

University Operating Budgets

The primary revenue sources providing FY 2012 general operating funds for Iowa's public universities are state appropriations and tuition revenues.

General university base operating appropriations for FY 2012 totaling \$448.8 million are \$16.9 million less (-3.6%) than the final FY 2011 state funding levels. The universities also received one-time funding of \$8.7 million in FY 2011 that is not available in FY 2012 resulting in a 5.4% reduction in total state operating support. State operating support for higher education has been reduced 24% since the beginning of FY 2009 and is now less than funding levels received in FY 1997.

General University Operating Appropriations

	<u>*Final FY 2011</u>	<u>Current FY 2012</u>	<u>FY12 Less FY11</u>	<u>% Change</u>
SUI	221,724,526	209,737,311	(11,987,215)	-5.4%
ISU	173,738,096	164,345,198	(9,392,898)	-5.4%
UNI	79,005,927	74,734,586	(4,271,341)	-5.4%
Total	474,468,549	448,817,095	(25,651,454)	-5.4%

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

Based on the proposed FY 2012 general university operating budgets, state appropriations provide 35.7% of the total general university operating revenues while tuition comprises 58.3% of revenues. The University of Northern Iowa is the most reliant on state funding with 46.7% of budgeted revenues coming from appropriations.

Regent Higher Education Operating Revenues (in millions)

	SUI		ISU		UNI		TOTAL	
	<u>Amount</u>	<u>% Total</u>						
Appropriations	209.7	33.5%	164.3	35.0%	74.7	46.7%	448.7	35.7%
Tuition	365.7	58.4%	284.2	60.5%	82.1	51.3%	732.0	58.3%
Other	50.4	8.1%	21.1	4.5%	3.3	2.1%	74.8	6.0%
Total	625.8	100.0%	469.6	100.0%	160.1	100.0%	1,255.5	100.0%

The Board approved a resident undergraduate tuition increase of 5.0% for the 2011-12 academic year at the March 2011 meeting; non-resident tuition increases of 6.0% at SUI, 3.5% at ISU, and 5.0% at UNI were also approved. The tuition rate increases, coupled with current enrollment projections, are anticipated to generate \$54.1 million in incremental gross tuition revenue for FY 2012 compared to FY 2011 estimates.

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 \$13.9 million in FY 2012 tuition set-aside for student financial aid compared to FY 2011. The budgeted FY 2012 financial aid set-aside comprises 21.7% of the projected gross tuition revenues.

In general, each university's special purpose units receiving state general fund appropriations were subject to a 3.6% reduction for FY 2012 when compared to FY 2011. Exceptions include a 5.9% funding reduction for the economic development appropriations at each university and a 6% reduction for ISU's Veterinary Diagnostic Laboratory.

The Universities must adhere to the terms of the AFSCME collective bargaining agreement for merit staff. The terms of the agreement provide for a 2% increase on July 1, 2011, and a 1% increase on January 1, 2012. In addition, eligible employees (those not at the maximums of their pay grades) will continue to receive 4.5% increases on their anniversary dates.

Restricted Budgets

The restricted fund budgets include the FY 2012 capital appropriations approved by the General Assembly for ISU's Biorenewables Complex-Agricultural and Biosystems Engineering Building, SUI's Dental Science Building renovation, and UNI's Bartlett Hall renovation. The restricted fund budgets also contain Grow Iowa Values Fund (GIVF) and tuition replacement appropriations allocated to the three Regent universities.

The General Assembly also appropriated \$2 million to the Regents for immediate fire safety needs and for compliance with the Americans with Disabilities Act. A proposed allocation of this appropriation will be presented to the Board at the September meeting with a request to adjust the FY 2012 restricted budgets accordingly.

Legislative funding for the GIVF program was reduced from \$3.8 million in FY 2011 to \$1.5 million for FY 2012. The GIVF allocations to each university are \$576,000 million for SUI and ISU, and \$288,000 for UNI. The remainder is available for projects as submitted by independent colleges and universities in Iowa. Allocations are to be matched on a 1:1 basis and used to fund capacity-building infrastructure in areas related to technology commercialization, entrepreneurship, and business growth. The three universities will bring forward proposals for allocation and use of the FY 2012 Grow Iowa Values Fund appropriation at the September Board meeting.

Athletic Budgets

Each of the Regent universities host a multitude of intercollegiate athletic events that attract many alumni and friends to the campuses each year. The athletic departments are independent entities included in the restricted fund budgets. The proposed FY 2012 athletic revenue budgets total \$132 million. Details pertaining to each university’s proposed FY 2012 athletic budget are included in the attachments.

Athletic Revenues		
	FY 2011 <u>Estimates</u>	FY 2012 <u>Budget</u>
SUI	70,736,793	74,942,716
ISU	42,220,610	46,144,311
UNI	<u>11,505,111</u>	<u>11,489,124</u>
Total	124,462,514	132,576,151

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 \$183 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 2012 residence system preliminary budgets as part of the residence system governance report presented in March.

The final proposed FY 2012 residence system budget for UNI remains identical to the preliminary budget previously received by the Board. Variances between SUI’s preliminary and final proposed budgets include the consolidation of all campus dining operations under University Housing and a slightly lower occupancy rate than earlier projected. ISU’s higher enrollment and occupancy projections result in additional contract revenues when compared to the preliminary budget. The proposed detailed budgets for each university residence system are provided in the attachments.

University Residence Systems FY 2012 Budgets					
	SUI		ISU		UNI
	<u>Preliminary</u>	<u>Final</u>	<u>Preliminary</u>	<u>Final</u>	<u>Preliminary & Final</u>
Revenues	\$ 57,082,443	\$ 63,108,956	\$ 78,305,891	\$ 82,379,287	\$ 37,675,032
Expenditures for Operations	42,623,248	49,140,441	57,950,651	58,593,003	27,226,376
Debt Service and Mandatory Transfers	<u>5,417,318</u>	<u>5,316,930</u>	<u>11,372,042</u>	<u>11,372,042</u>	<u>6,102,924</u>
Net Revenues after Debt Service and Mandatory Transfers	\$ 9,041,877	\$ 8,651,585	\$ 8,983,198	\$ 12,414,242	\$ 4,345,732

Special Schools

The primary funding source for the special schools continues to be state appropriations. IBSSS's FY 2012 base operating appropriation of \$3.6 million is \$1.3 million less (-26.4%) than the FY 2011 base. The school also received one-time funding of \$229,331 in FY 2011 not re-appropriated for FY 2012, which results in a total state funding reduction of 29.7% for IBSSS. While ISD's base operating appropriation in FY 2012 remains flat when compared to FY 2011, the loss of \$395,980 one-time funding received in FY 2011 results in a 4.4% state funding decrease for FY 2012. Detailed general operating and restricted fund budgets are provided on pages 6-7 and additional information specific to each special school is provided in Attachments D and E beginning on page 29.

SPECIAL SCHOOL OPERATING APPROPRIATIONS

	<u>*Final FY 2011</u>	<u>Current FY 2012</u>	<u>FY12 Less FY11</u>	<u>% Change</u>
ISD	9,075,944	8,679,964	(395,980)	-4.4%
IBSSS	5,146,693	3,618,931	(1,527,762)	-29.7%
Total	14,222,637	12,298,895	(1,923,742)	-13.5%

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

Iowa Public Radio

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

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

For FY 2012, the 2011 General Assembly appropriated \$391,568 for operations resulting in a 3.6% reduction when compared to FY 2011 funding levels. The proposed FY 2012 budgets for Iowa Public Radio are contained in Attachment F on page 33.

Regional Study Centers

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

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

The legislature appropriates funds to the Board of Regents for distribution to the Regional Study Centers. For FY 2012, the 2011 General Assembly appropriated a total of \$283,848 to the three study centers which is 3.6% less than FY 2011 state funding levels. The Board is asked to consider approval of the distribution of funds to the study centers as appropriated by the 2011 General Assembly.

BOARD OF REGENTS, STATE OF IOWA
FY 2012 GENERAL FUND OPERATING BUDGETS

University of Iowa										
	Gen. Univ.	Univ. Hosp.	Psych. Hosp.	CDD	Oakdale Campus	Hyg. Lab	Family Prac.	SCHS	Special Purpose	Subtotal
APPROPRIATIONS										
General	\$209,737,311	\$27,284,584			\$2,186,558	\$3,536,716	\$1,788,265	\$659,456	\$2,469,192	\$247,662,082
Other		44,226,279								44,226,279
RESOURCES										
Federal Support	1,666,689				11,000		5,000	2,724,743		2,724,743
Interest	365,684,000									1,682,689
Tuition and Fees	48,588,000	3,688,796	1,616,000	175,000	1,150,000	159,327				365,684,000
Reimb. Indirect Costs		857,518,233	26,782,137	8,178,818		2,763,099		475,000		55,377,123
Sales and Service	125,000	700,000	259,278		120,000			1,129,710		895,717,287
Other Income	416,063,689	861,907,029	28,657,415	8,353,818	1,281,000	2,922,426	5,000	4,329,453	0	2,333,988
Subtotal - Inst. Income	\$625,801,000	\$933,417,892	\$28,657,415	\$8,353,818	\$3,467,558	\$6,459,142	\$1,793,265	\$4,988,909	\$2,469,192	\$1,615,408,191
TOTAL REVENUES										
EXPENDITURES										
Fac. & Inst. Off. Salaries	\$230,636,000	\$58,922,140	\$3,669,230	\$607,624		\$85,287	\$1,430,612	\$510,510	\$655,178	\$296,516,581
Prof. & Sci. Staff Salaries	121,126,000	385,099,115	13,340,933	4,433,383	100,253	4,068,692	272,136	2,734,859	883,570	532,058,941
General Service Staff Sal.	71,028,000	155,712,727	6,721,164	2,013,880	1,859,840	1,804,631	54,250	758,603	274,715	240,227,810
Hourly Wages	3,648,000	7,200,938	236,936	212,808			26,000	253,946	22,000	11,600,628
Subtotal - Salaries	426,438,000	606,934,920	23,968,263	7,267,695	1,960,093	5,958,610	1,782,998	4,257,918	1,835,463	1,080,403,960
Supplies and Services	49,566,000	293,988,548	3,139,950	794,729	159,596	498,131	10,267	730,991	448,287	349,336,499
Library Acquisitions	16,062,000									16,062,000
Rentals	3,200,000	5,523,172	12,702	3,535	30,000	2,401			165,000	8,936,810
Utilities	33,555,000	26,971,252	1,536,500	287,859	1,305,369					63,655,980
Bldg. Repairs	10,173,000									10,173,000
Auditor of State Reimb.	605,000				12,500				20,442	605,000
Equipment	10,139,000									10,171,942
Aid to Individuals	76,063,000									76,063,000
Subtotal - Other Expenses	199,363,000	326,482,972	4,689,152	1,086,123	1,507,465	500,532	10,267	730,991	633,729	535,004,231
TOTAL EXPENDITURES	\$625,801,000	\$933,417,892	\$28,657,415	\$8,353,818	\$3,467,558	\$6,459,142	\$1,793,265	\$4,988,909	\$2,469,192	\$1,615,408,191

BOARD OF REGENTS, STATE OF IOWA
FY 2012 GENERAL FUND OPERATING BUDGETS (continued)

	Iowa State University					University of Northern Iowa			FY 2012 Operating Total
	Gen. Univ.	Exp. Station	Coop. Ext.	Special Purpose	Subtotal	Gen. Univ.	Special Purpose	Subtotal	
APPROPRIATIONS	\$164,345,198	\$28,111,877	\$17,936,722	\$6,232,200	\$216,625,997	\$74,734,586	\$2,609,930	\$77,344,516	\$553,931,490
General									44,308,328
Other									
RESOURCES									
Federal Support	140,000	4,900,000	8,800,000		13,700,000	771,000		771,000	16,810,743
Interest					140,000			140,000	2,608,989
Tuition and Fees	284,177,470				284,177,470	82,070,000		82,070,000	731,931,470
Reimb. Indirect Costs	19,630,000				19,630,000	1,971,649		1,971,649	77,020,040
Sales and Service						520,000		520,000	900,348,889
Other Income	1,328,000				1,328,000				3,673,904
Subtotal - Inst. Income	305,275,470	4,900,000	8,800,000	0	318,975,470	85,332,649	0	85,332,649	1,732,394,035
TOTAL REVENUES	\$469,620,668	\$33,011,877	\$26,736,722	\$6,232,200	\$535,601,467	\$160,067,235	\$2,609,930	\$162,677,165	\$2,330,633,853
EXPENDITURES									
Fac. & Inst. Off. Salaries	\$197,000,000	\$20,400,000	\$5,900,000	\$2,019,000	\$225,319,000	\$70,802,422	\$280,715	\$71,083,137	601,105,510
Prof. & Sci. Staff Salaries	74,000,000	7,800,000	16,000,000	2,604,755	100,404,755	29,178,918	580,913	29,759,831	664,631,764
General Service Staff Sal.	40,000,000	2,600,000	1,400,000	679,500	44,679,500	24,574,554	86,544	24,661,098	312,902,606
Hourly Wages	2,500,000	200,000	100,000	48,000	2,848,000	1,614,879	14,500	1,629,379	16,078,007
Subtotal - Salaries	313,500,000	31,000,000	23,400,000	5,351,255	373,251,255	126,170,773	962,672	127,133,445	1,594,717,887
Supplies and Services	39,080,518	1,149,877	3,223,722	880,945	44,335,062	8,925,560	1,647,258	10,572,818	406,122,612
Library Acquisitions	10,115,000				10,115,000	1,992,009		1,992,009	28,179,235
Rentals	1,400,000	17,000	57,000		1,474,000	822,421		822,421	11,233,231
Utilities	28,000,000	75,000	6,000		28,081,000	5,414,000		5,414,000	97,816,500
Bldg. Repairs	6,000,000	200,000			6,200,000	1,200,000		1,200,000	17,854,128
Auditor of State Reimb.	525,150				525,150	255,000		255,000	1,450,150
Equipment	3,000,000	300,000	25,000	0	3,325,000	484,242		484,242	14,098,880
Aid to Individuals	68,000,000	270,000	25,000	0	68,295,000	14,803,230		14,803,230	159,161,230
Subtotal - Other Expenses	156,120,668	2,011,877	3,336,722	880,945	162,350,212	33,896,462	1,647,258	35,543,720	735,915,966
TOTAL EXPENDITURES	\$469,620,668	\$33,011,877	\$26,736,722	\$6,232,200	\$535,601,467	\$160,067,235	\$2,609,930	\$162,677,165	\$2,330,633,853

BOARD OF REGENTS
STATE OF IOWA
FY 2012 RESTRICTED FUNDS BUDGETS

	SUI	ISU	UNI	ISD	IBSSS	FY 2012 Restricted Total
APPROPRIATIONS						
Grow Iowa Values Fund	\$576,000	\$576,000	\$288,000			\$1,440,000
Tuition Replacement	9,807,159	8,559,374	5,938,879			24,305,412
Capital	1,000,000	1,000,000	1,000,000			3,000,000
Grape & Wine/Zoo/SBDC		463,000				463,000
Iowa Flood Center	1,300,000					1,300,000
RESOURCES						
Federal Support	270,186,000	170,000,000	23,000,000	160,249	328,378	463,674,627
Interest			2,300,000	5,000		2,305,000
Tuition and Fees	76,500,000	13,000,000	17,500,000			107,000,000
Reimbursed Indirect Costs	24,800,000	10,000,000				34,800,000
Sales and Service	289,966,000	43,000,000	88,000,000	683,157		421,649,157
Other Income	479,190,841	345,000,000	41,500,000	3,000	95,400	865,789,241
Subtotal - Inst. Income	1,140,642,841	581,000,000	172,300,000	851,406	423,778	1,895,218,025
TOTAL REVENUES	\$1,153,326,000	\$591,598,374	\$179,526,879	\$851,406	\$423,778	\$1,925,726,437
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$149,874,000	\$56,000,000	\$7,395,337	\$555,161	\$24,200	\$213,848,698
Prof. & Sci. Staff Salaries	183,903,000	89,000,000	20,097,467	59,257		293,059,724
General Service Staff Salaries	40,521,000	40,000,000	13,442,960	167,825		94,131,785
Hourly Wages	26,695,000	19,000,000	7,724,688			53,419,688
Subtotal - Salaries	400,993,000	204,000,000	48,660,452	782,243	24,200	654,459,895
Prof. and Scientific Supplies	278,764,000	213,098,374	50,384,104	43,562	311,678	542,601,718
Library Acquisitions			30,000	500		30,500
Rentals	19,820,000		1,200,000			21,020,000
Utilities	11,206,000	13,000,000	3,397,206	5,000	55,500	27,663,706
Building Repairs	4,949,000	3,500,000	3,000,000	18,000		11,467,000
Auditor of State			10,000	500		10,500
Equipment	12,998,000	11,000,000	3,000,000	1,601	32,400	27,032,001
Student Aid	66,150,000	51,000,000	21,000,000			138,150,000
Debt Service	68,046,000	36,000,000	14,345,117			118,391,117
Plant Capital	290,400,000	60,000,000	34,500,000			384,900,000
Subtotal - Other Expenses	752,333,000	387,598,374	130,866,427	69,163	399,578	1,271,266,542
TOTAL EXPENDITURES	\$1,153,326,000	\$591,598,374	\$179,526,879	\$851,406	\$423,778	\$1,925,726,437

BOARD OF REGENTS
STATE OF IOWA
FY 2012 ALL FUNDS BUDGETS

	SUI	ISU	UNI	ISD	IBSSS	FY 2012 All Funds Total
APPROPRIATIONS						
General	\$247,662,082	\$216,625,997	\$77,344,516	\$8,679,964	\$3,618,931	\$553,931,490
Grow Iowa Values Fund	576,000	576,000	288,000			1,440,000
Tuition Replacement	9,807,159	8,559,374	5,938,879			24,305,412
Capital	1,000,000	1,000,000	1,000,000			3,000,000
Other	44,226,279			77,175	4,874	44,308,328
Grape & Wine/Water Quality/Zoo Iowa Flood Center	1,300,000	463,000				463,000
RESOURCES						
Federal Support	272,910,743	183,700,000	23,000,000	214,249	660,378	480,485,370
Interest	1,682,689	140,000	3,071,000	20,000	300	4,913,989
Tuition and Fees	442,184,000	297,177,470	99,570,000			838,931,470
Reimb. Indirect Costs	80,177,123	29,630,000	1,971,649		41,268	111,820,040
Sales and Service	1,185,683,287	43,000,000	88,520,000	1,016,431	3,778,328	1,321,998,046
Other Income	481,524,829	346,328,000	41,500,000	14,916	95,400	869,463,145
Subtotal - Inst. Income	2,464,162,671	899,975,470	257,632,649	1,265,596	4,575,674	3,627,612,060
TOTAL REVENUES	\$2,768,734,191	\$1,127,199,841	\$342,204,044	\$10,022,735	\$8,199,479	\$4,256,360,290
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$446,390,581	\$281,319,000	\$78,478,474	\$3,883,239	\$4,882,914	\$814,954,208
Prof. & Sci. Staff Salaries	715,961,941	189,404,755	49,857,298	2,140,612	326,882	957,691,488
General Service Staff Sal.	280,748,810	84,679,500	38,104,058	2,271,316	1,230,707	407,034,391
Hourly Wages	38,295,628	21,848,000	9,354,067			69,497,695
Subtotal - Salaries	1,481,396,960	577,251,255	175,793,897	8,295,167	6,440,503	2,249,177,782
Prof. and Scientific Supp.	628,100,499	257,433,436	60,956,922	1,084,083	1,149,390	948,724,330
Library Acquisitions	16,062,000	10,115,000	2,022,009	8,726	2,000	28,209,735
Rentals	28,756,810	1,474,000	2,022,421			32,253,231
Utilities	74,861,980	41,081,000	8,811,206	355,520	370,500	125,480,206
Bldg. Repairs	15,122,000	9,700,000	4,200,000	174,442	124,686	29,321,128
Auditor of State Reimb.	605,000	525,150	265,000	35,500	30,000	1,460,650
Equipment	23,169,942	14,325,000	3,484,242	69,297	82,400	41,130,881
Aid to Individuals	142,213,000	119,295,000	35,803,230			297,311,230
Debt Service	68,046,000	36,000,000	14,345,117			118,391,117
Plant Capital	290,400,000	60,000,000	34,500,000			384,900,000
Subtotal - Other Expenses	1,287,337,231	549,948,586	166,410,147	1,727,568	1,758,976	2,007,182,508
TOTAL EXPENDITURES	\$2,768,734,191	\$1,127,199,841	\$342,204,044	\$10,022,735	\$8,199,479	\$4,256,360,290

FY 2012 BUDGETS – UNIVERSITY OF IOWA

The FY 2012 General University budget has been developed based on the most current information available regarding revenue projections and an expenditure plan guided by the University's new strategic plan – Renewing the Iowa Promise: Great Opportunities – Bold Expectations. All other SUI budgets were developed under similar or identical policies and budget guidelines.

SUI FY 2012 General University Operating Budget

State appropriations and tuition revenue comprise 92% of SUI's proposed FY 2012 General University operating budget. Projected changes in these revenue sources as well as indirect cost recoveries and interest income result in \$13.4 million in incremental revenue when compared to FY 2011 estimates.

Appropriations	(\$ 12.0 million)
Tuition	28.5 million
Indirect Cost Recoveries/Interest	<u>(3.1 million)</u>
Total Incremental Revenues	\$ 13.4 million

The General University's FY 2012 operating appropriation of \$209.7 million is 5.4% less than state funding received for FY 2011.

SUI General University Appropriations

	<u>Base</u>	<u>One-Time Supplemental</u>	<u>Total</u>
FY 2012	209,737,311	-	209,737,311
FY 2011	217,638,034	4,086,492	<u>221,724,526</u>
		FY 2012 less FY 2011	<u>(11,987,215)</u>

The Board approved a 5.0% tuition increase for all resident students and for nonresident professional students and a 6% increase for nonresident undergraduate and graduate students in March 2011. In addition to base tuition increases, the Board also approved professional school and upper division undergraduate tuition supplements for corresponding programmatic improvements and for funding student financial aid. The University is anticipating another large incoming freshman class. These students, in addition to returning classes, improved retention (SUI achieved its highest retention rate in at least a decade), and a higher mix of non-resident students, will result in revenues to supplement tuition rate increases. The interdependence of the University's tuition revenue from enrollment increases and the corresponding enrollment demands for academic and student support services is fundamental to the budgeting process. In total, the University is projecting \$28.5 million above the FY 2011 estimates prior to offsets for student financial aid.

Current projections indicate FY 2011 indirect cost recoveries will be \$4.6 million higher than the original FY 2011 budget. A complicating factor in projecting FY 2012 indirect cost recoveries is the application of substantial, one-time federal ARRA awards. These awards will continue to impact FY 2012 but are expected to diminish significantly once federal stimulus funds are fully expended. For FY 2012, the University has budgeted \$3.1 million less than current FY 2011 projections. To support and grow the University's involvement in research activities, two programs were developed which allow for General Education Fund (GEF) indirect cost recoveries to be returned to the colleges engaged in research activities.

The University's FY 2012 reallocation policy was guided by the overall operational plan coupled with final determination of available resources and the need to fund unavoidable and other essential cost increases. The University established a minimum reallocation policy of 1% of the FY 2011 original GEF base and protected student financial aid and library acquisitions from the policy. Approximately \$5.3 million will be reallocated from within the GEF to support undergraduate, graduate, and professional student success initiatives and strategic priorities including tenured professor recruitment, research opportunities, and high-tech interactive classrooms.

Aggregate salary and fringe benefit budgets are monitored and adjusted to reflect projected, actual expenses for the year just ending. Prior year actual and budget expenses will vary for a variety of reasons, and annually the University works to realign the budgets based upon experience of all collegiate and non-academic units within the General Education Fund. For FY 2012, the salary and benefits budget change is expected to be 3.7% higher than current FY 2011 estimates. The differences are due to local (colleges and other units) management decisions during the year, as well as the UI salary and benefit policies approved by the Board for FY 2012.

The University will implement the terms of all collective bargaining agreements and the salary policies approved by the Board.

- The average GEF budget cost for merit increases in FY 2012 is 4.27%.
- The agreement with the organized graduate students (COGS) provided for a 2% increase on July 1, 2011.
- The average faculty and P&S staff salary increases are between 2% and 4% as approved by the Board.
- Funds equal to 2% of faculty and P&S staff salaries will be allocated to collegiate units to provide, on a case-by-case basis, promotional or reclassification increases, equity and acute market adjustments, and counter offers.

In February 2011, the University completed negotiations with the federal government establishing the FY 2012 fringe benefit rates for each employee category. These rates are applied to salaries as they are paid to fund the employer's share of fringe benefit costs. On January 1, 2011, the University implemented the final phase of several recommended changes to its flexible health/dental/life benefit system (excludes AFSCME staff covered under collective bargaining). The objective of these changes was to better control cost increases and to distribute benefits as fairly as possible to individual faculty and staff. In October 2009, the Board approved a temporary reduction in employer contributions to each of its Defined Contribution Retirement Plans from November 2009 through June 2011. Effective July 1, 2011 these contributions will be restored and the resulting increase in costs (\$5.4 million) were included in the FY 2012 fringe benefit rates. For FY 2012, benefit costs related to merit staff will increase by \$3.0 million while P&S and faculty costs will decrease by \$2.1 million. The net effect of changes in fringe benefit rates on the existing GEF compensation base is an increase of \$6.3 million.

Utility expenses are expected to increase \$1.3 million and include the GEF's share of renewal and improvement costs for expanded plant and distribution systems serving the campus, energy conservation investments, and general inflationary increases for supplies, services, fuel and purchased electricity.

The University's new strategic plan identifies sustainability as a foundational commitment and as a key strategic initiative to achieve improvements in energy conservation, renewable energy reliance, waste reduction, and carbon reduction. The University developed "2020 Vision: The University of Iowa's Sustainability Targets"; a document describing how improvements in these areas will be achieved.

The projected cost to occupy new, improved, or reassigned GEF-supported buildings in FY 2012 is expected to be \$2.4 million. These costs include utilities, custodial services, information technology and general maintenance for the College of Public Health Building, ITS Data Center, the Dentistry Building Addition, and new research space.

The University plans dedicate \$1.5 million of the \$10.2 million GEF building renewal budget toward the new Library Student Commons project within the University's Main Library.

The University is committed to meeting its increased financial aid targets for undergraduate Iowans with demonstrated financial need. Financial aid set-aside is budgeted to increase \$7.1 million from the proposed FY 2011 amended budget (\$8.3M from FY 2011 original budget) and comprises 20.8% of projected tuition revenues.

FY 2012 Special Purpose Appropriations

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

SUI's consolidated special purpose budget on page 5 includes Primary Health Care, State Cancer Registry, Substance Abuse, Biocatalysis, Iowa Registry for Congenital and Inherited Disorders, Non-Profit Resource Center, Advance Drug Development (ADD), Oakdale Research Park, Technology Innovation Center (TIC) and the new Online Placement Academy. The 2011 General Assembly appropriated approximately \$0.5 million to establish the Online Placement Academy to provide advanced placement courses to Iowa high school students and to train teachers who deliver these courses.

SUI's special purpose units were generally subject to a 3.6% funding reduction for FY 2012 when compared to FY 2011. The economic development appropriation funding ADD, Oakdale Research Park, and the TIC was 5.9% less than FY 2011 levels.

University of Iowa Hospitals and Clinics (UIHC)

The proposed FY 2012 UIHC budget of \$933.4 million (page 5) represents a 7.5% increase when compared to the proposed amended FY 2011 budget.

In FY 2012, the strategic focus for UIHC will continue to center on offering a broad spectrum of clinical services to all patients, serving as the primary teaching hospital for the state, and providing a base for innovative research to improve health care. UIHC is committed to providing patient-focused care—available to every person, around the clock—in an environment devoted to innovative care, excellent service, and exceptional outcomes. These three commitments identified in the strategic plan were the key drivers in developing the FY 2012 operating budget.

Revenue challenges include the potential impacts of healthcare reform and cost control measures on Medicare/Medicaid payment rates, the continuing challenge related to Iowa Medicaid rates, the changing landscape of healthcare reimbursements, and a significant change made to outpatient payment methodology by the dominant managed care payor in Iowa.

State appropriations from the IowaCare Account include \$27.3 million with an additional \$44.2 million available as needed for the care of Iowa's indigent population during FY 2012. The IowaCare appropriations do not provide funding for dental services, pharmaceuticals, and durable medical equipment, even though UIHC provides these services. IowaCare funding of \$16.3 million is included in the UI Physicians Practice Plan to partially compensate physicians for care provided to IowaCare patients.

The Board approved a 6.0% rate increase in April to be effective July 1, 2011. Market data indicates that UIHC continues to have lower rate adjustments when compared to academic medical center peers and other Midwest healthcare institutions. UIHC forecasts inpatient acute admissions to remain relatively flat while outpatient activity is anticipated to grow at a 6.1 percent rate in FY 2012. Average length of stay is expected to decrease by 0.1 days.

UIHC reports there are ever-increasing challenges on the healthcare industry to maintain funding sources while keeping operating expenses manageable. Supply and labor inflation continue to grow at a higher rate than the change in payor rates. An average "all-in" salary and benefit increase of 4.3% is projected for FY 2012. Wage increases are affected by collective bargaining agreements, market competitive salaries and the associated benefit costs. Medical and surgical supply costs are estimated to rise at least 2% and pharmaceutical costs are anticipated to increase 5%. Utilities and administrative services purchased from the University are expected to increase 2.5% and 6% respectively.

Other UIHC units include the Psychiatric Hospital, the Center for Disabilities and Development, and Specialized Child Health Services. The proposed combined FY 2012 budget of these units is \$42.0 million as provided on page 5.

SUI FY 2012 Restricted Fund Budget

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

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

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

The proposed FY 2012 Restricted Fund Budget includes the following state appropriations:

- Tuition Replacement \$ 9.8 million
(This appropriation funds the debt service on academic building revenue bond issues.)
- Dental Science Building Renovation \$ 1.0 million
- Iowa Flood Center \$ 1.3 million
- Grow Iowa Values Fund (GIVF) \$ 0.6 million

Athletics

The SUI Athletic Department is a self-sustaining auxiliary enterprise and receives no general university support. The University of Iowa's FY 2012 athletic budget on the following page reflects revenue projections of \$74.9 million; 5.9% more than FY 2011 estimates.

Sports income in FY 2012 is expected to increase due to a football ticket price increase, and three additional home games and expected attendance increases for men's basketball.

Foundation premium seat revenue is projected to increase \$2.5 million primarily because the premium seat revenue resulting from the Carver-Hawkeye Arena Renovation Project will begin this year.

Athletic conference revenue is expected to increase \$0.7 million due to the additional television distribution from the inaugural Big Ten Football Championship game.

Football expenses are expected to rise resulting from increased contractual compensation. The increase in men's basketball expenses result from higher guarantees and management expenses from the additional home games. Women's basketball expenses are expected to rise due to increased contractual compensation, game guarantees, and scholarship costs.

Increases in salary and University overhead costs are the primary contributors to the increase in Administration and General Expenses.

The facility debt service increase is the result of the Carver Hawkeye Arena Renovation Project.

The Athletic Department is responsible for paying tuition resulting from awarding scholarships. An accounting change, consistent with the other universities, nets the tuition set-aside portion of scholarship costs against the expenses for each sport. The FY 2011 data on the following page has been updated to reflect this change for year-to-year comparison purposes. Scholarship costs of approximately \$8.8 million are included in the applicable sports expense lines.

The Athletic Department purchases services that benefit numerous entities within the University including, Public Safety, UIHC, parking, scholarships, utilities, and residence services. The projected total FY 2012 cost to Athletics for these services is \$17.7 million.

The University of Iowa
Athletics Operating Budget

	FY 2011 Budget	FY 2011 Estimate	FY 2012 Budget
INCOME			
Men's Sports			
Football	\$ 19,897,100	\$ 20,739,556	\$ 20,879,309
Basketball	\$ 2,301,500	\$ 2,253,665	\$ 2,602,243
Wrestling	\$ 426,000	\$ 423,838	\$ 425,000
All Other	\$ 30,000	\$ 25,394	\$ 12,000
Total Men's Sports	\$ 22,654,600	\$ 23,442,453	\$ 23,918,552
Women's Sports			
Basketball	\$ 178,500	\$ 189,886	\$ 185,000
Volleyball	\$ 10,000	\$ 13,275	\$ 13,000
All Other	\$ 13,000	\$ 6,397	\$ 13,000
Total Women's Sports	\$ 201,500	\$ 209,558	\$ 211,000
Other Income			
Facility Debt Service/Student Fees	\$ 500,000	\$ 523,698	\$ 500,000
Learfield Multi Media Contract Income	\$ 5,290,000	\$ 5,290,000	\$ 5,407,000
Athletic Conference	\$ 22,196,000	\$ 21,937,067	\$ 22,844,000
Interest	\$ 1,000,000	\$ 337,000	\$ 500,000
Foundation Support	\$ 9,227,349	\$ 7,460,817	\$ 8,614,664
Foundation Premium Seat Revenue	\$ 5,180,598	\$ 5,617,239	\$ 7,700,000
Novelties--Bookstore	\$ 1,768,680	\$ 3,455,000	\$ 3,000,000
General Income	\$ 2,125,000	\$ 2,463,962	\$ 2,247,500
Total Other Income	\$ 47,287,627	\$ 47,084,782	\$ 50,813,164
TOTAL INCOME	\$ 70,143,727	\$ 70,736,793	\$ 74,942,716
EXPENSES			
Men's Sports			
Football	\$ 15,994,919	\$ 15,677,664	\$ 16,437,772
Basketball	\$ 4,553,316	\$ 4,868,335	\$ 5,123,290
Wrestling	\$ 1,117,222	\$ 1,044,931	\$ 1,126,937
All Other	\$ 3,701,426	\$ 3,773,264	\$ 4,039,707
Total Men's Sports	\$ 25,366,882	\$ 25,364,194	\$ 26,727,706
Women's Sports			
Basketball	\$ 2,879,344	\$ 2,848,967	\$ 3,205,034
Volleyball	\$ 1,018,445	\$ 1,031,009	\$ 1,151,326
All Other	\$ 7,155,732	\$ 7,399,849	\$ 7,801,245
Total Women's Sports	\$ 11,053,521	\$ 11,279,825	\$ 12,157,605
Other Expenses			
Training Services	\$ 1,594,692	\$ 1,426,421	\$ 1,563,072
Sports Information	\$ 638,598	\$ 692,538	\$ 691,951
Admin. & General Expenses	\$ 9,689,942	\$ 10,073,843	\$ 10,839,656
Facility Debt Service	\$ 11,100,546	\$ 11,094,659	\$ 11,736,734
Transfer-New Facility Costs/Reserves	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Academic & Counseling	\$ 1,576,130	\$ 1,499,318	\$ 1,730,688
Buildings & Grounds	\$ 8,123,418	\$ 8,305,996	\$ 8,495,304
Total Other Expenses	\$ 33,723,325	\$ 34,092,774	\$ 36,057,405
TOTAL OPERATING EXPENSE	\$ 70,143,727	\$ 70,736,793	\$ 74,942,716

University Housing & Dining

The proposed FY 2012 residence system budget includes approximately \$7.1 million in other income and corresponding expenses from the consolidation of all non-contractual dining venues into University Housing and Dining. The proposed budget also reflects slightly lower contractual revenues than previously projected as updated occupancy projections have declined slightly. However, University Housing still projects residence hall occupancy to again exceed capacity in Fall 2011.

**University of Iowa
University Housing Proposed Budget 2011-12**

	Estimates 2010-11	Preliminary Budget 2011-12	Proposed Budget 2011-12
OPERATIONS			
Revenues	\$ 53,322,049	\$ 57,082,443	\$ 63,108,956
Expenditures for Operations	38,153,593	42,623,248	49,140,441
Net Revenues	15,168,456	14,459,195	13,968,515
% of Revenues	28.4%	25.3%	22.1%
Debt Service (due July 1)	4,788,061	4,817,318	4,716,930
Mandatory Transfers	600,000	600,000	600,000
Net After Debt Service & Mandatory Transfers	\$ 9,780,395	\$ 9,041,877	\$ 8,651,585
% of Revenues	18.3%	15.8%	13.7%
Debt Service Coverage Ratio	317%	300%	296%
University Overhead Payment	\$ 482,052	\$ 515,133	\$ 469,476
FUND BALANCES (June 30)			
Revenue Fund	\$ -	\$ -	\$ -
Operation & Maintenance Fund	1,000,000	1,000,000	1,000,000
Improvement Fund	9,133,500	8,974,980	8,974,980
System Fund	841,134	1,030,121	648,263
Subtotal--Voluntary Reserves	10,974,634	11,005,101	10,623,243
Sinking Fund	-	-	-
Bond Reserve Fund	4,754,560	4,754,560	4,754,560
Bond Construction Fund	-	-	-
Subtotal--Mandatory Reserves	4,754,560	4,754,560	4,754,560
Total Fund Balances (June 30)	\$ 15,729,194	\$ 15,759,661	\$ 15,377,803
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 48,585,683	\$ 52,421,134	\$ 51,334,383
Interest	602,296	558,348	570,952
Other Income	4,134,070	4,102,961	11,203,621
Total Revenues	\$ 53,322,049	\$ 57,082,443	\$ 63,108,956
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 14,462,273	\$ 16,411,944	\$ 19,136,684
Cost of Food or Goods Sold	4,865,491	5,335,569	8,123,260
Other Operating Expense	7,977,514	9,579,757	10,455,147
Utilities	5,739,442	5,836,779	5,971,935
Repairs & Maintenance	5,108,873	5,459,199	5,453,415
Total Expenditures	\$ 38,153,593	\$ 42,623,248	\$ 49,140,441

SUI FY 2011 Amended Operating Budgets

The University of Iowa's proposed amended FY 2011 budgets for the General University, Family Practice, UIHC, and the Psychiatric Hospital are provided below and on the following page. Board policy requires Regent institutions receive Board approval for proposed increases in budget ceilings to the operating budgets.

General University

The University anticipates gross tuition revenues will exceed the budget due to the large Fall 2010 incoming class. These revenues are being used to support additional academic, student support services and financial aid required this year and for the advancement of undergraduate student success initiatives. A portion of the increased revenues will be invested in student commons and TILE classrooms in the Library as approved for project planning by the Board in October 2010.

Indirect cost recoveries are also expected to exceed the budget. A complicating factor in projecting indirect cost recoveries is measuring the success and timing of one-time federal ARRA research grant awards. These awards will continue to impact FY 2012, but are expected to diminish significantly once federal stimulus funds are fully expended. Indirect cost increases due to ARRA grants will be used to support non-recurring research enterprise overhead and infrastructure expense.

Family Practice

Income received from the Statewide Family Practice Training Program is expected to slightly exceed the original FY 2011 budget. The funds would help offset travel costs and general expenses associated with University outreach activities at the sites of the community-based residency programs.

	GENERAL UNIVERSITY			FAMILY PRACTICE		
	<u>Current Budget</u>	<u>Adjustments</u>	<u>Amended Budget</u>	<u>Current Budget</u>	<u>Adjustments</u>	<u>Amended Budget</u>
APPROPRIATIONS						
General	217,638,034		217,638,034	1,855,628		1,855,628
Supplemental-Nonrecurring	4,086,492		4,086,492			-
RESOURCES						
Interest	1,465,474	200,000	1,665,474	5,000	2,500	7,500
Tuition and Fees	321,150,000	16,000,000	337,150,000			-
Reimb. Indirect Costs	47,144,000	4,600,000	51,744,000			-
Other Income	125,000		125,000			-
Subtotal - Inst. Income	369,884,474	20,800,000	390,684,474	5,000	2,500	7,500
TOTAL REVENUES	591,609,000	20,800,000	612,409,000	1,860,628	2,500	1,863,128
EXPENDITURES						
Fac. & Inst. Off. Salaries	231,605,000	2,350,000	233,955,000	1,484,504		1,484,504
Prof. & Sci. Staff Salaries	104,966,000	150,000	105,116,000	286,815		286,815
General Service Staff Sal.	72,811,000		72,811,000	69,716		69,716
Hourly Wages	3,348,000		3,348,000	9,593		9,593
Subtotal - Salaries	412,730,000	2,500,000	415,230,000	1,850,628	-	1,850,628
Supplies and Services	47,800,000	1,475,000	49,275,000	10,000	2,500	12,500
Library Acquisitions	15,297,000		15,297,000			-
Rentals	1,500,000		1,500,000			-
Utilities	31,524,000		31,524,000			-
Bldg. Repairs	8,706,000	13,625,000	22,331,000			-
Auditor of State Reimb.	605,000		605,000			-
Equipment	5,698,000	2,000,000	7,698,000			-
Aid to Individuals	67,749,000	1,200,000	68,949,000			-
Subtotal - Other Expenses	178,879,000	18,300,000	197,179,000	10,000	2,500	12,500
TOTAL EXPENDITURES	591,609,000	20,800,000	612,409,000	1,860,628	2,500	1,863,128

UIHC and Psychiatric Hospital

The University of Iowa Health Care requests approval of FY2011 budget increases in the amount of \$38,456,000 for the University of Iowa Hospitals and Clinics (UIHC) and \$1,000,000 for Psychiatric Hospital.

UI Healthcare has experienced significant growth in patient volume beyond levels estimated during the development of the FY 2011 budget. Preliminary June 2011 data indicated inpatient days were 6.1% above budget levels. Surgeries (both inpatient at 1.3% and outpatient at 8.2%) are above budget levels, cardiology procedures are 7.4% over budget and clinic visits to the Emergency Treatment Center are 7.1% above budget expectations. These higher volumes result in increased labor costs required to provide patient care. Labor costs include the addition of new care givers as well as increased use of overtime and hourly staff required to meet the demands for patient care. In addition, patient care supplies and drug costs also exceed budget levels and are reflective of these higher volumes.

	UIHC			Psychiatric Hospital		
	<u>Current Budget</u>	<u>Adjustments</u>	<u>Amended Budget</u>	<u>Current Budget</u>	<u>Adjustments</u>	<u>Amended Budget</u>
APPROPRIATIONS						
General	27,284,584		27,284,584			-
Supplemental-Nonrecurring	49,020,031		49,020,031			-
RESOURCES						
Reimb. Indirect Costs	3,630,900		3,630,900	1,320,000		1,320,000
Sales and Service	749,463,085	38,456,000	787,919,085	24,752,300	1,000,000	25,752,300
Other Income	510,700		510,700	262,000		262,000
Subtotal - Inst. Income	753,604,685	38,456,000	792,060,685	26,334,300	1,000,000	27,334,300
TOTAL REVENUES	829,909,300	38,456,000	868,365,300	26,334,300	1,000,000	27,334,300
EXPENDITURES						
Fac. & Inst. Off. Salaries	54,746,800	500,000	55,246,800	3,266,300	300,000	3,566,300
Prof. & Sci. Staff Salaries	335,302,200	14,500,000	349,802,200	12,138,300	450,000	12,588,300
General Service Staff Sal.	136,363,900		136,363,900	5,922,400	200,000	6,122,400
Hourly Wages	4,804,100	2,800,000	7,604,100	158,600	50,000	208,600
Subtotal - Salaries	531,217,000	17,800,000	549,017,000	21,485,600	1,000,000	22,485,600
Supplies and Services	268,150,600	19,656,000	287,806,600	3,359,600		3,359,600
Rentals	5,165,300	1,000,000	6,165,300	15,100		15,100
Utilities	25,376,400		25,376,400	1,474,000		1,474,000
Subtotal - Other Expenses	298,692,300	20,656,000	319,348,300	4,848,700	-	4,848,700
TOTAL EXPENDITURES	829,909,300	38,456,000	868,365,300	26,334,300	1,000,000	27,334,300

FY 2012 BUDGETS – IOWA STATE UNIVERSITY

Iowa State University's land grant mission provides the platform from which its new strategic plan, Meeting the Challenges of the 21st Century is being launched. Budget planning and development is grounded in ISU's commitment and passion for educating and serving students, the excitement and energy in new discoveries and their application, and the satisfaction of reaching out to the people of Iowa to improve their lives. ISU continues to conduct budget planning using the Resource Management Model, a responsibility-centered and incentive-driven approach to budget development. The basic tenets of the model are to attribute revenues and fully allocate administrative costs to colleges and other major administrative units. In doing so, the model provides incentives to maximize revenues, rewards cost efficiencies, and results in differential impacts for individual budget units. The FY 2012 budget represents the third year of fully developing the operating budget using the new principles.

ISU FY 2012 General University Operating Budget

State appropriations and tuition revenue comprise 95.5% of ISU's proposed FY 2012 General University operating budget. Projected changes in these revenue sources as well as indirect cost recoveries and interest income result in \$10.2 million in incremental revenue when compared to FY 2011 estimates.

Appropriations	(\$ 9.4 million)
Tuition	20.3 million
Indirect Cost Recoveries/Interest	<u>(0.7 million)</u>
Total Incremental Revenues	\$ 10.2 million

The General University's FY 2012 operating appropriation of \$164.3 million is 5.4% less than state funding received for FY 2011.

ISU General University Appropriations

	<u>Base</u>	<u>One-Time Supplemental</u>	<u>Total</u>
FY 2012	164,345,198		164,345,198
FY 2011	170,536,017	3,202,079	<u>173,738,096</u>
		FY 2012 less FY 2011	(9,392,898)

The Board approved tuition increases of 5.0% for all resident students, 3.5% for nonresident undergraduate and graduate students, and 3.1% for nonresident professional students for FY 2012 at its March 2011 meeting. The tuition rates coupled with enrollment projections are expected to generate \$20.3 million in incremental tuition revenue in FY 2012 prior to offsets for financial aid. Tuition revenue is committed for college and institutional strategic priorities, with some portion of the increase being used to offset the reductions made to all budgets to absorb the reductions in state appropriations.

Indirect cost recoveries, interest, and other income for FY 2011 are expected to decrease by approximately \$0.7 million when compared to the proposed amended FY 2011 budget. While contract and grant awards remain strong, the budget reflects the challenge of predicting these revenues which are realized only when grant and contract expenditures are made.

Redirecting resources to high priority activities is an on-going part of the planning process for budget development. The planning process for FY 2012 included the reduction in state appropriations as one significant reallocation. Reallocated resources will also support faculty and staff salary increases, faculty hires in key high priority disciplines, enhanced research administrative support, strategic institutional initiatives in building renewal, enterprise administrative systems development and university marketing programs as well as restoring the institutional excellence fund that provides support for faculty hiring, cost match for multi-disciplinary grant awards and other institutional objectives.

Service and support to students and support for faculty and staff were two primary considerations as funding commitments were made during budget development. Specific commitments were made to student support including financial aid and student services, compensation increases for faculty and staff, and other cost increases to support ISU's missions.

Financial aid is a primary means for supporting students and reflects ISU's land grant mission to ensure access to high quality education for all qualified applicants. ISU's tradition of providing strong financial aid, particularly to undergraduate students, continues in FY 2012 by setting aside an additional \$5.1 million for general undergraduate student financial aid. Total budgeted FY 2012 financial aid set-aside for all students is \$6.0 million greater than FY 2011 estimates. The University continues its commitment to affordability and has budgeted 23.9% of tuition revenue for financial aid set-aside. Support for students will also be strengthened by augmenting staffing in key central student services units—financial aid, counseling, and the dean of students office. With these commitments, students will have better access to financial information and the mental health support sometimes needed while managing the challenges of student life.

Salary and related benefit costs for faculty and P&S staff are projected to increase a total of \$11 million for FY 2012 resulting from the Board-approved pay policy, insurance cost increases, and the additional staff necessary to educate and support the expected higher enrollment. The pay policy established a minimum salary increase of 0.5% for individual faculty and P&S staff members with satisfactory performance evaluations. Overall, expenditures for faculty and staff salaries will increase approximately 2.33%. Fringe benefit costs for faculty and P&S staff are stable except for medical and dental insurance costs which assumes a 5% increase for the ISU Plan with the employer share of the total premium remaining constant. A thorough review of insurance plan benefits and costs is being undertaken during the next six months to maintain the cost increase at this level.

Additional funds are committed to implement the AFSCME contract for merit personnel, including supervisory and confidential employees in accordance with the collective bargaining agreement and the Board-approved salary policy. Cost estimates include annualization of the step increases granted in FY 2011 and an estimated 8% increase in the cost of medical and dental benefits for AFSCME staff participating in the state plans.

Commitments were also made to advance the goals of ISU's strategic plan, to continue to support the research infrastructure as external funding increases, and to support institutional infrastructure. Commitments from new incremental revenues and reallocations for FY 2012 include:

- Faculty hires in key disciplines in engineering, human sciences and design to strengthen initiatives in energy systems, the biosciences and engineering, STEM, information and decision sciences, sustainability, health and wellness, financial literacy and to support a new program in industrial product design.
- Core services such as fire protection, refuse collection and utilities, and on-going deferred maintenance will be prioritized for funding during FY 2012.
- Inflationary increases for library acquisitions.
- Providing a safe environment for all members of the campus community, and strengthening the research infrastructure needed to support the growing number and dollars of external funding being awarded to ISU faculty.
- Sustainable and dependable administrative systems to support the institution's entire range of activities including: development, support and administration, continued enhancement of core financial management systems, classroom management and course evaluation software licensing cost increases.

ISU FY 2012 Special Purpose Operating Budgets

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

The estimates for direct federal appropriations that support the core elements of Iowa State's land grant mission in the Agriculture and Home Economics Experiment Station and the Cooperative Extension Service are being held constant given the high levels of uncertainty in the federal budget process. As the outcomes from that process become clear, mid-year adjustments to programs will be made; and operating budgets will be adjusted as necessary.

ISU's special purpose units were generally subject to a 3.6% state funding reduction for FY 2012 when compared to FY 2011. The economic development appropriation funding the SBDCs, IPRT, and the Research Park/ISIS was 5.9% less than FY 2011 levels.

ISU FY 2012 Restricted Budget

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

- Federal Support – receipts for sponsored programs and student financial aid
- Student Fees and Continuing Education Tuition
- Sales and Services – includes academic department service centers (Veterinary Teaching Hospital, Research Farms) and residual funds from workshops and conferences.
- 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, Recreational Services, 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 2012 Restricted Fund Budget also includes the following state appropriations;

- Tuition Replacement \$ 8.6 million
(This appropriation funds the debt service on academic building revenue bond issues.)
- Biorenewables Complex - Ag and Biosystems Engineering Building \$ 1.0 million
- Grow Iowa Values Fund \$ 0.6 million
- Grape & Wine Institute/Blank Park Zoo/SBDC \$ 0.5 million

ISU Athletics

In September 2010, the University presented a plan to the Board to eliminate general university support for athletics beginning in FY 2012. The proposed FY 2012 athletic budget on the following page adheres to the plan and contains no general university support.

Conference revenues are projected to increase \$3 million due to the change in member universities and media contracts.

Fundraising revenue is budgeted to increase \$2 million as additional revenue from the ISU Foundation will be used offset the elimination of university support and to provide debt service coverage.

Student fee revenue is projected to increase due to the reallocation of the Hilton Building fee to Athletics as approved by the Board at the April meeting.

The increase in debt service for FY 2012 results from multiple construction projects in progress.

Budgeted FY 2012 salaries and related costs are projected to increase approximately \$1.3 million from current FY 2011 projections. In addition to the university's salary plan increases, new positions related to athletic training and website/video operations were added.

The Athletic Department is responsible for paying tuition resulting from awarding scholarships. As presented to the Board in September 2010, the projected decrease in scholarship expenses largely results from offsetting the tuition set-aside portion of scholarship costs against the corresponding tuition expenses.

The Athletic Department purchases services that benefit numerous entities within the University including, tuition and room board from scholarship payments, facilities, University services, and utilities. The projected total cost to Athletics for these services is \$17.5 million.

IOWA STATE UNIVERSITY ATHLETICS

	FY11 Budget	FY11 Estimates	FY12 Proposed
REVENUES			
Ticket Sales:			
Football	\$ 8,520,047	\$ 8,657,440	\$ 8,557,074
Men's Basketball	2,240,000	2,334,307	2,325,000
Women's Basketball	550,000	535,928	550,000
Wrestling	110,000	89,956	140,000
Other Sports	197,000	203,763	205,000
	<u>11,617,047</u>	<u>11,821,394</u>	<u>11,777,074</u>
Conference & NCAA Revenue:			
Football	6,261,212	7,589,940	11,438,806
Basketball	3,340,423	3,405,018	4,166,953
Other	225,000	2,082,469	432,675
	<u>9,826,635</u>	<u>13,077,427</u>	<u>16,038,435</u>
Fundraising:	8,144,197	6,159,595	8,156,066
Multi-Media Rights:	3,183,000	3,263,413	3,344,725
Post Season Revenue	1,400,000	261,650	1,400,000
Investment Income	98,996	120,703	107,606
Student Fees	1,125,000	1,215,757	1,640,000
University General Support	1,600,107	1,599,423	-
Licensing	315,000	370,810	514,206
Game guarantees	1,566,000	1,506,813	275,000
Auxillary Revenue:	1,236,538	1,101,002	1,195,000
Other Revenue:	1,543,550	1,722,623	1,696,200
TOTAL REVENUES	\$ 41,656,070	\$42,220,610	\$46,144,311
EXPENSES			
Sports Programs - Operations:			
Football	\$ 2,864,550	\$ 3,124,793	\$ 2,912,327
Men's Basketball	1,436,973	1,570,058	1,389,000
Women's Basketball	604,000	604,000	706,750
Wrestling	155,482	155,482	215,480
Other Sports	1,513,352	1,597,486	1,717,439
	<u>6,574,357</u>	<u>7,051,819</u>	<u>6,940,996</u>
Sports Program Support Units:			
Medical	545,000	450,000	550,000
Video Operations	227,396	227,396	223,400
Athletic Training	213,219	213,219	213,220
Academic Services	164,190	184,990	184,990
Other	237,258	220,274	227,265
	<u>1,387,062</u>	<u>1,295,878</u>	<u>1,398,875</u>
Internal Operations:			
Administration	540,195	611,292	624,530
Big 12 Expenses	1,158,250	1,379,914	1,433,654
Information Technology	276,000	276,000	276,000
Other	177,776	177,176	187,196
	<u>2,152,221</u>	<u>2,444,382</u>	<u>2,521,380</u>
Salaries & Benefits	15,894,496	15,622,785	16,910,625
Scholarships	7,042,853	6,688,675	5,843,039
External Operations:	920,232	945,557	949,063
Facilities & Events:	4,232,870	4,386,926	4,525,000
Postseason	1,840,000	545,000	1,890,000
Debt Service	1,578,707	1,578,707	3,435,723
Capital Projects	525,000	1,721,379	1,827,550
Coaching Change	(500,000)	(164,063)	(200,000)
TOTAL EXPENSES	\$ 41,647,799	\$42,117,046	\$46,042,251

ISU Residence System

The Board received a preliminary FY 2012 residence system budget as a part of the governance report at the March 2011 meeting. The initial FY 2012 budget submitted to the Board was based on an on-campus housing population of 9,177. Due to a higher than planned freshman class, a larger percentage of freshmen contracting for housing, and improved return rates for upperclassmen, on-campus housing occupancy is currently projected to be approximately 10,000. Due to this higher than anticipated occupancy for Fall 2011, Wilson Hall will now include 6 floors of double-occupancy rooms for freshmen students and 4 floors of single-occupancy rooms for upper-classmen. All other housing will essentially be at full occupancy. Of the projected additional contracts in housing, only 180 additional meal contracts (not required in Wilson Hall) will be realized by ISU. The proposed budget below includes revised revenue and expense estimates based on the updated occupancy projections.

To prepare Wilson Hall for occupancy, the Residence System made approximately \$2.2 million in improvements funded from available system funds related to restroom upgrades, room furniture, tuckpointing, painting, kitchenettes, and hall director apartment renovations.

The ISU Utilities Enterprise transitioned to a fully-costed utility rate model in FY 2011. The Residence System will now pay the full cost for utilities including their proportional share of line losses. To lessen the impact of the utility cost increase, the System was permitted to phase in the increase over a three year period. In FY 2011 (and in the FY 2012 preliminary budget), the utility phase-in was included as a reduction to the university overhead line. An accounting change in the FY 2012 proposed budget now reflects this phase-in as an increase to other income rather than a decrease to university overhead.

**Iowa State University
Residence System Proposed Budget 2011-12**

	Estimates 2010-11	Preliminary Budget 2011-12	Proposed Budget 2011-12
OPERATIONS			
Revenues	\$ 75,253,225	\$ 78,305,891	\$ 82,379,287
Expenditures for Operations	54,292,606	57,950,651	58,593,003
Net Revenues	20,960,619	20,355,240	23,786,284
% of Revenues	27.9%	26.0%	28.9%
Debt Service (due July 1)	10,835,639	10,872,042	10,872,042
Mandatory Transfers	500,000	500,000	500,000
Net After Debt Service & Mandatory Transfers	\$ 9,624,980	\$ 8,983,198	\$ 12,414,242
% of Revenues	12.8%	11.5%	15.1%
Debt Service Coverage Ratio	193%	187%	219%
University Overhead Payment	\$ 871,178	\$ 1,260,447	\$ 1,649,618
FUND BALANCES (June 30)			
Revenue Fund	\$ -	\$ -	\$ -
Operation & Maintenance Fund	-	-	-
Improvement Fund	12,793,108	12,147,346	13,915,346
System Fund	13,958,492	13,673,518	13,995,390
Subtotal--Voluntary Reserves	26,751,600	25,820,864	27,910,736
Sinking Fund			
Bond Reserve Fund	10,872,041	10,872,041	10,872,041
Bond Construction Fund			
Subtotal--Mandatory Reserves	10,872,041	10,872,041	10,872,041
Total Fund Balances (June 30)	\$ 37,623,641	\$ 36,692,905	\$ 38,782,777
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 60,663,659	\$ 61,373,529	\$ 65,057,754
Interest	256,258	248,700	315,951
Other Income	14,333,308	16,683,662	17,005,582
Total Revenues	\$ 75,253,225	\$ 78,305,891	\$ 82,379,287
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 26,055,475	\$ 28,568,003	\$ 28,811,640
Cost of Food or Goods Sold	9,758,966	9,884,978	10,017,694
Other Operating Expense	9,647,041	10,267,008	10,483,007
Utilities	6,725,121	7,052,161	7,062,161
Repairs & Maintenance	2,106,003	2,178,501	2,218,501
Total Expenditures	\$ 54,292,606	\$ 57,950,651	\$ 58,593,003

FY 2011 Amended Operating Budgets

Iowa State University's proposed amended FY 2011 budgets for the General University and Agriculture Experiment Station are provided below. Board policy requires Regent institutions receive Board approval for proposed increases in budget ceilings to the operating budgets.

General University

The original FY 2011 budgets were approved by the Board in June 2010; budgets have historically been considered for Board approval in August. The early budget process made it more difficult to accurately project some revenue and expense lines.

Tuition revenues are higher than projected due to record enrollment for FY 2011. Additional faculty was needed to meet the increased enrollment levels.

The indirect cost reimbursement increase reflects significant increases in grant activity.

The budget amendment also includes one-time advanced commitment funds earned in prior years that are being used to fund building repairs related to the flood of 2010 and other non-flood related building renewal expenses for the general university.

Agriculture Experiment Station

Additional federal revenues for FY 2011 were awarded to the Agriculture Experiment Station after the original budgets were approved by the Board. The Experiment Station is utilizing these funds for salaries and additional supplies/services.

	General University			Agriculture Experiment Station		
	Current Budget	Adjustments	Amended Budget	Current Budget	Adjustments	Amended Budget
APPROPRIATIONS						
General	170,536,017		170,536,017	29,170,840		29,170,840
Supplemental-Nonrecurring	3,202,079		3,202,079			-
RESOURCES						
Federal Support			-	4,028,617	880,647	4,909,264
Interest		170,000	170,000			-
Tuition and Fees	252,958,560	10,941,440	263,900,000			-
Reimb. Indirect Costs	17,141,800	3,058,200	20,200,000			-
Other Income	1,411,881	-	1,411,881			-
OI: Advanced Commitments	-	11,900,000	11,900,000			-
Subtotal - Inst. Income	271,512,241	26,069,640	297,581,881	4,028,617	880,647	4,909,264
TOTAL REVENUES	445,250,337	26,069,640	471,319,977	33,199,457	880,647	34,080,104
EXPENDITURES						
Fac. & Inst. Off. Salaries	171,000,000	6,000,000	177,000,000	20,400,000		20,400,000
Prof. & Sci. Staff Salaries	76,000,000		76,000,000	8,300,000	400,000	8,700,000
General Service Staff Sal.	43,100,000	(5,100,000)	38,000,000	2,350,000	300,000	2,650,000
Hourly Wages	4,300,000		4,300,000	250,000		250,000
Subtotal - Salaries	294,400,000	900,000	295,300,000	31,300,000	700,000	32,000,000
Supplies and Services	41,300,337	(3,480,360)	37,819,977	1,017,457	180,647	1,198,104
Library Acquisitions	9,900,000	1,900,000	11,800,000			-
Rentals	1,400,000		1,400,000	17,000		17,000
Utilities	27,500,000	(2,600,000)	24,900,000	75,000		75,000
Bldg. Repairs	5,000,000	28,700,000	33,700,000	200,000		200,000
Auditor of State Reimb.	500,000		500,000	320,000		320,000
Equipment	3,500,000		3,500,000	270,000		270,000
Aid to Individuals	61,750,000	650,000	62,400,000			-
Subtotal - Other Expenses	150,850,337	25,169,640	176,019,977	1,899,457	180,647	2,080,104
TOTAL EXPENDITURES	445,250,337	26,069,640	471,319,977	33,199,457	880,647	34,080,104

FY 2012 BUDGETS – UNIVERSITY OF NORTHERN IOWA

During the FY 2012 budget development process, operational decisions were made with a strong focus on University goals and priorities as identified in the strategic plan; Leadership and Innovation for the Future: Transforming Opportunities into Reality. UNI’s primary goals are to provide a premier undergraduate educational experience, provide a premier teacher-education program, and increase services to the citizens of the State of Iowa. In addition, the following guiding principles were applied to the process:

- Maintain affordability and accessibility (hold financial aid set-aside harmless)
- Maintain the 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

The University operating budget will support the following goals as identified in the strategic plan;

- Be a leading undergraduate public university that provides a strong liberal arts foundation,
- Provide rigorous and relevant graduate education that meets the needs of graduate students, the university, and the community,
- Be a state and national leader in pre K-12 education,
- Create and maintain an inclusive educational environment that prepares students to thrive in a diverse global environment,
- Enhance the economic, social, cultural, and sustainable development of the state, and
- Ensure accountability, affordability, and access.

The continued reductions in state appropriations coupled with unavoidable cost increases create numerous challenges in budget development and implementation. The fiscal reality is that all unavoidable cost increases (i.e., collective-bargained salary increases, negotiated promotion increases, health costs, energy costs, deferred maintenances costs) have been totally funded by a combination of tuition increases and decreases in personnel and non-personnel budgets.

In addition, several key strategies to mitigate or reduce costs and improve efficiencies continue to be evaluated including, but not limited to: 1) reduction of administrative positions, 2) reduction of general fund support for auxiliaries, 3) function outsourcing, 4) mergers or reorganizations of units/functions, 5) strategic academic and nonacademic program elimination, and 6) consideration of other temporary, one-time reduction strategies.

UNI FY 2012 General University Operating Budget

State appropriations and tuition revenue comprise approximately 98% of UNI’s proposed FY 2012 General University operating budget. Projected changes in these revenue sources as well as indirect cost recoveries and interest income result in \$0.9 million in incremental revenue when compared to FY 2011 estimates.

Appropriations	(\$ 4.3 million)
Tuition	5.3 million
Indirect Cost Recoveries/Interest	<u>(0.1 million)</u>
Total Incremental Revenues	\$ 0.9 million

The General University’s FY 2012 operating appropriation of \$74.7 million is 5.4% less than state funding received for FY 2011.

UNI General University Appropriations

	<u>Base</u>	<u>One-Time Supplemental</u>	<u>Total</u>
FY 2012	74,734,586		74,734,586
FY 2011	77,549,809	1,456,118	<u>79,005,927</u>
		FY 2012 less FY 2011	(4,271,341)

The Board approved a tuition increase of 5.0% for resident and non-resident students at its March 2011 meeting. The rate increases coupled with a projected enrollment increase of 149 students are expected to generate incremental tuition revenue of \$5.3 million over FY 2011 estimates.

Indirect cost recoveries and the other revenue lines are budgeted at a net decrease of \$145,000 when compared to FY 2011 estimates, primarily due to significant cutbacks in federal grant funding.

To address the FY 2012 reduction in appropriations and fund unavoidable cost increases, University divisions were tasked to identify \$3.6 million in permanent budget reductions. With the significant and continued appropriation reductions since FY 2009, divisions will consider numerous reduction strategies including the elimination of staff positions, reduction in adjunct instructors, reduction of staff twelve-month appointments, elimination of programs, and reduction in services.

Mandatory salary and related benefit increases from faculty and merit employee bargaining are included in the proposed FY 2012 budget. United Faculty salaries increased 2.25% on July 1, 2011 and will increase an additional 1.25% on January 1, 2012. AFSCME-covered employees will receive increases based on the statewide negotiated agreement. Professional and Scientific employees have historically received increases commensurate with the faculty bargaining contract.

Health rates for AFSCME employees participating in state plans are projected to increase by 8%. In contrast, arbitration of the United Faculty contract favored significant changes to the self-funded health and dental plans for faculty and professional staff. While the previous UNI Health plan will remain available, the cost of the employer share of the premium will be limited to the cost of the new PPO plan. In addition, life insurance coverage was decreased from 2.5 times salary to 1.5 times and accidental death and dismemberment coverage was discontinued. The reduction to fringe cost is estimated at \$700,000 but will be mostly offset with the reinstatement of employer TIAA-CREF contributions from 9% to 10 %.

The salary and fringe cost increase is \$3.6 million. The majority of this cost is mandated by bargaining agreements with United Faculty and AFSCME.

The University continues its commitment to affordability and has budgeted 18% of tuition revenue for financial aid set-aside. The University has budgeted an additional \$1.2 million in financial aid set-aside when compared to FY 2011.

UNI FY 2012 Special Purpose Operating Budgets

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

UNI's special purpose units were generally subject to a 3.6% funding reduction for FY 2012 when compared to FY 2011. The economic development appropriation funding MyEntreNet, IDM, and Metal Casting was reduced 5.9% from FY 2011 levels.

UNI FY 2012 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 2012 Restricted Fund Budget includes the following state appropriations:

- Tuition Replacement \$5.9 million
This appropriation funds the debt service on academic building revenue bond issues.
- Bartlett Hall Renovation \$1.0 million
- Grow Iowa Values Fund (GIVF) \$0.3 million

UNI Athletics

The University of Northern Iowa's FY 2012 athletic budget reflects revenue projections totaling \$11.49 million; slightly less than the FY 2011 estimates.

General university funds for athletics provide support for scholarships, operations, and the graduate assistant program. The University presented a plan to the Board in September 2010 to reduce university support for athletics. In accordance with the university support reduction plan, the proposed athletic budget reflects a decrease from 2.9% of the original FY 2011 university budget to 2.7% of the proposed FY 2012 university budget (\$0.2 million decrease).

While the total student fees for FY 2012 remain flat when compared to FY 2011, the Student Services Fee committee recommended shifting student fee revenues away from academic activities in the College of Humanities & Fine Arts to Athletics as approved by the Board in April 2011. At the recommendation of the committee, these academic activities are now supported by the university's general fund rather than student fees.

The athletic department is responsible for paying tuition for awarded scholarships. Consistent with the other universities and the support reduction plan, the tuition set-aside portion of scholarship costs is netted against the expenses for each sport. Scholarship costs of approximately \$3.45 million are included in the applicable sports expense lines.

The UNI athletic department purchases services that benefit numerous entities within the University. These include in part, tuition and room/board from scholarship payments, Business Services, Public Safety, marketing, and utilities. The projected total cost to Athletics for these services in FY 2012 is \$4.1 million.

University of Northern Iowa FY 2012 Proposed Athletic Budgets			
	FY 2011 Budget	FY 2011 Estimates	FY 2012 Proposed
INCOME			
Football	1,102,500	984,311	990,500
Men's Basketball	1,199,000	964,848	992,950
Men - All Other Sports	37,000	65,381	45,200
Women - All Sports	112,800	130,114	105,200
Subtotal - Sports	2,451,300	2,144,654	2,133,850
Other Income			
Student Activity Fee	1,212,500	1,263,343	1,468,393
University Support for:			
General Athletics Operations	3,266,702	3,268,466	3,055,200
Scholarships	1,283,481	1,283,481	1,283,481
Alumni/Foundation Support	1,290,000	1,222,000	1,300,000
Athletic Marketing	1,066,000	1,048,052	1,081,000
Athletic Conf/NCAA Support	650,000	681,000	650,000
Novelties - Outings	182,000	229,132	175,000
General	328,500	364,983	342,200
Subtotal - Other	9,279,183	9,360,457	9,355,274
TOTAL INCOME	11,730,483	11,505,111	11,489,124
EXPENSES			
Men's Sports			
Football	2,673,766	2,690,539	2,700,511
Basketball	1,677,101	1,742,671	1,721,617
All Other Men's Sports	1,013,166	1,020,698	1,021,134
Subtotal - Men's Sports	5,364,033	5,453,908	5,443,262
Women's Sports			
Basketball	842,628	841,739	864,762
Volleyball	681,941	692,799	667,028
All Other Women's Sports	1,990,617	2,012,601	2,025,334
Subtotal - Women's Sports	3,515,186	3,547,139	3,557,124
Other Expenses			
Athletic Training	342,888	152,888	226,414
Administration & General	2,188,556	2,081,559	1,972,913
Athletic Marketing	219,820	236,519	214,411
Contingency	100,000	33,098	75,000
Subtotal - Other Expenses	2,851,264	2,504,064	2,488,738
TOTAL EXPENSES	11,730,483	11,505,111	11,489,124

UNI Residence System

The proposed UNI FY 2012 Residence System budget remains unchanged from that presented to the Board at the March meeting. The FY 2012 budget was developed using occupancy as compared to enrollment percentages identical to FY 2011, the most recent university enrollment projections, and the room and board rates approved at the April meeting.

**University of Northern Iowa
Residence System Preliminary Budget 2011-12**

	Estimate 2010-11	Proposed Budget 2011-12
OPERATIONS		
Revenues	\$ 36,722,794	\$ 37,675,032
Expenditures for Operations	25,960,871	27,226,376
Net Revenues	10,761,923	10,448,656
% of Revenues	29.3%	27.7%
Debt Service (due July 1)	4,421,822	5,772,924
Mandatory Transfers	330,000	330,000
Net After Debt Service & Mandatory Transfers	\$ 6,010,101	\$ 4,345,732
% of Revenues	16.4%	11.5%
Debt Service Coverage Ratio	243%	181%
University Overhead Payment	\$ 699,022	\$ 730,659
FUND BALANCES (June 30)		
Revenue Fund	\$ -	\$ -
Operation & Maintenance Fund		
Improvement Fund	4,104,889	3,603,889
System Fund	6,209,083	842,156
Subtotal--Voluntary Reserves	10,313,972	4,446,045
Sinking Fund	-	-
Bond Reserve Fund	4,850,711	6,979,924
Bond Construction Fund	2,718,266	3,202,300
Subtotal--Mandatory Reserves	7,568,977	10,182,224
Total Fund Balances (June 30)	\$ 17,882,949	\$ 14,628,269
REVENUES AND EXPENDITURES DETAIL		
Revenues		
Contracts	\$ 31,105,033	\$ 31,956,476
Interest	200,000	200,000
Other Income	5,417,761	5,518,556
Total Revenues	\$ 36,722,794	\$ 37,675,032
Expenditures for Operations		
Salaries, Wages & Benefits	\$ 14,078,048	\$ 14,882,769
Cost of Food or Goods Sold	4,872,203	5,052,178
Other Operating Expense	2,913,315	2,958,869
Utilities	2,279,565	2,415,192
Repairs & Maintenance	1,817,740	1,917,368
Total Expenditures	\$ 25,960,871	\$ 27,226,376

FY 2011 Amended Operating Budgets

The University of Northern Iowa's proposed amended FY 2011 budgets for the General University, Metal Casting, and MyEntranet are provided below. Board policy requires Regent institutions receive Board approval for proposed increases in budget ceilings to the operating budgets.

General University

Tuition revenue is projected to exceed the original budget due to higher than budgeted enrollment and higher than projected retention rate between the fall and spring semesters. The budget amendment also includes one-time advanced commitment funds earned in prior years that are being used to fund core operational needs, adjunct instructor support, seed funding for grants, student information system project, strategic initiatives and projects, bridge funding to facilitate permanent cuts, recruitment strategies, academic and other building repairs, and matching funds for faculty grants.

Metal Casting & MyEntrenet

The Metal Casting and MyEntrenet units have carryforward authority and the amended budgets include the budgeted expense of revenues received in prior years. Expense budget lines have been updated to reflect current projections.

	General University			Metal Casting			MyEntre.net		
	Current Budget	Adjustments	Amended Budget	Current Budget	Adjustments	Amended Budget	Current Budget	Adjustments	Amended Budget
APPROPRIATIONS									
General	77,549,809	-	77,549,809	61,048	-	61,048	290,494	-	290,494
Supplemental	1,456,118	-	1,456,118						
RESOURCES									
Interest	618,000	53,000	671,000	-	-	-	-	-	-
Tuition and Fees	75,800,424	956,000	76,756,424	-	-	-	-	-	-
Reimb. Indirect Costs	2,216,649	-	2,216,649	-	-	-	-	-	-
Sales and Service	520,000	-	520,000	-	-	-	-	-	-
Other Income/Adv Commitments	-	6,114,463	6,114,463	-	11,219	11,219	-	22,883	22,883
Subtotal - Inst. Income	79,155,073	7,123,463	86,278,536	-	11,219	11,219	-	22,883	22,883
TOTAL REVENUES	158,161,000	7,123,463	165,284,463	61,048	-	72,267	290,494	22,883	313,377
EXPENDITURES									
Fac. & Inst. Off. Salaries	69,109,446	560,833	69,670,279	-	-	-	-	-	-
Prof. & Sci. Staff Salaries	28,775,959	(128,800)	28,647,159	32,332	11,219	43,551	180,279	(33,407)	146,872
General Service Staff Sal.	23,540,952	214,589	23,755,541	28,716	-	28,716	-	8,576	8,576
Hourly Wages	1,781,257	93,625	1,874,882	-	-	-	11,500	4,100	15,600
Subtotal - Salaries	123,207,614	740,247	123,947,861	61,048	11,219	72,267	191,779	(20,731)	171,048
Supplies and Services	10,906,077	6,636,574	17,542,651	-	-	-	98,715	43,614	142,329
Library Acquisitions	1,875,770	(13,664)	1,862,106	-	-	-	-	-	-
Rentals	886,367	-	886,367	-	-	-	-	-	-
Utilities	5,714,169	(200,000)	5,514,169	-	-	-	-	-	-
Bldg. Repairs	1,200,000	-	1,200,000	-	-	-	-	-	-
Auditor of State Reimb.	275,000	-	275,000	-	-	-	-	-	-
Equipment	490,003	(39,694)	450,309	-	-	-	-	-	-
Aid to Individuals	13,606,000	-	13,606,000	-	-	-	-	-	-
Subtotal - Other Expenses	34,953,386	6,383,216	41,336,602	-	-	-	98,715	43,614	142,329
TOTAL EXPENDITURES	158,161,000	7,123,463	165,284,463	61,048	11,219	72,267	290,494	22,883	313,377

FY 2012 BUDGETS – IOWA SCHOOL FOR THE DEAF

The Iowa School for the Deaf’s proposed FY 2012 operating and restricted budgets are shown on pages 6 and 7 respectively.

ISD - FY 2012 General Operating Budget

ISD’s proposed FY 2012 operating budget is 4.3% less than FY 2011 primarily due to the loss of one-time funding received in FY 2011. While ISD’s base operating appropriation in FY 2012 remains flat when compared to FY 2011, the school received \$395,980 in one-time funding in FY 2011 not available in FY 2012.

	FY 2011 <u>Budget</u>	FY 2012 <u>Proposed</u>	FY11 to FY12 <u>% Change</u>
Operating	9,582,455	9,171,329	-4.3%

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

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

The following educational programs are included in the FY 2012 operating budget:

- On-Campus – The primary educational program provides academic and vocational programming for 105 deaf and hard of hearing children from early childhood through high school graduation. The educational programming options must be comprehensive enough to meet each child’s education requirements specified in the IEP.
- Off-Campus – The School provides educational programming (collaborating with the local AEA) in off-campus public school settings whose IEP’s include interaction with non-disabled peers. Off-campus programs include indirect instruction from itinerant resource teachers, tutorial services, consultative services, and monitoring services designed to ensure students are successful in their educational programs.
- Reverse Mainstream – The program permits non-disabled peers to receive classroom instruction with deaf and hard of hearing students on the ISD campus and will serve more than 15 students and families during FY 2012. Programming options include preschool classes for toddlers of deaf or hard of hearing parents or siblings, and academic and vocational classes at the Middle and High School levels.
- Parent/Infant – ISD estimates 15 families will receive year-round educational services from the parent/infant program as determined by their Individual Family Service Plan. Program options include on-campus and/or home-based infant/parent instruction, audiological evaluation, medical consultation services, sign language instruction, and parenting classes.

ISD’s proposed budget includes mandatory salary increases of approximately \$225,000 resulting from the negotiated collective bargaining agreement, higher health insurance premiums and retirement plan contributions. The budget also includes the provisions of the Board-approved salary policies for faculty and P&S staff. The average faculty salary increase is 0.9% and P&S staff salaries remain flat.

ISD - FY 2012 Restricted Budget

The FY 2012 restricted fund budget of \$851,406 represents a net decrease of \$310,158 from the FY 2011 budget resulting from:

- decreases of \$310,593 in Nebraska tuition funding and \$10,000 in interest income
- increase of \$10,435 in Iowa grants administered through the Iowa Department of Education

Revenue generated from students attending ISD from Nebraska will again be treated as restricted funds and will be segregated from ISD's general fund appropriation. The FY 2012 budget anticipates 9 students attending from Nebraska, a decrease of four students from FY 2011.

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

ISD - FY 2011 Amended Operating Budget

ISD is proposing a \$15,000 increase to the FY 2011 operating budget. This increase is necessary because of increased revenue generated by hosting an additional area school district "Leadership Academy" that took place during June. ISD also received additional revenue from the sale of several vehicles at the State DOT auction. The additional revenue will be used to meet building repair and deferred maintenance costs. Board policy requires Regent institutions receive Board approval for proposed increases in budget ceilings to the operating budgets.

Iowa School for the Deaf			
	<u>Current Budget</u>	<u>Adjustments</u>	<u>Amended Budget</u>
APPROPRIATIONS			
General	8,679,964		8,679,964
Supplemental-Nonrecurring	395,980		395,980
Other	77,321		77,321
RESOURCES			
Federal Support	54,000		54,000
Interest	15,000		15,000
Sales & Services	333,274	15,000	348,274
Other Income	11,916	-	11,916
TOTAL REVENUES	9,567,455	15,000	9,582,455
EXPENDITURES			
Fac. & Inst. Off. Salaries	3,349,109		3,349,109
Prof. & Sci. Staff Salaries	2,042,743		2,042,743
General Service Staff Sal.	2,038,467		2,038,467
Subtotal - Salaries	7,430,319	-	7,430,319
Supplies and Services	1,235,521		1,235,521
Library Acquisitions	8,226		8,226
Utilities	390,520		390,520
Bldg. Repairs	319,173	15,000	334,173
Auditor of State Reimb.	40,000		40,000
Equipment	143,696		143,696
Subtotal - Other Expenses	2,137,136	15,000	2,152,136
TOTAL EXPENDITURES	9,567,455	15,000	9,582,455

FY 2012 BUDGETS – IOWA BRAILLE AND SIGHT SAVING SCHOOL

Background

The mission of the Iowa Braille and Sight Saving School (Iowa Educational Services for the Blind and Visually Impaired) has two primary components: to provide direct educational services to visually impaired children and youth of the state of Iowa, and to serve a leadership and resource role in statewide efforts to meet the needs of the visually impaired. The School's purpose is to enable Iowa's students, who are blind or visually impaired, to function as independently as possible in all aspects of life, by providing appropriate education opportunities, resources and support services.

The cooperative agreement between the Board of Regents, State of Iowa (Iowa Braille and Sight Saving School), Area Education Agencies, Department of Education and the Department for the Blind committed to the goal to create a unified system for the delivery of vision services with the statewide system for vision services as the central agency to recruit, train, supervise, and deploy all teachers of visual impairments (TVIs) and certified orientation and mobility instructors (COMS) in the state.

The Board of Regents study committee recommendations approved by the Board in August 2010 included:

- IBSSS shall provide educational services as near to each student's home as possible.
- IBSSS shall strengthen the availability of intense services in each region of the state through the reallocation of residential costs using three mechanisms:
 1. Employment of additional Teachers of the Visually Impaired, Orientation, Mobility Specialists and Special Education Consultants and others as appropriate;
 2. Development and implementation of "Magnet" opportunities in partnership with other providers for the provision of regional intensive expanded core curriculum short term programs;
 3. Build capacity, expand visibility, and increase understanding of the Statewide System for Vision Services.
- IBSSS shall develop and implement a process for determining and meeting the long term residential needs of students who are blind or visually impaired.
- IBSSS shall partner with other providers for the provision of long term residential services for students with additional needs.
- The Board of Regents shall continue to operate the Vinton campus for the following operations:
 1. Direct Services. A facility will be needed for short term programs for students, e.g., weekend, weeklong, summer in this region of the state and some statewide student short term services. The site will serve as the center for services such as consultation, assistive technology and low vision.
 2. Administrative Services. The Vinton site will be used as the center for administrative services with the Iowa Educational Services for the Blind and Visually Impaired. The site will continue to operate in partnership with AmeriCorps NCCC programs with lease revenue to be used to offset a substantial portion of the costs to operate the facility.

IBSSS's proposed FY 2012 operating and restricted budgets are shown on pages 6 and 7, respectively. Note: The proposed FY 2012 budgets were prepared prior to the early morning high-wind storm of July 11, 2011 that caused significant damage to the IBSSS campus. The Board will continue to be updated as clean-up and recovery efforts continue.

IBSSS FY 2012 General Fund Operating Budget

The primary revenue sources for IBSSS operations are state appropriations and sales/services revenue generated from the services provided by the TVIs and COMS for the AEAs/LEAs and from the AmeriCorp rental agreement. The 26.4% decrease in the base operating appropriation, coupled with loss of the \$229,331 one-time funding received in FY 2011, result in a total decrease in state operating funding of approximately \$1.5 million (-29.7%) for FY 2012. This reduction is slightly offset by a projected \$77,107 increase in sales/service revenue.

IBSSS's proposed FY 2012 operating budget is 17.6% less than FY 2011 primarily due to the significant reductions in state funding.

	FY 2011 <u>Budget</u>	FY 2012 <u>Proposed</u>	FY10 to FY11 <u>% Change</u>
Operating	9,436,001	7,775,701	-17.6%

The substantial budget reduction will significantly impact the core services to students through personnel reduction and elimination or substantial reduction in the services called for through the approved Board of Regents study committee recommendations and strategic initiatives.

Specific impact on core student services based on the budget reduction include laying off the majority of personnel assigned to increase regional services to children and youth on instruction in areas of the Expanded Core Curriculum. Plans for more frequent and longer intense regional services will not be able to be implemented with this budget change. Additionally, increasing intensity of core Individual Education Program (IEP) services through the employment of Teachers of the Visually Impaired, Orientation and Mobility Specialists and specialized consultants, as recommended by the Board of Regents study committee, will not be implemented because of the budget reduction. This budget will not support long term residential services for children and youth when the need arises even though the plan to prevent the need for long term residential services was through increasing the intensity of community-based core services. The ability to increase intensity of community based core services has been eliminated in this budget.

Salaries and benefit expenses are budgeted to decrease approximately \$1.26 million through early retirements and layoffs. Building repairs and equipment purchases are budgeted \$0.2 million less in FY 2012 due to lack of major renovations (budget does not include effects of recent storm damage) or vehicle purchases. The School is projecting an \$85,000 increase in electricity, natural gas, and vehicle fuel.

IBSSS FY 2012 Restricted Budget

The FY 2012 restricted fund budget of \$423,778 represents a slight increase of \$3,338 from the FY 2011 budget. Restricted fund revenues are comprised of federal pass-thru grants from the IDOE that fund activities such as literacy initiatives, summer institute for parent and staff development, and early childhood development and from gifts/endowments.

IBSSS anticipates spending \$83,400 in restricted and \$12,000 in unrestricted endowment funds primarily for post-secondary education scholarships, specialized equipment, and low-vision services.

FY 2012 BUDGET – IOWA PUBLIC RADIO

The FY 2012 operating budget supports the realignment of IPR based on the merger of the three stations in an effort to improve and expand service and outreach to Iowans. The proposed FY 2012 budget includes a 10% reduction in university support from that of FY 2011. IPR's strategic plan from FY 2012 – FY 2016 includes approximately the same dollar amount reduction (\$118K) annually in university support through FY 2016. The strategic plan reflects no direct university support beginning in FY 2017. The proposed FY 2012 IPR budget was approved by the IPR Board of Directors on July 27, 2011.

- Federal grant amounts are estimated utilizing the FY 2012 base grant amounts provided by the Corporation of Public Broadcasting and an average of the prior three years incentive rate of return.
- Fund raising revenue is projected to increase with the implementation of Agilon ONE (new donor database), additional sales staff, higher events revenue, and additional support from the Friends of KHKE/KUNI. All fund raising revenue is listed under IPR Corporate (except from Friends of KHKE/KUNI whose efforts are specifically for the KUNI radio group) but is primarily for the benefit of all radio groups.
- IPR's state appropriation was reduced 3.6% when compared to FY11.
- Salary and related benefit costs are expected to increase due to two additional sales positions, a new Information Technology position, and a 2.3% average salary increase for staff.
- Fewer professional services (accounting fees, legal fees) and supplies for transmitters, productions, and the office are budgeted in FY 2012.
- Facility costs are expected to rise due to increases in tower rental leases and the associated utilities.
- Equipment expenses will increase in FY 2012 due to expected purchases made from the remaining balance of the 2008 capital appropriation.

Iowa Public Radio - FY 2012 Consolidated Budgets

	Total Radio <u>Groups</u>	IPR <u>Corporate</u>	Proposed <u>FY12 IPR</u>	Current FY 2011 <u>Estimates</u>
Revenue:				
University Support	\$1,062,872	\$0	\$1,062,872	\$1,181,000
University Bond Funding	77,067	-	77,067	690,756
Federal Grants	702,018	-	702,018	839,953
Fundraising*	591,000	4,958,250	5,549,250	3,634,357
State Appropriation	-	391,568	391,568	406,319
State Capital Approp	-	727,574	727,574	502,707
Investment Earnings	176,482	-	176,482	198,553
Rental Revenue	105,227	-	105,227	109,509
Other	57,960	74,674	132,634	71,443
Total Revenue	\$2,772,626	\$6,152,066	\$8,924,692	\$7,634,597
Expenses:				
Compensation	\$0	\$4,288,332	\$4,288,332	\$4,018,342
Programming Fees	1,058,019	-	1,058,019	958,924
Supplies & Services	589,548	196,516	786,064	1,063,679
Travel	72,369	24,123	96,492	80,748
Facilities	629,575	83,991	713,566	451,727
Equipment	377,067	727,574	1,104,641	384,336
Computers	-	5,000	5,000	16,885
Depreciation	393,827	2,871	396,698	319,521
Total Expenses	\$3,120,405	\$5,328,407	\$8,448,812	\$7,294,162

FY 2012 BUDGET – BOARD OFFICE

FY 2012 Operating Budget

The Board Office budget is supported by state appropriations and institutional support. The proposed FY 2012 operating budget of the Board Office shows a 4% increase over the FY 2011 adopted budget.

Reflecting the service nature of the Board Office, personnel costs are approximately 79% of the FY 2012 budget. Overall, salary increases were slightly below the 3% approved by the Board of Regents at the June 8, 2011 meeting; two positions were reviewed and reclassified. The appropriations reduction for the current year eliminated the addition of staff in Academic Affairs; which will not be filled in FY 2012.

Other significant expenses are Travel, Office Space, Outside Services & Repairs and Special Services (primarily Attorney General fees for services). The Board Office lease was extended for an additional two years at the current rate.

Board Office FY 2012 Budget			
	Final Budget FY 2011	Proposed Budget FY 2012	% Change from FY 2011
Revenues			
State Appropriations	1,105,123	1,065,005	-3.6%
Institutional Reimbursements	1,966,947	2,128,981	8.2%
Non-institutional	1,000	1,000	0.0%
Principal Demutualization	2,500	2,500	0.0%
TOTAL REVENUE	3,075,570	3,197,486	4.0%
Expenditures			
Personnel and Board per diem	2,389,020	2,516,336	5.3%
Travel	78,450	73,550	-6.2%
Office Supplies & Printing	30,000	30,000	0.0%
Dues	25,000	25,000	0.0%
Advertising	2,000	2,000	0.0%
Communications	50,500	50,500	0.0%
Outside Services & Repairs	45,000	35,000	-22.2%
State Audit	14,000	13,500	-3.6%
Workers Comp	6,000	6,000	0.0%
IT Services	35,000	40,000	14.3%
Office Equipment & Furnishings	10,000	10,000	0.0%
Office Space	105,600	110,600	4.7%
Educational/Training Expense	10,000	10,000	0.0%
Special Services	275,000	275,000	0.0%
TOTAL EXPENDITURES	3,075,570	3,197,486	4.0%