244,420,494	812,762,254	210,664,586	1,459,996	4,159,616	3,273,466,946
TOTAL REVENUES	\$2,613,389,876	\$1,113,449,356	\$317,278,548	\$11,772,476	\$9,964,078	\$4,065,854,334
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$438,358,128	\$276,567,490	\$75,978,565	\$4,100,232	\$4,862,294	\$799,866,709
Prof. & Sci. Staff Salaries	646,705,097	191,174,926	47,846,171	2,359,054	580,657	888,665,905
General Service Staff Sal.	277,587,569	87,842,552	36,713,746	2,331,784	1,961,872	406,437,523
Hourly Wages	34,289,496	22,487,240	8,885,390			65,662,126
Subtotal - Salaries	1,396,940,290	578,072,208	169,423,872	8,791,070	7,404,823	2,160,632,263
Prof. and Scientific Supp.	582,130,467	256,450,606	69,519,527	1,395,583	1,505,897	911,002,080
Library Acquisitions	14,569,000	9,819,112	2,038,423	10,826	3,500	26,440,861
Rentals	23,164,658	1,556,000	1,992,367			26,713,025
Utilities	68,451,719	44,431,000	8,422,700	450,520	251,250	122,007,189
Bldg. Repairs	22,044,000	12,400,000	5,200,000	970,180	593,008	41,207,188
Auditor of State Reimb.	609,000	475,200	275,000	43,000	29,200	1,431,400
Equipment	21,836,742	15,620,000	3,175,003	111,297	176,400	40,919,442
Aid to Individuals	113,942,000	97,028,230	26,369,000			237,339,230
Debt Service	61,102,000	36,000,000	12,987,218			110,089,218
Plant Capital	308,600,000	61,597,000	17,875,438			388,072,438
Subtotal - Other Expenses	1,216,449,586	535,377,148	147,854,676	2,981,406	2,559,255	1,905,222,071
TOTAL EXPENDITURES	\$2,613,389,876	\$1,113,449,356	\$317,278,548	\$11,772,476	\$9,964,078	\$4,065,854,334

FY 2010 BUDGETS – UNIVERSITY OF IOWA

The FY 2010 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 and an extensive process of consultation with deans, faculty and staff constituencies. State appropriations are a major portion of the University's budgeting considerations, as is the supplemental ARRA funding appropriated for FY 2010. Integrated into all budget planning is the combination of these two revenue sources and the transition to FY 2011 without ARRA funding support.

SUI FY 2010 General University Operating Budget

SUI's proposed FY 2010 general university operating budget is \$11.6 million less (-2%) than the final FY 2009 budget and incorporates the following revenue changes when compared to FY 2009.

- | | |
|--|--------------------|
| • State Appropriation | (\$ 34.0 million) |
| • Tuition | 21.7 million |
| • Other | <u>0.7 million</u> |
| Total Incremental Revenues and Reallocations | (\$ 11.6 million) |

The General University's original state operating appropriation of \$276.5 million for FY 2009 was reduced by \$7 million (-2.5%). The FY 2010 state appropriation was reduced an additional \$34.0 million (12.6%) to \$235.5 million. State funding represented 46.9% of the total original FY 2009 general university budget, but only 40.8% of the proposed FY 2010 budget.

The Board approved a tuition increase of 4.2% for residents and 7.6% for non-residents at its December 2008 meeting. With level enrollments and a stable resident/non-resident mix, these increases are projected to yield approximately \$17.6 million in new tuition revenue prior to offsets for student financial aid when compared to the final FY 2009 budget. The Board also approved professional and upper division undergraduate tuition supplements that are expected to yield approximately \$4.1 million in FY 2010 and will be used for programmatic improvements.

Indirect cost recoveries for FY 2010 are projected to increase \$1.7 million due to the continued success of faculty securing sponsored research when compared to the FY 2009 budget. The indirect cost recovery impact resulting from a large number of research grant opportunities through National Institutes of Health and National Science Foundation stimulus funding is presently uncertain and not factored in the proposed budget.

FY 2010 interest income is projected to decrease \$1.0 million due to anticipated low interest rates.

The University directed that budgeting done by colleges and other General Education Fund units fully identify how they will manage the loss of state appropriations without the non-recurring federal stimulus funds. Measures being implemented by academic and administrative units to address the funding reductions include in part:

- Cancellation of faculty/staff searches
- Job reductions through attrition and early retirement
- Increased teaching loads and reduced administrative appointments
- Class section reductions and class size increases
- Consolidation and merger of programs
- Reduction in available faculty scholarship and sponsored program time
- Reduction in graduate student support
- Reduction in co-sponsored interdisciplinary programs
- Reduction in support for student extracurricular activities
- Reduction in travel
- Consolidation of campus libraries
- Financial and administrative consolidation of Oakdale with the main UI campus
- Reorganization of central information technology services
- Significant reductions and refocus of building operation & maintenance service levels

Campus flood recovery efforts are an expected and unavoidable need that will require the redirection of funds in FY 2010. The University continues to monitor and reassess recovery and mitigation expenses. Multiple funding sources are needed to cover the FEMA match requirement and those flood recovery expenses ineligible for FEMA reimbursement.

For FY 2010, merit-based salary increments for faculty will be 0%; limited exceptions will be considered by the Office of the Provost for promotions, counter offers, equity adjustments, and compression. In addition, the Colleges which have plans allowing variable, non-recurring compensation to faculty based on productivity, will continue to do so in FY 2010 subject to individual plan reviews and approvals by the Office of the Provost and University Human Resources. The Office of the Provost recently conducted a comprehensive review of the at-risk variable compensation plans for faculty to ensure these plans continue to achieve programmatic goals and objectives and are financially linked to revenue enhancements.

The non-bargained Professional and Scientific staff was given a 0% base pay adjustment on July 1, 2009. The University may provide, on a case by case basis, reclassification increases, equity and acute market adjustments, and counter offers in accordance with the Board's resolution approved in March 2009.

As approved by the Board in September 2008, the University initiated changes to its flexible health/dental/life benefit system which results in a University-wide reduction in the increased cost of the benefits of approximately \$2 million for FY 2010. The General University portion of this cost avoidance is \$0.5 million. Additional changes become effective in FY 2011.

The University had planned to utilize incremental tuition revenue to promote the retention of first-year students and to improve four-year graduation rates using proven retention practices. Due to appropriation reductions, most of these initiatives will not be possible in FY 2010. However, a First-Year Seminar course for each new freshman student will be taught by senior faculty and University administrators. The seminar course will move forward since the majority of the cost is absorbed by volunteers.

Utility expenses are expected to increase \$1.6 million, including the General University's share of additional debt service payments for expanded chilled water capacity serving the campus, energy conservation investments, fuel, and purchased electricity. The University's supplier of biomass for combustion was substantially hurt by the 2008 flood resulting in limited oat hull deliveries. It is anticipated this source of fuel will return to previous use levels later in calendar year 2009.

The University provides access through a blend of merit and need-based aid. Financial aid set-aside is budgeted to increase \$5.9 million from FY 2009 and comprises 20.1% of tuition revenues.

ARRA – State Stabilization Funding

SUI has been allocated \$35.4 million in ARRA – State Stabilization Funding for FY 2010. Uses of the ARRA funding will be directly aligned with the educational needs supported by the General Education Fund. The University is proposing two categories of use of the ARRA funds.

1. Emergency Budget Supplements – An estimated \$19.9 million will supplement General Education Fund budgets to diminish FY 2010 layoffs and furloughs with the General Education Fund supported units and for selected other appropriated budget units, e.g. Hygienic Lab. Colleges/departments will assign specific expenses to ARRA allotments based upon guidance from the Board Office and in accordance with federal and state guidelines.
2. Competitive Awards – An estimated \$15.5 million will be distributed based on a competitive process within the University. Successful applicants must promote recurring change that can be sustained through revenue enhancements, cost reductions, or reallocations of other resources available in FY 2011 and beyond. The projects must also qualify under federal guidelines and achieve at least one of several requirements established by the University.

The exact amount of ARRA funding in the supplements and competitive awards may be adjusted to optimize meeting goals of the federal program.

FY 2010 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, Agricultural Health and Safety, Non-Profit Resource Center, Advance Drug Development, Oakdale Research Park, Technology Innovation Center, and the new Iowa Flood Center. All state general fund supported special purpose units were subject to funding reductions for FY 2010.

The 2009 General Assembly appropriated \$1.3 million to establish an Iowa Flood Center on the SUI campus. The Center will perform critical research in flood prediction and floodplain inundation mapping and will train a new generation of experts in flood-related science and engineering. The Center will also empower communities and agencies by providing them with the vital information necessary to make informed decisions about flood-related issues.

UIHC

During FY 2009, UIHC faced a number of challenges related to maintaining funding sources and minimizing operating expenses. Average per case payments in late FY 2009 dropped to below FY 2008 levels due to significant reductions in Medicaid rates, changes to third party contracts, and continued growth of the IowaCare program. Assertive efforts were made to reduce costs associated with salaries and medical supplies.

In FY 2010, 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 2010 UIHC budget of \$859.1 million reflects a 0.5% increase over the FY 2009 budget of \$854.7 million. The proposed FY 2010 UIHC budget is provided on page 5.

State appropriations from the IowaCare Account include \$27.3 million with an additional \$47.0 million available as needed for the program. The IowaCare appropriations do not fund physicians, dental services, pharmaceuticals, and durable medical equipment, even though UIHC and SUI physicians provide these services.

The Board approved a 6% rate increase effective July 1, 2009, at its April 2009 meeting. UIHC forecasts a 3.1% increase in inpatient acute admissions and a 2.9% increase in outpatient activity. Length of stay is expected to decrease by 0.19 days in FY 2010. The case mix index, a measure of inpatient severity, is expected to remain at a high level. To meet this increase in demand, the University of Iowa Hospitals and Clinics is increasing cardiovascular services, expanding operating room and intensive care services, completing Lean Sigma projects to enhance patient access, and continuing to expand initiatives to lower length of stay to allow for more admissions.

Salary costs continue to be impacted by collective bargaining, market competition, and the associated benefit costs. An average salary and related cost increase of 2.3% is projected for FY 2010; 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 5% and 8%, respectively. The elimination of 200 filled positions from attrition, retirements, layoffs, and on-going non-salary cost reduction initiatives are also factored in the FY 2010 budget.

Other UIHC units include the Psychiatric Hospital, the Center for Disabilities and Development, and Specialized Child Health Services. The proposed combined FY 2010 budget of these units is \$39.6 million, which represents a 2.7% decrease when compared to the FY 2009 amended budget approved in April 2009.

SUI FY 2010 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 2010 Restricted Fund Budget includes the following state appropriations:

- Tuition Replacement \$ 9.0 million
This appropriation funds the debt service on academic building revenue bond issues.
- Grow Iowa Values Fund (GIVF) \$ 1.7 million

The GIVF allocation to Iowa's public universities for FY 2010 is 10% less than that received in previous years. The University of Iowa proposes to allocate \$1.732 million in GIVF funding in a new integrated model of economic development support as described in Agenda Item 18. The new integrated model will involve the Vice President for Research, the University Research Park, the Pappajohn Entrepreneurial Center, and the University of Iowa Research Foundation. GIVF funding will be matched on a 1:1 basis from licensing revenue, industry funding, lab lease rental payments and developer funding.

Athletics

The University of Iowa's FY 2010 athletic budget reflects revenue projections of \$65.6 million; slightly less than the FY 2009 budget.

Sports income in FY 2010 is expected to be slightly less than the budget for FY 2009. While football income is expected to increase due to higher away game settlements and additional parking revenue due to a rate increase, men's basketball income has been conservatively budgeted resulting from a steady decline the past few years. Ticket prices for football will remain static in FY 2010 and men's basketball ticket prices have not yet been established.

Athletic conference revenue is expected to increase \$0.7 million from contractually negotiated television revenues.

Direct general university support for athletics was eliminated beginning in FY 2008. In FY 2010, athletics is budgeted to receive \$882,000 from the University in financial aid set-aside funds derived from the athletic department's tuition scholarship payments.

A portion of the student building fee revenue designated to Athletics in previous years was allocated to Student Recreation Services to fund the debt service on recreation facilities shared by the two entities. The Hawkeye Tennis and Recreation facility is an example of the partnership where a single facility is jointly used by Athletics and Recreation Services.

Other income is projected to decrease resulting from lower rates of return on investments when compared to the FY 2009 budget. The projected decrease in investment income will be offset in part by slight increase in the Learfield Multi Media contractual income.

University of Iowa Athletic Revenues FY 2006-FY 2010					
	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>Budget FY 2009</u>	<u>Proposed FY 2010</u>
Revenues					
Sports Income	\$ 20,313,247	\$ 22,133,117	\$ 20,787,018	\$ 22,433,800	\$ 22,312,307
Alumni / Foundation / Corp Support / Sponsorship	5,950,453	11,560,784	11,955,735	12,117,052	12,648,617
Athletic Conference / NCAA Support	10,636,553	14,037,605	18,781,140	19,088,000	19,772,000
Gen University*/Financial Aid Support	1,673,359	1,573,359	800,000	840,000	882,000
Student Fees	1,495,060	1,494,706	1,487,795	1,500,000	500,000
Other Income	6,467,252	9,221,578	9,359,640	10,183,475	9,494,086
Total Revenues	\$ 46,535,924	\$ 60,021,149	\$ 63,171,328	\$ 66,162,327	\$ 65,609,010

*General university support applies only to FY06 & FY07

The SUI athletic department anticipates providing \$15.5 million in direct and indirect support to other departments and entities within the University. Examples include tuition and room board from scholarship payments, Public Safety, UIHC, Parking Services, and utilities.

The Athletic Department's general operating expenses have decreased 5%. Offsetting the decrease, is a 6.7% increase in scholarship expenses, some contractual salary cost increases, and an increase in utility expenses.

Travel expenses by all sports teams have been decreased by approximately 10.5%.

Facility debt service is budgeted to increase in FY 2010 by approximately \$1.1 million to accommodate anticipated debt service payments associated with the Carver Hawkeye Arena renovations.

The athletic department pays the tuition resulting from awarded scholarships to University athletes. The University projects 300 FTE scholarships at a total cost of approximately \$8.2 million.

Residence System

The proposed FY 2010 residence system budget projects an increase in contract revenues compared to the preliminary budget received by the Board in March 2009. The most recent enrollment and occupancy projections for Fall 2009 indicate a higher demand for residence hall space than previously forecasted for the preliminary budget, including a higher demand from returning students. Based on these projections, residence hall occupancy will be at or above capacity.

**University of Iowa Residence System
Proposed Budget 2009-10**

	Actual 2007-08	Revised Estimate 2008-09	Preliminary Budget 2009-10	Proposed Budget 2009-10
OPERATIONS				
Revenues	\$ 45,109,482	\$ 46,482,118	\$ 47,168,901	\$ 48,116,473
Expenditures for Operations	30,883,476	34,065,451	34,629,747	35,226,192
Net Revenues	14,226,006	12,416,667	12,539,154	12,890,281
% of Revenues	31.5%	26.7%	26.6%	26.8%
Debt Service (due July 1)	4,968,395	4,977,426	5,003,144	5,003,144
Mandatory Transfers	600,000	600,000	600,000	600,000
Net After Debt Service & Mandatory Transfers	\$ 8,657,611	\$ 6,839,241	\$ 6,936,010	\$ 7,287,137
% of Revenues	19.2%	14.7%	14.7%	15.1%
Debt Service Coverage Ratio	286%	249%	251%	258%
University Overhead Payment From Surplus	\$ 438,552	\$ 475,188	\$ 477,883	\$ 462,696
FUND BALANCES (June 30)				
Revenue Fund	\$ -	\$ -	\$ -	\$ -
Operation & Maintenance Fund	1,000,000	1,000,000	1,000,000	1,000,000
Improvement Fund	11,092,631	7,662,682	6,862,050	7,150,000
Surplus Fund	844,970	339,444	1,400,097	830,142
Subtotal--Voluntary Reserves	12,937,601	9,002,126	9,262,147	8,980,142
Sinking Fund	-	-	-	-
Bond Reserve Fund	5,180,855	5,180,855	5,180,855	5,180,855
Bond Construction Fund	-	-	-	-
Subtotal--Mandatory Reserves	5,180,855	5,180,855	5,180,855	5,180,855
Total Fund Balances (June 30)	\$ 18,118,456	\$ 14,182,981	\$ 14,443,002	\$ 14,160,997
REVENUES AND EXPENDITURES DETAIL				
Revenues				
Contracts	\$ 40,680,495	\$ 42,241,695	\$ 42,651,020	\$ 43,608,162
Interest	1,072,413	230,490	444,336	326,929
Other Income	3,356,574	4,009,933	4,073,545	4,181,382
Total Revenues	\$ 45,109,482	\$ 46,482,118	\$ 47,168,901	\$ 48,116,473
Expenditures for Operations				
Salaries, Wages & Benefits	\$ 12,092,866	\$ 13,345,604	\$ 13,957,302	\$ 14,064,191
Cost of Food or Goods Sold	4,176,164	4,795,102	4,853,761	4,962,930
Other Operating Expense	5,849,672	6,291,413	6,521,651	6,565,384
Utilities	4,949,155	5,248,693	5,321,671	5,240,395
Repairs & Maintenance	3,815,619	4,384,639	3,975,362	4,393,292
Total Expenditures	\$ 30,883,476	\$ 34,065,451	\$ 34,629,747	\$ 35,226,192

FY 2010 BUDGETS – IOWA STATE UNIVERSITY

FY 2010 is the fifth and final year of ISU's strategic plan, *Forward Thinking*. The goals of the University's strategic plan are to enhance student success, increase the number of faculty members who are national and international leaders in disciplines vital to lowans, and increase the number of graduate, professional, and research programs that are among the very best. The budget reductions will erode ISU's ability to make significant progress in these during FY 2010.

ISU FY 2010 General University Operating Budget

The proposed FY 2010 general university operating budget is \$13.3 million less than the final FY 2009 budget.

- State Appropriation (\$ 27.2 million)
- Tuition 15.0 million
- Indirect Cost Recoveries/Other (1.1 million)
- Total Incremental Revenues and Reallocations (\$ 13.3 million)

The General University's original state operating appropriation of \$217.7 million for FY 2009 was reduced by \$5.5 million (-2.5%). The FY 2010 state appropriation was reduced an additional \$27.2 million (12.8%) to \$185.0 million. State funding represented 49.5% of the total original FY 2009 general university budget, but has decreased to 43.1% of the proposed FY 2010 budget.

The Board approved a tuition increase of 4.2% for resident and 2.8% for non-resident students for FY 2010 at its December 2008 meeting. Projected enrollment increases coupled with the tuition rates, are expected to generate approximately \$15.0 million in incremental tuition revenue in FY 2010. The additional tuition revenue offsets a portion of the state funding reductions and will support student financial aid, infrastructure needs, library materials, utility costs, and fund college priorities consistent with the strategic plan.

Indirect cost recoveries for FY 2010 are expected to remain level with the amended FY 2009 budget approved in April, which was increased by \$0.6 million due to an increase in grant activity. Given the poor performance of the stock market, investment/interest income is budgeted at \$0 for FY 2010; \$1.1 million less than the final FY 2009 budget.

The budget reductions will impact teaching, research, outreach, and economic development. Many departments have eliminated elective and low enrollment courses, consolidated course offerings, reduced the frequency some courses will be taught, and eliminated teaching assistants. Several college and departmental faculty teaching assignments have resulted in heavier teaching loads which will allow less time for research. Research reduction may result in fewer discoveries and problem resolutions, and less indirect cost recovery revenue for the University.

The FY 2010 operating budget includes cost increases of approximately \$3.5 million resulting from the collective bargaining agreement for merit personnel, fringe benefit cost increases, faculty promotions and P&S staff reclassifications. FY 2010 budget planning assumed a 7% increase in health care costs for faculty and P & S employees with the employer share remaining constant. A thorough review of plan benefits and associated costs is being undertaken during the next six months to maintain the cost increase at this level.

The financial aid budget has been developed with the goal of maintaining access for as many students as possible. An additional \$5.5 million has been committed in FY 2010 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 24.5% of tuition revenue for financial aid set-aside.

Utility costs budgeted for FY 2010 exceed the previous year's budget by \$3.3 million from cost increases in coal, ash, limestone, and purchased utilities. The utility budget includes the costs for opening the newly renovated Snedecor Hall, the Design Addition, and the Biorenewables Laboratory during the year.

Several commitments were made that stress the importance of an excellent learning experience for students. These include protecting the computing infrastructure that enhances support for instruction, funding software licensing fees to maintain the most current support for students through WebCT, supporting students who study abroad, and maintaining effective security for the campus computing infrastructure.

ARRA – State Stabilization Funding

ISU has been allocated \$31.6 million in ARRA – State Stabilization funding for FY 2010. The University established several goals for the distribution of the ARRA funds that included protection of education programs, jobs, and program continuation in areas where replacement funding may be identified later. ARRA monies will fund pending retirements and other pending personnel actions and the extension of services that would have otherwise ended sooner. ARRA funding will also support new or expanded levels of service (including financial aid and assistantships) that will end on June 30, 2010.

ISU FY 2010 Special Purpose Operating Budgets

The proposed budgets for the Agricultural Experiment Station and Cooperative Extension Services are provided on page 6. Cooperative Extension has been restructured into 20 regions that will each serve multiple counties. Restructuring of campus-based outreach programs that will lead to consolidated program areas is also underway.

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, except for the Veterinary Diagnostic Lab, were subject to state funding reductions for FY 2010.

ISU FY 2010 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
- 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 2010 Restricted Fund Budget also includes the following state appropriations;

- Tuition Replacement \$10.2 million
This appropriation funds the debt service on academic building revenue bond issues.
- Capital \$11.6 million
Funds include a \$11.6 million capital appropriation approved by the 2007 General Assembly for the Biorenewables Research Laboratory.
- Grow Iowa Values Fund (GIVF) \$1.7 million
The GIVF allocation to Iowa's public universities for FY 2010 is 10% less than that received in previous years. Iowa State University proposes to allocate FY 2010 GIVF funds in two primary areas: 1) \$750,000 for Infrastructure and Entrepreneurial Culture and 2) \$982,500 for Commercialization Competitive Grants for projects with Iowa companies as described in Agenda Item 18. GIVF funds will be matched on a 1:1 basis.

In FY 2010, federal funding is assumed to remain level due to the continued uncertainty of the Federal budget process. Student fees, which support auxiliaries, will increase 7% due to increases approved last fall. Several major capital projects, including the Biorenewables Building, Hach Hall (Chemistry), and Jack Trice Stadium will be under construction during FY 2010.

Athletics

Iowa State University's FY 2010 athletic budget reflects revenue projections totaling \$43.3 million, an increase of 3.4% compared to the FY 2009 budget.

In FY 2009, athletics assumed responsibility for management of Hilton Coliseum, which previously was a part of the Iowa State Center. As result of Athletics assuming management responsibilities of Hilton Coliseum, student fee revenue, general fund support, salaries, and capital projects for Athletics increased beginning in FY 2009.

While sports income from ticket sales for FY 2010 is projected to be slightly less than the original FY 2009 budget, revenues are projected to exceed current FY 2009 projections by \$450,000 due to the home football schedule.

Fundraising revenue is projected to increase significantly as additional revenue is transferred from ISU Foundation donor pledge commitments to assist in payment of the debt service on facility improvements and reductions in university support.

General university support in FY 2010 is projected to be approximately \$550,000 less than the FY 2009 budget. The reduction amount includes the general fund support related to the management of Hilton Coliseum.

Iowa State University Athletic Revenues FY 2006-FY 2010					
	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008*</u>	<u>Budget FY 2009**</u>	<u>Proposed FY 2010</u>
Revenues					
Sports Income	\$ 10,236,527	\$ 7,066,196	\$ 13,320,217	\$ 12,427,717	\$ 12,294,369
Alumni / Foundation / Corp Support / Sponsorship	5,712,712	7,859,043	6,844,118	10,705,744	12,211,901
Athletic Conference / NCAA Support	9,315,157	8,222,366	8,819,450	10,089,407	10,776,020
General University Support	2,824,102	2,914,240	2,953,733	3,631,772	3,082,457
Student Fees	1,089,160	1,072,333	1,098,035	1,520,000	1,562,939
Other Income	<u>2,141,134</u>	<u>2,243,709</u>	<u>2,509,827</u>	<u>3,488,791</u>	<u>3,364,027</u>
Total Revenues	\$ 31,318,792	\$ 29,377,887	\$ 35,545,380	\$ 41,863,431	\$ 43,291,713

*accounting change from cash to accrual to report related revenues for year in which season occurred

**Includes Hilton Coliseum operations beginning in FY 2009

Debt service for FY 2010 will increase approximately \$940,000 from the Jack Trice Stadium renovations and the construction of the new basketball training facility both scheduled to be completed this fall.

Salaries for FY 2010 were frozen at FY 2009 amounts for all personnel except for merit employees not at the maximum of their pay scale and those guaranteed a salary increase per contractual provisions.

The athletic department is responsible for paying tuition resulting from awarding scholarships. Budgeted scholarship expenses are established at NCAA maximum levels and there were no changes in the number of sports programs offered at the University. Scholarship expenses are projected to increase 6.2 % due to increased tuition rates and the change in mix of in-state and out-of-state student athletes. The University projects 212 FTE scholarships at a total cost to the athletic department of approximately \$6.7 million.

The ISU athletic department anticipates providing \$16.0 million in direct and indirect support to other departments and entities within the University. Examples include tuition and room board from scholarship payments, facilities, University services, and utilities.

FY 2010 BUDGETS – UNIVERSITY OF NORTHERN IOWA

FY 2010 budget planning provided numerous challenges that will carry into FY 2011 and beyond. Decreases in state funding levels and unavoidable cost increases have been funded by tuition revenue increases and decreases in personnel and non-personnel budget lines. The FY 2010 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
- 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 2010 General University Operating Budget

UNI's proposed FY 2010 general university operating budget is \$12.4 million less (7.4% decrease) than the final FY 2009 budget and incorporates the following revenue changes when compared to FY 2009.

- | | |
|----------------------------------|----------------------|
| • State Appropriation | (\$ 12.0 million) |
| • Tuition | 2.0 million |
| • Indirect Cost Recoveries/Other | <u>(2.4 million)</u> |
| Total Incremental Revenues | (\$ 12.4 million) |

During FY 2009, the General University's original state operating appropriation of \$98.3 million for FY 2009 was reduced by \$2.5 million (-2.5%). The FY 2010 state appropriation was reduced an additional \$12.0 million (-12.5%) to \$83.8 million. State funding represented 58.9% of the total original FY 2009 general university budget, but has declined to 53.8% of the proposed FY 2010 budget.

The Board approved a tuition increase of 4.2% for resident and 2.0% for non-resident students at its December 2008 meeting. Actual Fall 2008 enrollment exceeded FY 2009 budget projections by 425 students. A projected decline of 200 students from the actual Fall 2008 enrollment coupled with the FY 2010 tuition rates, results in a budgeted tuition revenue increase of an additional \$2.0 million when compared to the FY 2009 amended budget.

Indirect cost recoveries and the other revenue lines are budgeted at \$2.4 million less than the final FY 2009 budget. Indirect cost recoveries are projected to decrease \$247,000 compared to FY 2009 due to the uncertainty of sponsored projects that allow overhead charges. Sales and service revenue is also projected to decrease \$80,000. These decreases are offset in part by a projected increase in interest income of \$225,000 when compared to the FY 2009 amended budget. The remaining projected decrease in other income results from the FY 2009 budgeting of advanced commitment revenues received in prior years.

Budget reduction targets totaling \$5.6 million were determined for each division to partially address the decrease in state appropriations. In addition, central university funding for strategic initiatives, enrollment management, auditing and legal services, and fringe benefit savings provided a total of \$2.7 million. The Early Retirement Incentive Program (ERIP) is expected to provide net salary and fringe savings of approximately \$4 million. The ARRA funds will provide one-time funding for backfill, ERIP transition, and University initiatives to offset a portion of the budget reduction.

The University also plans to redirect approximately \$1.1 million, largely from Academic Affairs and Student Affairs, to maintain resources for strategic opportunities, provide intellectually challenging and character building experiences for students, and to maintain a faculty distinguished by their teaching and scholarship.

Mandatory salary and related benefit increases from faculty and merit employee bargaining are included in the proposed FY 2010 budget. The United Faculty salaries were held constant with a 0% increase. AFSCME wages were also held constant at 0%, with eligible employees receiving a 4.5% step increase on their anniversary dates. Professional and Scientific employees have historically received increases commensurate with the faculty and will also be held at FY 2009 levels. The mandated salary and benefit increases are projected to cost approximately \$477,000.

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 \$700,000 when compared to FY 2009.

Utility costs are projected to increase \$216,000 to \$6.1 million in FY 2010 primarily due to the cost of coal. Energy conservation efforts including temperature controls for heating and cooling, efficient use of building space, lighting reductions, and recycling efforts will offset some of the expected cost increase.

ARRA – State Stabilization Funding

UNI has been allocated \$12.4 million in ARRA – State Stabilization funding for FY 2010. The disposition of the ARRA funding is guided by efforts to save and create jobs, focus on student achievement, ensure transparency, reporting, and accountability, and to fund projects that will provide future returns to minimize the fiscal impact in FY 2011 and beyond. The ARRA funds have been targeted for the following initiatives and projects:

- Transitional salary funding for adjuncts, student wages, other
- Sustainability/energy efficiency projects
- Classroom technology and training
- Transitional costs of Early Retirement Incentive Program
- Student information system
- Task force recommendations related to revenue enhancements, cost containment, sustainability, information technology, and academic prioritization
- Foundation of Excellence Initiative designed to improve a student's first year college experience

All ARRA funded projects and initiatives will require approval of the University President's Cabinet. Reporting and accountability will meet the standards required by federal and state guidelines.

UNI FY 2010 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, Mathematics and Science Education Collaborative Initiative, and the newly funded Price Lab Study. All state general fund supported special purpose units were subject to funding reductions for FY 2010.

UNI FY 2010 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 2010 Restricted Fund Budget does include the following state appropriations:

- Tuition Replacement \$5.1 million
This appropriation funds the debt service on academic building revenue bond issues.
- Grow Iowa Values Fund (GIVF) \$0.9 million
The GIVF allocation to Iowa's public universities for FY 2010 is 10% less than that received in previous years. The University of Northern Iowa proposes to allocate \$855,000 in five project areas. Specific details are described in Agenda Item 18 and include technology transfer and business incubation, rural entrepreneurship, market research, regional development, and the National Ag-Based Lubricants Center. GIVF funds will be matched on a 1:1 basis.

Athletics

The University of Northern Iowa's FY 2010 athletic budget reflects revenue projections totaling \$11.6 million, which is a 2.4% decrease when compared to the FY 2009 budget.

General university funds for athletics provide support for scholarships, operations, and the graduate assistant program. General university support for FY 2010 is projected to decrease 14.6% when compared to the FY 2009 budget.

The athletic department is responsible for paying tuition from awarded scholarships. The total number of budgeted men's athletic scholarships for FY 2010 is eight less than FY 2009 due to the elimination of the baseball program. The University projects 187 FTE scholarships at a total cost to the athletic department of approximately \$3.4 million.

The UNI athletic department anticipates providing \$3.9 million in direct and indirect support to other departments and entities within the University. Examples include tuition and room and board from scholarship payments, Business Services, Public Safety, and utilities.

University of Northern Iowa Athletic Revenues FY 2006-FY 2010					
	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	Budget <u>FY 2009</u>	Proposed <u>FY 2010</u>
Revenues					
Sports Income	\$ 1,720,490	\$ 1,951,774	\$ 2,132,457	\$ 2,092,674	\$ 2,474,350
Alumni / Foundation / Corp Support / Sponsorship	720,636	1,254,385	979,349	2,306,832	2,175,000
Athletic Conference / NCAA Support	444,779	519,043	533,941	550,000	600,000
General University Support	5,107,784	5,169,052	5,354,845	5,422,383	4,629,318
Student Fees	1,125,344	1,280,943	1,210,148	1,210,000	1,212,500
Other Income	372,044	207,820	907,948	254,950	465,000
Total Revenues	\$ 9,491,077	\$ 10,383,017	\$ 11,118,688	\$ 11,836,839	\$ 11,556,168

FY 2010 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 lowans. University and federal support are assigned to the station as distributed by the home university or the grant recipient. Fundraising revenue is centralized and distributed to the Radio Groups by IPR Corporate. The following items are incorporated into the proposed FY 2010 budget.

- No discretionary salary increases are awarded in FY 2010 except for required salary adjustments for merit positions and reclassifications.
- The budget reflects early retirements, vacant, and eliminated positions approved by the IPR Board and governed by the applicable AFSCME collective bargaining agreement.
- Expenses recognize system infrastructure upgrades and new station development initiatives in Bettendorf and Ottumwa.
- All non-essential travel has been frozen.
- The budget includes \$275,000 to meet on-going furniture, computer, and facility needs.

Total revenues are expected to be approximately \$0.5 million less in FY 2010 than in FY 2009. The budgeted decrease in revenues is primarily comprised of reductions in university support, fund raising, state appropriations, and investment earnings. Budget expenses are approximately \$0.7 million less than FY 2009 due to reductions in staff, supplies and services, and the elimination of nearly \$120,000 in non-recurring expenses.

The proposed FY 2010 operating budget provided below was approved by the IPR Board of Directors on June 24, 2009.

Iowa Public Radio - FY 2010 Budgets

Income:	Radio Group Budgets			Total Radio	IPR	Total
	<u>KSUI</u>	<u>WOI</u>	<u>KUNI</u>	<u>Groups</u>	<u>Corporate</u>	<u>FY10 IPR</u>
University Support	\$486,545	\$400,000	\$501,660	\$1,388,205		\$1,388,205
Federal Grants	235,000	309,000	206,000	750,000		750,000
Fund Raising	716,000	1,682,000	698,000	3,096,000	769,000	3,865,000
State Appropriation					451,465	451,465
Investment Earnings	3,000	3,000	4,000	10,000		10,000
Other	5,000	45,000	50,000	100,000	20,000	120,000
Total Revenue	\$1,445,545	\$2,439,000	\$1,459,660	\$5,344,205	\$1,240,465	\$6,584,670
Expenses:						
Salaries & Benefits	\$864,632	\$1,315,295	\$936,095	\$3,116,022	\$975,828	\$4,091,850
Supplies & Services	465,137	1,007,721	407,621	1,880,479	180,466	2,060,945
Equipment	75,000	75,000	75,000	225,000	50,000	275,000
Total Expenditures	\$1,404,769	\$2,398,016	\$1,418,716	\$5,221,501	\$1,206,294	\$6,427,795
					Net Revenues	\$156,875

Restricted Funds

Iowa Public Radio received a \$1.9 million appropriation for capital improvements. IPR currently plans to distribute \$450,000 to KUNI, \$300,000 to WSUI, and \$1,150,000 to WOI to fund station expansions and upgrades and maintenance of current transmission equipment. The actual distribution 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 2010 BUDGET – BOARD OFFICE

FY 2010 Operating Budget

The Board Office budget is supported by state appropriations and institutional support. The proposed FY 2010 operating budget of the Board Office represents a 1.7% decrease over the FY 2009 original budget. State appropriations fell 9.7% over the previous year's original budget, resulting in reduced expenditures, and adjustments in institutional support. Further adjustments in income and expenses holds the budget flat compared to FY 2009.

Reflecting the service nature of the Board Office, personnel costs are approximately 74% of the FY 2010 budget. In March 2009, President Miles asked the Regent institutions to hold flat the salaries for non-bargaining employees for FY 2010, allowing exceptions if, upon consultation, it is determined that such salary adjustment is of great importance. The Board Office is not filling two vacant positions, making equity adjustments to reflect current duties and redesigning a position to enhance Academic Affairs.

Other significant expenses are Travel, Office Space, Outside Services & Repairs and Special Services (Attorney General fees for services), all of which have been reduced.

The Board Office renegotiated the office lease to match the reduction in state appropriations through a lowered base rent and adjusting service levels for operating costs.

Board Office FY 2010 Operating Fund				
	Actual FY 2008	Final Budget FY 2009	Proposed Budget FY 2010	% Change from FY 2009
TOTAL BOARD OFFICE BUDGET				
Revenues				
State Appropriations	1,263,437	1,324,538	1,227,914	-7.3%
Institutional Reimbursements	1,782,340	1,930,049	2,008,400	4.1%
Non-institutional	3,745	3,500	3,500	0.0%
Principal Demutualization	<u>2,079</u>	<u>2,500</u>	<u>1,500</u>	-40.0%
TOTAL REVENUE	3,051,601	3,260,587	3,241,314	-0.6%
Expenditures				
Personnel and Board per diem	2,135,571	2,361,785	2,416,019	2.3%
Travel	72,362	97,000	70,850	-27.0%
Office Supplies & Printing	24,908	30,000	30,000	0.0%
Dues	22,120	25,000	25,000	0.0%
Advertising	1,173	2,000	2,000	0.0%
Communications	39,502	50,500	50,500	0.0%
Outside Services & Repairs	197,865	91,975	65,000	-29.3%
State Audit	12,887	14,000	14,000	0.0%
Workers Comp	5,140	5,295	5,295	0.0%
IT Services	34,150	45,000	45,000	0.0%
Office Equipment & Furnishings	19,021	10,000	10,000	0.0%
Office Space	118,032	118,032	107,650	-8.8%
Educational/Training Expense	4,750	15,000	15,000	0.0%
Board Meeting Cost Reimb	0	10,000	10,000	0.0%
Special Services	<u>362,148</u>	<u>385,000</u>	<u>375,000</u>	-2.6%
TOTAL EXPENDITURES	3,049,629	3,260,587	3,241,314	-0.6%