

Contact: Brad Berg

FY 2014 BUDGETS – UNIVERSITIES, IOWA PUBLIC RADIO, BOARD OFFICE

Actions Requested: Consider approval of the:

1. Regent university FY 2014 budgets and the amended special school restricted fund budgets as presented on pages 5-8 and in the attachments, and the allocation of the \$2 million appropriation for deferred maintenance/fire safety/ADA projects as described on page 3.
2. Iowa Public Radio FY 2014 budget as presented in Attachment D on page 27.
3. Board Office FY 2014 budget as shown in Attachment E on page 28.

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

The Regent institutional budgets include two basic types of funds:

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

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

The proposed FY 2014 Regent Enterprise consolidated budget exceeds \$4.9 billion as summarized below. The table on page 8 includes the detailed budgeted revenues and expenditures from all funds for Iowa's public universities and special schools.

FY 2014 REGENT ENTERPRISE BUDGET
(in millions)

	SUI*	ISU	UNI	ISD	IBSSS	Total
General Operating	1,794.7	614.2	174.1	10.0	8.4	2,601.4
Restricted	1,481.4	675.6	162.3	0.9	0.4	2,320.6
Total	3,276.1	1,289.8	336.4	10.9	8.8	4,922.0

*includes UHIC

University Operating Budgets

The primary revenue sources providing FY 2014 general operating funds for Iowa's public universities are state appropriations and tuition revenues.

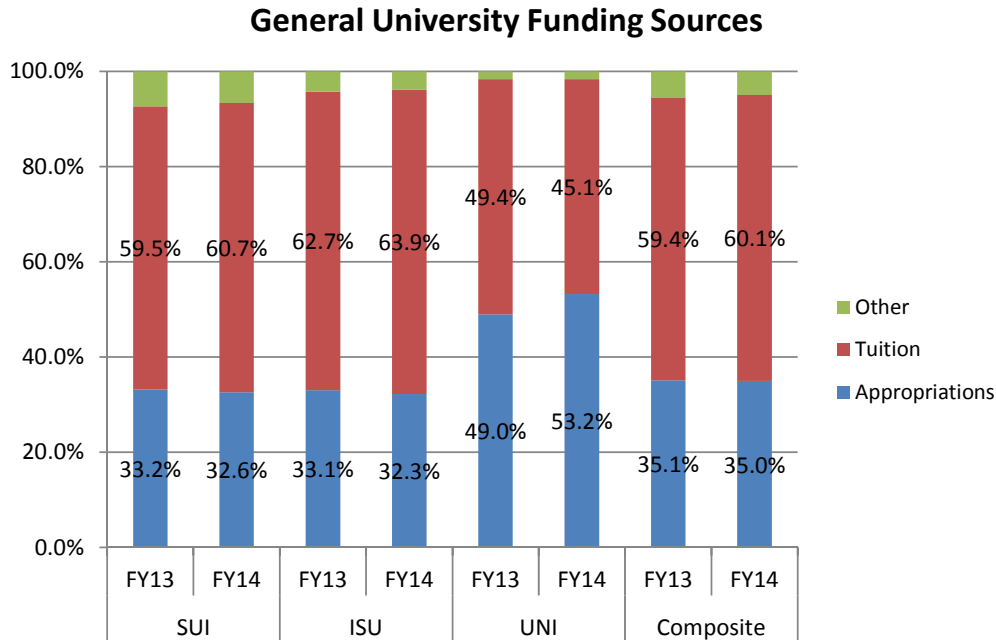
The 2013 General Assembly approved FY 2014 general university base operating appropriations totaling \$479.3 million, \$12.1 million higher (2.6% increase) than FY 2013. UNI received an additional \$10 million in one-time funding available until the end of FY 2015 to address funding issues generated from a student population comprised primarily of Iowa residents. UNI's FY 2014 budget includes \$6 million of these one-time funds with the remainder being available for FY 2015. FY 2014 is the second consecutive year (3.2% increase for FY 2013) these state appropriations have increased since the beginning of FY 2009 when the appropriations totaled \$592.5 million.

General University Base Operating Appropriations

	FY 2013	FY 2014*	FY14 Less FY13	% Change
SUI	216,414,572	222,041,351	5,626,779	2.6%
ISU	169,577,342	173,986,353	4,409,011	2.6%
UNI	81,113,859	89,222,819	8,108,960	10.0%
Total	467,105,773	485,250,523	18,144,750	3.9%

*UNI FY 2014 amount includes \$6 million in one-time funds

The following chart compares estimated FY 2013 funding sources with the FY 2014 budget for each university. UNI is slightly more reliant on state appropriations than tuition revenue for its operations while SUI and ISU state funding levels are approximately one-third of total operating revenues.



The Board approved a freeze on resident undergraduate tuition (0% increase) for the 2013-14 academic year at its December 2012 meeting. Non-resident tuition increases of 2.6% at SUI, 2.35% at ISU, and 2.6% at UNI were also approved. In addition to the tuition rates, enrollment fluctuations also impact tuition revenue and the subsequent demands for academic and student support services which are fundamental to the budgeting process.

In addition to the General University budgets presented on pages 5 and 6 by expenditure type, the attachments contain an expense summary by the following functional classifications as defined by the National Association of College and University Business Officers (NACUBO). General fund expenses related to instruction, academic support, scholarships and fellowships, and plant operations and maintenance comprise approximately 83% of the combined general university expenses.

- Instruction
- Public Service
- Student Services
- Scholarships & fellowships
- Research
- Academic Support
- Institutional Support
- Operation and Maintenance of Plant

Incremental funding for existing special purpose units was appropriated for FY 2014 to the Hygienic Laboratory and Economic Development units at SUI; Cooperative Extension and the Veterinary Diagnostic Laboratory at ISU; and the Math and Science Initiative and Economic Development units at UNI. Funding for new units include the Nutrient Research Center and Bioeconomy Initiative at ISU. All other special purpose units receiving state general fund appropriations were flat-funded when compared to FY 2013.

Reflective of the service nature of the universities, salaries and related benefit costs comprise 67% of the university operating budgets. The universities must adhere to the terms of the AFSCME collective bargaining agreement for merit staff. The terms of the agreement provide for a step increase (typically 4.5%) on the anniversary dates of those employees not at the maximums of their pay grades. In addition, the terms of the bargained agreements with UNI's United Faculty and SUI's COGS (graduate students) and SEIU (health care workers at UIHC) were implemented for FY 2014.

Restricted Budgets

The restricted fund budgets include the FY 2014 capital appropriations approved by the 2013 General Assembly which include a new economic development facility at ISU's Research Park and new capital funding for SUI's Hygienic Laboratory. The restricted budgets also include FY 2014 capital funding authorized in the 2012 legislative session for ISU's Biorenewables Complex-Agricultural and Biosystems Engineering Building, SUI's Dental Science Building Renovation, and UNI's Bartlett Hall Renovation. In addition, the restricted fund budgets include the \$27.9 million tuition replacement appropriation allocated to the three Regent universities to replace the tuition revenue pledged on Academic Building Revenue Bonds.

The restricted budgets also include \$3.0 million (allocated 35/35/30 among SUI, ISU, and UNI) from the Skilled Worker/Job Creation Fund to support economic development projects. The universities will provide a one-to-one match of these funds for capacity-building infrastructure in areas related to technology commercialization, entrepreneurship, and business growth. The proposed metrics for the Skilled Worker/Job Creation funding are contained in Agenda Item 5d.

The 2013 General Assembly appropriated \$2.0 million for deferred maintenance/fire safety/ADA compliance projects for FY 2013 which remains available until June 30, 2017. Due to the timing of the appropriation, these funds are included in the FY 2014 restricted budgets. Consistent with similar funding received for FY 2012, the proposed allocation as included in the restricted budget is \$760,000 for each SUI and ISU, \$380,000 for UNI, and \$50,000 for each special school. Note: The special school restricted budgets (approved in June) have been amended to include the allocation of these funds.

Athletic Budgets

Each of the Regent universities hosts a multitude of intercollegiate athletic events that attract many alumni and friends to the campus each year. The athletic departments are independent entities included in the restricted fund budgets. The proposed FY 2014 athletic revenue budgets total \$157.3 million. Details pertaining to each university's proposed FY 2014 athletic budget are included in the attachments.

Athletic Revenues			
	FY 2013	FY 2014	
	<u>Estimates</u>	<u>Budget</u>	<u>Difference</u>
SUI	79,787,637	84,293,331	4,505,694
ISU	58,059,191	60,055,784	1,996,593
UNI	12,206,884	12,921,197	714,313
Total	150,053,712	157,270,312	7,216,600

Residence System Budgets

Residence systems, which include dining services, are self-supporting operations that do not receive state-appropriated funds for operations or capital improvements and are included in the restricted fund budgets. Residence system revenue budgets total approximately \$198 million for the three universities. The Board received the FY 2014 residence system preliminary budgets as part of the residence system governance report presented in March. The final proposed FY 2014 residence system budgets for the universities have been updated from the preliminary budgets to reflect updated financial forecasts from more recent occupancy and expense projections. The proposed detailed budgets for each university residence system are provided in the attachments.

University Residence Systems FY 2014 Budgets						
	SUI		ISU		UNI	
	<u>Preliminary</u>	<u>Final</u>	<u>Preliminary</u>	<u>Final</u>	<u>Preliminary</u>	<u>Final</u>
Revenues	\$ 68,261,539	\$ 68,309,504	\$ 88,690,622	\$ 92,756,315	\$ 38,257,244	\$ 36,879,901
Expenditures for Operations	52,451,881	52,639,643	64,973,894	68,440,510	27,460,026	27,226,419
Debt Service and Mandatory Transfers	7,263,750	7,263,750	13,168,081	13,158,264	7,099,415	7,099,415
Net Revenues after Debt Service and Mandatory Transfers	\$ 8,545,908	\$ 8,406,111	\$ 10,548,647	\$ 11,157,541	\$ 3,697,803	\$ 2,554,067

Special Schools

The Board approved the FY 2014 budgets for the Iowa School for the Deaf, and the Iowa Braille and Sight Saving School at the June 2013 meeting. Each of the special schools received a 2% increase in state operating funding for FY 2014. Each of the restricted budgets below has been restated to include a \$50,000 allocation for deferred maintenance/ADA compliance/fire safety projects as previously described on page 3.

FY 2014 Special School Budgets

	<u>Operating</u>	<u>*Restricted</u>	<u>Total</u>
ISD	\$ 9,977,687	\$ 906,038	\$ 10,883,725
IBSSS	8,350,270	390,930	8,741,200

*as amended to include \$50k at each school for deferred maintenance/ADA compliance/fire safety

Iowa Public Radio

In December 2004, the Board approved the creation of Iowa Public Radio, which includes a total of 23 radio stations at the University of Iowa (KSUI Radio Group); Iowa State University (WOI Radio Group); and at the University of Northern Iowa (KUNI Radio Group).

In June 2013, the Board renewed 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 on behalf of the Board of Regents and Universities consistent with FCC requirements for license control, and serves as the primary fundraising entity.

For FY 2014, the General Assembly appropriated \$391,568 for IPR operations resulting in flat-funding (0% increase) when compared to FY 2013. The proposed FY 2014 budget for Iowa Public Radio is contained in Attachment D on page 27.

BOARD OF REGENTS, STATE OF IOWA
FY 2014 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	\$222,041,351	\$13,642,292			\$2,186,558	\$4,402,615	\$1,788,265	\$659,456	\$5,969,192	\$250,689,729
Other		28,117,800								28,117,800
RESOURCES										
Federal Support	2,167,649	17,675,819	-11,995	50,000	7,000		7,500			19,895,973
Interest	412,887,000									412,887,000
Tuition and Fees	43,148,000	3,496,300	1,722,632	175,000	1,066,213	151,361				49,759,506
Reimb. Indirect Costs		991,544,697	24,471,583	8,548,053	100,000	2,624,944		91,024		1,027,380,301
Sales and Service	125,000	5,630,941	257,982							6,013,923
Other Income	458,327,649	1,018,347,757	26,440,202	8,773,053	1,173,213	2,776,305	7,500	91,024		1,515,936,703
Subtotal - Inst. Income	\$680,369,000	\$1,060,107,849	\$26,440,202	\$8,773,053	\$3,359,771	\$7,178,920	\$1,795,765	\$750,480	\$5,969,192	\$1,794,744,232
TOTAL REVENUES										
EXPENDITURES										
Fac. & Inst. Off. Salaries	\$253,421,000	\$78,977,783	\$56,065	\$576,575		\$281,697		\$164,457	\$1,077,887	\$334,555,464
Prof. & Sci. Staff Salaries	132,473,000	421,642,581	14,208,941	5,042,400	100,153	4,020,736	236,529	582,742	1,898,038	580,205,120
General Service Staff Sal.	62,238,000	161,040,061	7,020,343	1,884,021	2,022,863	1,669,788	44,764		243,610	236,163,450
Hourly Wages	4,298,000	7,364,423	187,628	129,596			20,000		44,424	12,044,071
Subtotal - Salaries	452,430,000	669,024,848	21,472,977	7,632,592	2,123,016	5,972,221	301,293	747,199	3,263,959	1,162,968,105
Supplies and Services	54,919,000	357,536,942	3,384,070	752,811	183,920	869,009	1,494,472	3,281	2,454,443	421,597,948
Library Acquisitions	17,708,000									17,708,000
Rentals	4,200,000	3,980,587	19,033	520		37,690			165,500	8,403,330
Utilities	35,542,000	28,564,383	1,555,071	303,692	1,045,335					67,010,481
Bldg. Repairs	23,296,000	1,001,089	9,051	83,438						24,389,578
Auditor of State Reimb.	605,000				7,500	300,000			20,442	605,000
Equipment	2,100,000								64,848	2,427,942
Aid to Individuals	89,569,000									89,633,848
Subtotal - Other Expenses	227,939,000	391,083,001	4,967,225	1,140,461	1,236,755	1,206,699	1,494,472	3,281	2,705,233	631,776,127
TOTAL EXPENDITURES	\$680,369,000	\$1,060,107,849	\$26,440,202	\$8,773,053	\$3,359,771	\$7,178,920	\$1,795,765	\$750,480	\$5,969,192	\$1,794,744,232

BOARD OF REGENTS, STATE OF IOWA
FY 2014 GENERAL FUND OPERATING BUDGETS (continued)

	Iowa State University						University of Northern Iowa				FY 2014 Operating Total	
	Gen. Univ.	Exp. Station	Coop. Ext.	Special Purpose	Subtotal	Gen. Univ.	Special Purpose	Subtotal	ISD	IBSSS		
APPROPRIATIONS												
General	\$173,986,353	\$28,111,877	\$18,266,722	\$15,757,199	\$236,122,151	\$83,222,819	\$6,566,977	\$89,789,796	\$9,030,634	\$3,765,136	\$589,397,446	
Other		4,942,000	8,000,000		12,942,000	6,000,000		6,000,000	82,049		34,199,849	
RESOURCES												
Federal Support	2,500,000				2,500,000	821,000		821,000	54,000	413,854	13,409,854	
Interest	344,539,000				344,539,000	75,600,139		75,600,139	1,000		23,217,973	
Tuition and Fees	16,790,600				16,790,600	1,316,649		1,316,649		41,270	833,026,139	
Reimb. Indirect Costs						608,393		608,393	798,088		67,908,025	
Sales and Service										4,130,010	1,032,916,792	
Other Income	1,350,000				1,350,000			0	11,916		7,375,839	
Subtotal - Inst. Income	365,179,600	4,942,000	8,000,000	0	378,121,600	78,346,181	0	78,346,181	865,004	4,585,134	1,977,854,622	
TOTAL REVENUES	\$539,165,953	\$33,053,877	\$26,266,722	\$15,757,199	\$614,243,751	\$167,569,000	\$6,566,977	\$174,135,977	\$9,977,687	\$8,350,270	\$2,601,451,917	
EXPENDITURES												
Fac. & Inst. Off. Salaries	\$202,000,000	\$20,000,000	\$6,000,000	\$2,275,000	\$230,275,000	\$74,645,533	\$325,066	\$74,970,599	\$3,521,770	\$5,246,920	648,569,753	
Prof. & Sci. Staff Salaries	98,300,000	8,200,000	15,500,000	3,016,400	125,016,400	31,730,958	1,089,433	32,820,391	2,177,335	330,150	740,549,396	
General Service Staff Sal.	41,600,000	2,500,000	1,100,000	524,500	45,724,500	25,721,728	125,284	25,847,012	2,508,209	1,297,260	311,540,431	
Hourly Wages	4,600,000	200,000	105,000	48,000	4,953,000	1,738,770	48,600	1,787,370			18,784,441	
Subtotal - Salaries	346,500,000	30,900,000	22,705,000	5,863,900	405,968,900	133,836,989	1,588,383	135,425,372	8,207,314	6,874,330	1,719,444,021	
Supplies and Services	43,413,553	1,010,677	3,438,222	9,893,299	57,755,751	9,488,482	4,978,594	14,467,076	1,162,489	934,990	485,918,254	
Library Acquisitions	11,000,000				11,000,000	1,992,009		1,992,009	8,226	2,000	30,710,235	
Rentals	1,600,000	18,000	90,000		1,708,000	822,421		822,421			10,933,751	
Utilities	29,000,000	75,200	6,500		29,081,700	5,618,466		5,618,466	315,520	330,000	102,356,167	
Bldg. Repairs	20,100,000	300,000			20,400,000	1,400,000		1,400,000	181,442	77,850	46,448,870	
Auditor of State Reimb.	552,400				552,400	272,150		272,150	35,000	31,100	1,495,650	
Equipment	4,000,000	500,000	15,000		4,515,000	446,467		446,467	67,696	100,000	7,557,105	
Aid to Individuals	83,000,000	250,000	12,000		83,262,000	13,692,016		13,692,016			186,587,864	
Subtotal - Other Expenses	192,665,953	2,153,877	3,561,722	9,893,299	208,274,851	33,732,011	4,978,594	38,710,605	1,770,373	1,475,940	882,007,896	
TOTAL EXPENDITURES	\$539,165,953	\$33,053,877	\$26,266,722	\$15,757,199	\$614,243,751	\$167,569,000	\$6,566,977	\$174,135,977	\$9,977,687	\$8,350,270	\$2,601,451,917	

BOARD OF REGENTS
STATE OF IOWA
FY 2014 RESTRICTED FUNDS BUDGETS

	SUI	ISU	UNI	(as amended) ISD	(as amended) IBSSS	FY 2014 Restricted Total
APPROPRIATIONS						
Skilled Worker/Job Creation Fund	\$1,050,000	\$1,050,000	\$900,000			\$3,000,000
Tuition Replacement	9,518,989	12,584,935	5,763,851			27,867,775
Capital	11,510,000	35,510,000	10,829,734	50,000	50,000	57,949,734
Grape & Wine		238,000				238,000
IowaCare Receipts-Practice Plan	8,070,000					8,070,000
RESOURCES						
Federal Support	265,261,000	170,000,000	24,000,000	163,919	251,530	459,676,449
Interest	31,529,000	1,200,000	1,800,000	500		34,529,500
Tuition and Fees	71,814,000	16,000,000	19,000,000			106,814,000
Reimbursed Indirect Costs	25,362,000	9,000,000				34,362,000
Sales and Service	609,212,000	55,000,000	84,000,000	688,619		748,900,619
Other Income	448,032,011	375,000,000	16,000,000	3,000	89,400	839,124,411
Subtotal - Inst. Income	1,451,210,011	626,200,000	144,800,000	856,038	340,930	2,223,406,979
TOTAL REVENUES	\$1,481,359,000	\$675,582,935	\$162,293,585	\$906,038	\$390,930	\$2,320,532,488
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$306,157,000	\$69,000,000	\$6,500,000	\$362,287	\$24,200	\$382,043,487
Prof. & Sci. Staff Salaries	233,447,000	102,000,000	20,677,941	59,478		356,184,419
General Service Staff Salaries	59,787,000	43,000,000	11,582,500	176,983		114,546,483
Hourly Wages	27,982,000	24,000,000	7,500,000			59,482,000
Subtotal - Salaries	627,373,000	238,000,000	46,260,441	598,748	24,200	912,256,389
Prof. and Scientific Supplies	355,554,000	230,382,935	48,437,144	160,690	260,330	634,795,099
Library Acquisitions	201,000		35,000	1,600		237,600
Rentals	9,329,000		1,000,000			10,329,000
Utilities	11,984,000	14,200,000	3,000,000	30,000	30,000	29,244,000
Building Repairs	8,029,000	6,000,000	3,200,000	85,000	50,000	17,364,000
Auditor of State				3,000		3,000
Equipment	56,826,000	15,000,000	1,800,000	27,000	26,400	73,679,400
Student Aid	65,209,000	57,000,000	20,500,000			142,709,000
Debt Service	96,854,000	40,000,000	16,501,000			153,355,000
Plant Capital	250,000,000	75,000,000	21,560,000			346,560,000
Subtotal - Other Expenses	853,986,000	437,582,935	116,033,144	307,290	366,730	1,408,276,099
TOTAL EXPENDITURES	\$1,481,359,000	\$675,582,935	\$162,293,585	\$906,038	\$390,930	\$2,320,532,488

BOARD OF REGENTS
STATE OF IOWA
FY 2014 ALL FUNDS BUDGETS

	SUI	ISU	UNI	ISD	IBSSS	FY 2014 All Funds Total
APPROPRIATIONS						
General	\$250,689,729	\$236,122,151	\$89,789,796	\$9,030,634	\$3,765,136	\$589,397,446
IowaCare Receipts-Practice Plan	8,070,000	-	-			8,070,000
Skilled Worker/Job Creation	1,050,000	1,050,000	900,000			3,000,000
Tuition Replacement	9,518,989	12,584,935	5,763,851			27,867,775
Capital	11,510,000	35,510,000	10,829,734	50,000	50,000	57,949,734
Other	28,117,800		6,000,000	82,049	-	34,199,849
Grape & Wine		238,000				238,000
RESOURCES						
Federal Support	265,261,000	182,942,000	24,000,000	217,919	665,384	473,086,303
Interest	51,424,973	3,700,000	2,621,000	1,500	-	57,747,473
Tuition and Fees	484,701,000	360,539,000	94,600,139			939,840,139
Reimb. Indirect Costs	75,121,506	25,790,600	1,316,649		41,270	102,270,025
Sales and Service	1,636,592,301	55,000,000	84,608,393	1,486,707	4,130,010	1,781,817,411
Other Income	454,045,934	376,350,000	16,000,000	14,916	89,400	846,500,250
Subtotal - Inst. Income	2,967,146,714	1,004,321,600	223,146,181	1,721,042	4,926,064	4,201,261,601
TOTAL REVENUES	\$3,276,103,232	1,289,826,686	336,429,562	\$10,883,725	\$8,741,200	\$4,921,984,405
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$640,712,464	\$299,275,000	\$81,470,599	\$3,884,057	\$5,271,120	\$1,030,613,240
Prof. & Sci. Staff Salaries	813,652,120	227,016,400	53,498,332	2,236,813	330,150	1,096,733,815
General Service Staff Sal.	295,950,450	88,724,500	37,429,512	2,685,192	1,297,260	426,086,914
Hourly Wages	40,026,071	28,953,000	9,287,370			78,266,441
Subtotal - Salaries	1,790,341,105	643,968,900	181,685,813	8,806,062	6,898,530	2,631,700,410
Prof. and Scientific Supp.	777,151,948	285,138,686	62,904,220	1,323,179	1,195,320	1,130,713,353
Library Acquisitions	17,909,000	11,000,000	2,027,009	9,826	2,000	30,947,835
Rentals	17,732,330	1,708,000	1,822,421			21,262,751
Utilities	78,994,481	43,281,700	8,618,466	345,520	360,000	131,600,167
Bldg. Repairs	32,418,578	26,400,000	4,600,000	266,442	127,850	63,812,870
Auditor of State Reimb.	605,000	552,400	272,150	38,000	31,100	1,498,650
Equipment	59,253,942	19,515,000	2,246,467	94,696	126,400	81,236,505
Aid to Individuals	154,842,848	140,262,000	34,192,016			329,296,864
Debt Service	96,854,000	40,000,000	16,501,000			153,355,000
Plant Capital	250,000,000	75,000,000	21,560,000			346,560,000
Subtotal - Other Expenses	1,485,762,127	645,857,786	154,743,749	2,077,663	1,842,670	2,290,283,995
TOTAL EXPENDITURES	\$3,276,103,232	\$1,289,826,686	\$336,429,562	\$10,883,725	\$8,741,200	\$4,921,984,405

FY 2014 BUDGETS – UNIVERSITY OF IOWA

The FY 2014 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 strategic plan – Renewing the Iowa Promise: Great Opportunities – Bold Expectations. The FY 2014 budget supports four complementary, mutually supporting areas identified in the strategic plan. All other SUI budgets were developed under similar or identical policies and budget guidelines.

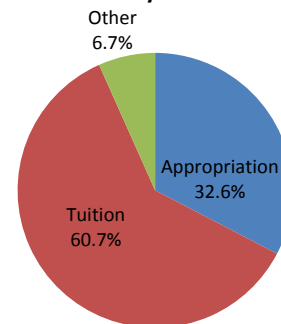
1. Student Success – The University anticipates undergraduate enrollment to continue to grow. The colleges utilize existing resources to provide classes and support services these students need to be successful. Additional investment will be made to effectively manage applications, registration, financial aid, and other student data.
2. Knowledge and Practice – SUI is committed to advancing knowledge and education through discovery, application, and creative work. New tenure track faculty will be hired in areas of demand to bring unique educational experiences to the classroom.
3. New Frontiers in the Arts – In addition to rebuilding the arts facilities in the wake of the destruction caused by the 2008 flood, SUI will bring together the full range of the art programs in innovative ways that will generate educational opportunities and stimulate creative work among students, faculty, and staff.
4. Better Futures for Iowans – SUI will expand their public engagement to contribute to economic and cultural vitality and to the quality of life of Iowans. The University has aligned resources with important state needs including economic development initiatives, providing more Iowa resident graduates, and outreach.

SUI FY 2014 General University Operating Budget

Tuition revenues comprise approximately 61% of the \$680 million General University revenue budget with 33% coming from state appropriations. Projected changes in these revenue sources, as well as indirect cost recoveries and interest income, result in \$30.4 million in incremental revenue when compared to the FY 2013 budget.

FY 2013 Budget	\$ 650.0 million
Revenue Changes:	
Appropriation	5.6 million
Tuition	25.6 million
Indirect Cost Recoveries/Interest	<u>(0.8) million</u>
Revenue Increase	30.4 million
FY 2014 Budget	\$ 680.4 million

SUI General University FY14 Revenue Budget



The General University’s FY 2014 operating appropriation of \$222.0 million is 2.6% greater (\$5.6 million) than FY 2013.

In December 2012, the Board froze tuition (0% increase) for FY 2014 for undergraduate resident students and approved a 2.6% increase for nonresident undergraduates and for graduate and professional students. The University expects an incoming freshman class at the same level as last year and projects larger returning classes and a higher number of resident students. Beginning in FY 2014, all remaining elements of tuition earned through the Division of Continuing Education’s Saturday and Evening Programs will be included within the General University operating budget. This projected revenue of \$9.6 million is offset by a like amount of delivery expenses that will also shift to the General University. In total, the tuition rates coupled with enrollment projections and the Continuing

Education tuition revenues are expected to generate \$25.6 million in incremental gross tuition revenue in FY 2014.

Current projections indicate FY 2014 indirect cost recoveries will be \$1.3 million less than the FY 2013 budget. A complicating factor in projecting indirect cost recoveries for FY 2014 is the recent federal sequestration and its impact on federal research funding. Interest income is expected to increase \$0.5 million in FY 2014.

These incremental revenues have been applied to support the following strategic initiatives identified in the strategic plan. The majority of the incremental revenues are budgeted to support Student Success initiatives (undergraduate and graduate) including faculty recruitment and retention in high-demand areas, affordability, living-learning community expansion, research opportunities, classroom improvements, career advisement and placement, and graduate program alignment to market demand.

Access and Enrollment Growth	\$ 3.3 million
Student Success	17.9 million
Scholarly Inquiry/Creative Work	3.2 million
Arts Synergies	0.8 million
Outreach/Civic Engagement	0.4 million
Efficiency & Effectiveness	1.0 million
Strategic Priorities	3.8 million
Total	<u>\$ 30.4 million</u>

The University's FY 2014 reallocation policy was guided by the overall operational plan coupled with final determination of available resources. In addition to the application of incremental revenues described above, the University plans to reallocate \$4.3 million in fringe benefit cost reductions to support University strategic initiatives and other essential cost increases. Also, collegiate and non-collegiate units project to reallocate an additional \$5.5 million within their operating budgets. These reallocations support student success initiatives, outreach and engagement, enhanced technology, and performance based salary increases for faculty and staff.

The University implemented the terms of all collective bargaining agreements, the salary policy approved by the Board, and charges fringe benefits in accord with federally approved rate structures. The General Education Fund portion of the bargained salary cost increases is estimated at \$1.6 million. The cost increase includes annualization from the previous year and current year contract costs.

In April 2013, the University completed negotiations with the federal government establishing the FY 2014 fringe benefit rates for each employee category. Annual changes in the rates are attributable to cumulative historic costs of covered benefits, salary changes, University driven cost saving measures, and employee utilization of benefits. For FY 2014, the General University benefit costs related to merit staff, faculty, and P&S employees will decrease by \$4.3 million.

The University expects a modest increase in utility costs which includes the General University'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 building renewal strategic objective includes attaining financial support for renewal equal to 1% of the replacement cost of all General University supported buildings and also designating funding for future capital renewal equal to 1.5% of replacement value for each new major addition or building project. These goals are funded from the building renewal budget, operations and maintenance budget, capital appropriations, bonding authorizations, and designated gifts and grants.

The \$680.4 million General University budget allocated by function is shown below. Expenses related to instruction, academic support, scholarships and fellowships, and plant operations and maintenance comprise approximately 84% of all general university expenses.

General University Spending By Activity
(\$ in thousands)

	<u>FY 2014</u>	<u>% Total</u>
Instruction	278,830	41.0%
Research	18,233	2.7%
Public Service	2,696	0.4%
Academic Support	98,381	14.5%
Student Services	23,882	3.5%
Institutional Support	62,058	9.1%
Operations & Maintenance of Plant	106,720	15.7%
Scholarships & Fellowships	89,569	13.2%
Total	<u>680,369</u>	<u>100.0%</u>

FY 2014 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 (\$6.0 million) on page 5 includes Primary Health Care, State Cancer Registry, Online Advanced Placement Academy, Substance Abuse, Biocatalysis, Iowa Registry for Congenital and Inherited Disorders, Non-Profit Resource Center, Advance Drug Development, Oakdale Research Park, Technology Innovation Center, Iowa Flood Center, and the new Entrepreneurship and Economic Development Initiative.

The John Pappajohn Entrepreneurial Center is responsible for implementing the new Entrepreneurship and Economic Development Initiative, which is funded from a \$2 million appropriation beginning in FY 2014. Key initiatives include incubation and support of entrepreneurial ventures, expansion of entrepreneurship curriculum, and the development of entrepreneurial educators with a special emphasis on STEM education.

The State Hygienic Laboratory appropriation was increased \$866,000 when compared to FY 2013. The incremental funding will support State mandated and related public health activities including the statewide courier, the facility rent for the Ankeny Laboratory, the replacement of obsolete laboratory equipment, and will enable restoration of professional staff. All other special purpose units were flat-funded for FY 2014.

University of Iowa Hospitals and Clinics (UIHC)

The proposed FY 2014 UIHC budget of \$1.06 billion (page 5) represents a 6.6% increase when compared to the FY 2013 budget.

In FY 2014, 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. The following three commitments are identified in the strategic plan and were key drivers in developing the FY 2014 operating budget.

1. Innovative Care

- Care Delivery - UIHC will be recognized as a state and national leader in efficient health care delivery models that emphasize quality-driven patient experience.
- Clinical Programs – Select UIHC clinical services will be leaders in the state and national market by offering cutting edge clinical services, robust clinical research, and strong training opportunities.

2. Excellent Service

- Patient Satisfaction – Patients and families will be highly satisfied with their entire UIHC experience in all settings.
- Referring Physician Satisfaction – UIHC will be recognized by referring physicians for its efficient and effective support to their patients.
- Staff, Faculty, and Volunteer Engagement – Staff, faculty, and volunteers are valued and engaged in the pursuit of UIHC’s vision.

3. Exceptional Outcomes

- Safety – UIHC will provide a continuously improving, safe environment for all patients and staff at all times.
- Clinical Outcomes – UIHC will use a continuous improvement process to achieve exceptional clinical outcomes.

Revenue challenges faced in FY 2014 include the potential impacts of healthcare reform and cost control measures on Medicare and Medicaid payment rates, the continuing challenge related to Iowa Medicaid rates, the cap on IowaCare enrollment for June – December 2013 and the elimination of the Iowa Care program in January 2014. The healthcare exchanges and the Healthy Iowa (Medicaid Expansion) programs still have many unknowns and will represent significant changes in which populations are eligible for coverage, enrollment timeframes, and where covered services can be obtained.

State appropriations from the IowaCare Account are 50% of FY 2013 amounts due to the expiration of the IowaCare Program in December 2013. The IowaCare appropriations do not provide funding for dental services, pharmaceuticals, and durable medical equipment, even though UIHC provides these services.

Additional net revenues are required in FY 2014 to achieve the budgeted 3% operating margin. These additional net revenues will be achieved through new volumes and a rate increase of 6.0 percent approved by the Board in April 2013. Market data indicate that UIHC continues to have lower rate adjustments when compared to academic medical center peers and other Midwest healthcare institutions. Inpatient acute admissions are forecast to increase 2.7% with outpatient activity anticipated to grow 5.6%.

UIHC reports that the healthcare industry is experiencing ever-increasing challenges to maintain funding sources while keeping operating expenses manageable. An average “all-in” salary increase of approximately 1.0 percent is projected for FY 2014 due to conservative base salary increases and reductions in the fringe benefit pool rates. While UIHC continues to standardize product utilization and implement supply chain savings initiatives, medical and surgical supply costs are estimated to rise 2% due to price increases and changes in technology. Pharmaceutical cost increases of 6% are anticipated in FY 2014. Utilities and other administrative services purchased from the University of Iowa will increase 1% and 4.4%, respectively.

Other UIHC units include the Psychiatric Hospital, the Center for Disabilities and Development, and Specialized Child Health Services. The proposed combined FY 2014 budget of these units is \$36.0 million as provided on page 5.

SUI FY 2014 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 in budget 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, University Housing & Dining, 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 2014 Restricted Fund Budget includes the following state appropriations:

- Tuition Replacement \$ 9.52 million
- Dental Science Building Renovation \$ 9.75 million
- Skilled Worker/Job Creation Fund \$ 1.05 million
- Deferred Maintenance/ADA/Fire Safety \$ 0.76 million

The restricted budget also includes IowaCare funding as part of the Medical and Dentistry Practice Plans to partially compensate physicians for care provided to IowaCare patients. This funding has also been reduced by 50% when compared to FY 2013 due to the expiration of the IowaCare Program in December 2013.

Athletics

The SUI Athletic Department is a self-sustaining auxiliary enterprise and receives no general university support. The University of Iowa's \$84.3 million FY 2014 athletic budget is provided on the following page.

The expected decrease in men's sports income is due to last season's guarantee (FY 2013) from the football game at Soldier Field (Chicago), which is partially offset by the projected increase in men's basketball ticket revenue.

Athletic conference revenue is expected to increase primarily from additional television distribution funds.

Student fees reported in the athletic budget fund the debt service on Student Recreation Services facilities financed through Athletics and remain the same as FY 2013.

Women's basketball expenses are expected to increase in FY 2014 from higher recruiting, team travel, scholarships, and compensation expenses. Administrative expenses are also projected to rise due to marketing and compensation cost increases.

The Athletic Department is responsible for paying tuition on the scholarships it awards. SUI Athletics awards the equivalent of approximately 300 scholarships at a cost of approximately \$9.9 million, which are included in the applicable sports expense lines.

The facility debt service budget increase is the result of the projected debt service payments for the Football Operations Facility and Kinnick Stadium's new scoreboard and sound system financed through the master lease agreement.

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 2014 cost to Athletics for these services is \$19.0 million.

The University of Iowa
Athletics FY 2014 Operating Budget

	FY 2013 Budget	FY 2013 Estimate	FY 2014 Budget
INCOME			
Men's Sports			
Football	\$ 22,863,371	\$ 23,314,886	\$ 21,363,371
Basketball	\$ 2,870,421	\$ 3,258,767	\$ 3,210,935
Wrestling	\$ 475,000	\$ 596,801	\$ 475,000
All Other	\$ 12,000	\$ 16,217	\$ 12,000
Total Men's Sports	\$ 26,220,792	\$ 27,186,672	\$ 25,061,306
Women's Sports			
Basketball	\$ 185,000	\$ 212,862	\$ 185,000
Volleyball	\$ 13,000	\$ 16,869	\$ 13,000
All Other	\$ 13,000	\$ 16,673	\$ 13,000
Total Women's Sports	\$ 211,000	\$ 246,404	\$ 211,000
Other Income			
Learfield Multi Media Contract Income	\$ 5,557,000	\$ 5,557,000	\$ 5,707,000
Athletic Conference	\$ 25,107,000	\$ 24,636,378	\$ 25,455,000
Facility Debt Service/Student Fees	\$ 650,000	\$ 650,000	\$ 650,000
Interest	\$ 500,000	\$ 498,054	\$ 500,000
Foundation Support	\$ 8,838,779	\$ 6,523,110	\$ 12,888,090
Foundation Premium Seat Revenue	\$ 7,850,000	\$ 8,097,495	\$ 8,038,500
Novelties--Bookstore	\$ 3,000,000	\$ 3,500,000	\$ 3,090,000
General Income	\$ 2,686,200	\$ 2,892,524	\$ 2,692,436
Total Other Income	\$ 54,188,979	\$ 52,354,561	\$ 59,021,026
TOTAL INCOME	\$ 80,620,771	\$ 79,787,637	\$ 84,293,331
EXPENSES			
Men's Sports			
Football	\$ 18,095,891	\$ 18,407,577	\$ 18,327,693
Basketball	\$ 5,114,506	\$ 5,314,505	\$ 5,108,665
Wrestling	\$ 1,292,938	\$ 1,292,938	\$ 1,278,639
All Other	\$ 4,324,011	\$ 4,324,013	\$ 4,392,744
Total Men's Sports	\$ 28,827,346	\$ 29,339,034	\$ 29,107,741
Women's Sports			
Basketball	\$ 3,319,629	\$ 3,419,630	\$ 3,629,530
Volleyball	\$ 1,187,516	\$ 1,187,516	\$ 1,277,035
All Other	\$ 8,324,227	\$ 8,324,229	\$ 8,489,052
Total Women's Sports	\$ 12,831,372	\$ 12,931,375	\$ 13,395,617
Other Expenses			
Training Services	\$ 1,655,047	\$ 1,655,051	\$ 1,645,126
Sports Information	\$ 670,086	\$ 670,083	\$ 655,674
Admin. & General Expenses	\$ 9,983,579	\$ 9,983,585	\$ 10,498,064
Facility Debt Service	\$ 14,593,071	\$ 12,653,251	\$ 16,380,966
Transfer-New Facility Costs/Reserves	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Academic & Counseling	\$ 1,695,600	\$ 1,695,599	\$ 1,868,055
Buildings & Grounds	\$ 9,364,670	\$ 9,859,659	\$ 9,742,088
Total Other Expenses	\$ 38,962,053	\$ 37,517,228	\$ 41,789,973
TOTAL OPERATING EXPENSE	\$ 80,620,771	\$ 79,787,637	\$ 84,293,331

University Housing & Dining

The proposed FY 2014 residence system budget reflects a slight decrease in net revenues compared to the preliminary budget received by the Board in March 2013 primarily due to slight increases in utilities, food costs, and building repairs. Occupancy projections have not changed significantly from the preliminary budget with residence hall occupancy at full capacity (5,959 beds) and 330 of 348 apartments being occupied.

In March 2012, the Board approved the budget and financing plan for the construction of the West Campus Residence Hall to provide housing for approximately 500 students beginning in Fall 2015. Construction of the project began this spring with completion expected in May 2015. In August 2012, the Board approved the sale of \$29 million of Dormitory Revenue Bonds to partially fund the project and a second bond issue is anticipated in 2014.

**University of Iowa
University Housing & Dining Proposed Budget 2013-14**

	Estimates 2012-13	Preliminary Budget 2013-14	Proposed Budget 2013-14
OPERATIONS			
Revenues	\$ 66,301,945	\$ 68,261,539	\$ 68,309,504
Expenditures for Operations	51,729,421	52,451,881	52,639,643
Net Revenues	14,572,524	15,809,658	15,669,861
% of Revenues	22.0%	23.2%	22.9%
Debt Service (due July 1)	5,369,285	6,663,750	6,663,750
Mandatory Transfers	600,000	600,000	600,000
Net After Debt Service & Mandatory Transfers	\$ 8,603,239	\$ 8,545,908	\$ 8,406,111
% of Revenues	13.0%	12.5%	12.3%
Debt Service Coverage Ratio	271%	237%	235%
University Overhead Payment	\$ 599,760	\$ 633,338	\$ 524,700
FUND BALANCES (June 30)			
Operation & Maintenance Fund	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Improvement Fund	10,267,703	9,152,438	9,152,438
System Fund	3,893,986	3,410,598	3,222,959
Subtotal--Voluntary Reserves	15,161,689	13,563,036	13,375,397
Bond Reserve Fund	6,150,195	6,150,195	6,150,195
Bond Construction Fund	19,000,000	2,000,000	2,000,000
Subtotal--Mandatory Reserves	25,150,195	8,150,195	8,150,195
Total Fund Balances (June 30)	\$ 40,311,884	\$ 21,713,231	\$ 21,525,592
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 53,936,774	\$ 55,894,304	\$ 55,894,136
Interest	612,753	623,700	616,589
Other Income	11,752,418	11,743,535	11,798,779
Total Revenues	\$ 66,301,945	\$ 68,261,539	\$ 68,309,504
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 23,394,898	\$ 23,811,081	\$ 23,467,502
Cost of Food or Goods Sold	9,063,532	9,026,009	9,335,438
Other Operating Expense	9,721,827	10,617,786	10,528,832
Utilities	6,179,578	5,805,505	6,036,583
Repairs & Maintenance	3,369,586	3,191,500	3,271,288
Total Expenditures	\$ 51,729,421	\$ 52,451,881	\$ 52,639,643

FY 2014 BUDGETS – IOWA STATE UNIVERSITY

Iowa State University’s strategic plan, Meeting the Challenges of the 21st Century, reinforces the University’s commitment to student success, creating jobs, and improving life for Iowans. Using the strategic plan as a foundation, the following priorities were established to guide the University’s will investment of its resources over the next several years.

- **Maintain Academic Excellence** – This priority includes additional student advising, supplemental instruction, internship support, classroom improvements, academic support services, financial aid, learning community enhancements, and faculty recruitment and retention in high demand disciplines.
- **Enhance Basic and Applied Research Footprint** - The University’s Bioeconomy Initiative, supported by a \$7.5 million state appropriation, is core to ISU’s strengths. Additional internal funding has also been dedicated to enhance high performance computing capability and to establish a Presidential Scholars Program for first-year doctoral students.
- **Promote Economic Development** – ISU is dedicated to connect faculty, staff, and student resources with industry, communities, educational institutions, businesses, and economic development agencies.
- **Improve Campus Environment** – This priority is to ensure a clean, safe, and secure campus environment and includes additional funding for deferred maintenance projects, public safety staff, facility services staff, and enhancements to the emergency management and preparedness program.

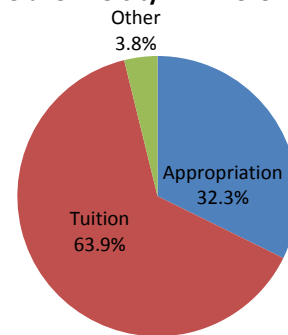
ISU utilizes a responsibility-centered approach to financial management to support its financial planning and budget development. The Resource Management Model provides revenue and growth incentives to units and rewards efficiency by attributing revenues and allocating costs to the major administrative units.

ISU FY 2014 General University Operating Budget

Tuition revenues comprise approximately 64% of the \$539.1 million General University revenue budget with 32% coming from state appropriations. Projected changes in these revenue sources as well as indirect cost recoveries and interest income result in \$26.1 million in incremental revenue when compared to FY 2013.

FY 2013 Budget	\$	513.0	million
Revenue Changes:			
Appropriation		4.4	million
Tuition		23.1	million
Indirect Cost Recoveries/Int		(1.4)	million
Revenue Increase		26.1	million
FY 2014 Budget	\$	539.1	million

ISU General University FY14 Revenue Budget



The General University’s FY 2014 operating appropriation of \$174.0 million is 2.6% greater (\$4.4 million) than the FY 2013 state funding amount.

In December 2012, the Board froze tuition (0% increase) for FY 2014 for undergraduate resident students and approved a 2.35% increase for nonresident undergraduates. Increases of 1.19% for graduate resident student tuition and 2.35% for graduate nonresidents were also approved. The University projects enrollment growth in recent years to continue in Fall 2013. The tuition rates coupled

with enrollment projections are expected to generate \$23.1 million in incremental gross tuition revenue in FY 2014.

Indirect cost recoveries are budgeted to decrease by approximately \$3.1 million reflective of the expected reduction in sponsored funding due to the federal sequestration. The reduction is partially offset by budgeted increases in interest and other income.

These incremental revenues have been applied to support the following strategic initiatives and priorities identified in the strategic plan. The majority of the incremental funds have been directed to Maintain Academic Excellence which includes additional student advising, instruction, classroom improvements, affordability, faculty recruitment and retention, and competitive compensation for the best faculty and staff.

Maintain Academic Excellence	\$ 18.8	million
Enhance Basic & Applied Research	2.6	million
Promote Economic Development	0.7	million
Improve Campus Environment	0.5	million
Other Cost Increases	3.5	million
Total	\$ 26.1	million

Reallocating resources toward institutional priorities is a continuing part of the financial planning and budget development process. For FY 2014, the University budget includes redirected resources of \$6.6 million to recruit and retain faculty in high demand disciplines, keep college affordable to students, maintain competitive compensation for faculty and staff, promote continuous improvement in the student experience, increase collaboration with external partners on applied research, and invest in support services to ensure a clean, safe, and secure learning environment.

Expense budget preparation included the salary policies approved by the Board in June. Performance based salary adjustments for faculty and P&S staff increased the General University's salary base by \$6.3 million (2.44%). Market, retention, and promotional adjustments totaled \$1.8 million, or 0.7% of the faculty and P&S staff salary base. The FY 2014 budget assumed a 5% increase in health and dental insurance costs for faculty and P&S employees and amounted to an incremental cost of \$1.8 million.

Approximately \$1.2 million was committed to implement the AFSCME contract for merit personnel, including supervisory and confidential employees. This includes annual step increases for eligible employees, the annualization cost of step increases received during FY 2013, and an estimated 7% increase in the cost of insurance benefits.

Other FY 2014 cost increases include the commitment of \$3.7 million for the University's information technology infrastructure and administrative systems; positions in payroll, internal audit, equal employment opportunity office; and in non-discretionary areas such as utilities, property insurance, software licenses, and library acquisition inflation.

The \$539.2 million General University budget allocated by function is shown below. Expenses related to instruction, academic support, scholarships and fellowships, and plant operations and maintenance comprise approximately 84% of all general university expenses.

General University Spending By Activity
(\$ in thousands)

	<u>FY 2014</u>	<u>% Total</u>
Instruction	198,145	36.8%
Research	15,510	2.9%
Public Service	3,971	0.7%
Academic Support	89,744	16.6%
Student Services	29,238	5.4%
Institutional Support	38,779	7.2%
Operations & Maintenance of Plant	68,350	12.7%
Scholarships & Fellowships	95,429	17.7%
Total	<u>539,166</u>	<u>100.0%</u>

ISU FY 2014 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 (\$15.8 million) 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, the Veterinary Diagnostic Lab, and first-time funding for the new Iowa Nutrient Management Center and the Bioeconomy Initiative.

The 2013 General Assembly appropriated \$1.5 million for FY 2014 for the new Nutrient Management Center. The Center will pursue nutrient management research to reduce the volume of nitrogen and phosphorous fertilizer washed into waterways from agricultural fields. This includes a performance evaluation of current and emerging nutrient management practices, and the development and implementation of new strategies.

The goal of the Bioeconomy Initiative (\$7.5 million appropriation for FY 2014) is to secure national leadership in providing sustainable sources of food, fuel, and manufactured products through agriculture. The Initiative will shift research towards the development of fundamental discoveries into successful commercial processes.

ISU FY 2014 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
- Mandatory Student Fees
- 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 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 2014 Restricted Fund Budget also includes the following state appropriations;

- | | |
|--|------------------|
| • Tuition Replacement | \$ 12.60 million |
| • Biorenewables Complex - Ag & Biosystems Engineering Building | \$ 21.75 million |
| • Research Park Facility | \$ 12.00 million |
| • Veterinary Medicine Facilities – Blank Park Zoo | \$ 1.00 million |
| • Skilled Worker/Job Creation Fund | \$ 1.05 million |
| • Deferred Maintenance/ADA/Fire Safety | \$ 0.76 million |
| • Grape & Wine Institute | \$ 0.20 million |

ISU Athletics

The ISU Athletic Department is a self-sustaining auxiliary enterprise and receives no general university support. The proposed FY 2014 athletic budget totals \$60 million and is provided on the following page.

FY 2014 ticket revenue projections exceed FY 2013 from actual football season ticket sales and men's basketball season ticket price increases ranging from \$25-\$40 (the first price increase since FY 2007). Ticket revenues from both basketball programs are conservatively forecast based on last season's attendance.

Due to increased generated revenues in FY 2013, fundraising resources were retained since less was needed to support operations. A portion of these resources and capital project funds will be used in FY 2014 to repurpose the Jacobsen/Olsen facilities vacated by football last October and deferred maintenance projects.

Event services revenue (included in other revenue) is conservatively budgeted with contracted events only; special events, such as concerts, are not budgeted. (Hilton Coliseum hosted four concerts in FY 2013.)

FY 2014 salary projections are approximately \$1 million higher than FY 2013 due to staff salary increases in accordance with salary policies approved by the Board and contractual obligations.

Team travel costs (reported in Sports Program Operations) continue to increase due to rising fuel costs. Also, football has one additional road game in FY 2014 and the women's basketball and volleyball programs have foreign team travel competitions.

The Athletic Department is responsible for paying tuition on the scholarships it awards. ISU Athletics awards the equivalent of approximately 236 scholarships at a cost of \$5.8 million as reflected in the budget.

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 \$18.0 million.

IOWA STATE UNIVERSITY ATHLETICS

	FY 2013 Budget	FY 2013 Estimates	FY 2014 Proposed
REVENUES			
Ticket Sales:			
Football	\$ 8,260,943	\$ 9,416,822	\$ 10,107,205
Men's Basketball	2,325,000	2,901,770	3,100,000
Women's Basketball	530,000	506,319	500,000
Wrestling	100,000	83,582	115,000
Other Sports	250,000	366,229	340,000
Ticket Sales:	11,465,943	13,274,722	14,162,205
Foundation Support	13,839,794	10,804,370	12,926,393
Conference & NCAA Revenue	21,030,949	21,710,011	22,348,861
Multi-Media Rights	3,364,725	3,364,725	3,462,325
Post Season Revenue	1,300,000	1,353,272	1,300,000
Student Fees	1,776,600	1,820,000	1,900,000
Licensing	696,172	773,555	750,000
Game guarantees	550,000	750,320	250,000
Auxillary Revenue	1,100,227	1,503,318	1,250,000
Other Revenue	1,584,000	2,704,898	1,706,000
TOTAL REVENUES	\$ 56,708,410	\$ 58,059,191	\$ 60,055,784
EXPENSES			
Sports Programs - Operations:			
Football	\$ 2,795,670	\$ 2,812,831	\$ 3,222,335
Men's Basketball	1,415,000	1,617,540	1,318,350
Women's Basketball	864,400	869,278	957,000
Wrestling	215,480	215,480	255,000
Other Sports	2,082,780	2,181,680	2,343,243
Sports Programs - Operations:	7,373,330	7,696,809	8,095,928
Sports Program Support Units:			
Medical	600,000	400,000	400,000
Video Operations	169,332	169,332	174,411
Athletic Training	251,850	270,150	303,255
Academic Services	218,600	300,000	300,000
Other	257,560	442,500	447,505
Sports Program Support Units:	1,497,342	1,581,982	1,625,171
Internal Operations:			
Admin Operations	584,000	670,000	600,000
Big 12 Expenses	1,451,000	1,470,000	1,586,000
Airplane Support	138,083	138,083	175,000
IT Operations	338,000	415,000	433,500
Other	233,800	238,291	235,500
Internal Operations:	2,744,883	2,931,374	3,030,000
Salaries & Benefits	18,920,847	19,437,361	20,485,997
Scholarships	5,841,942	5,389,847	5,780,742
External Operations	1,999,360	2,064,071	2,379,683
Facilities & Events	5,239,946	5,762,066	5,621,808
Postseason	2,000,000	2,363,533	2,430,000
Debt Service	6,286,189	6,311,668	6,137,511
Capital Projects/Def Maint	4,744,000	4,351,915	4,404,447
TOTAL EXPENSES	\$ 56,647,839	\$ 57,890,626	\$ 59,991,287

ISU Residence System

In April 2013, the Board approved leasing two off-campus apartment buildings to accommodate the additional demand for student housing resulting from the expected enrollment increase. The University anticipates an occupancy increase of approximately 1,100 students when compared to the preliminary budget received by the Board in March 2013. The updated occupancy projections (approximate total of 11,000 students) result in additional contract revenue of approximately \$4.1 million and increased operating expenses from the leases. The proposed budget results in a net revenue increase of approximately \$0.6 million when compared to the preliminary budget.

In October 2012, the Board approved the budget and financing plan for the Frederiksen Court Expansion Project to provide apartment housing for an additional 720 students. Two buildings (240 beds) are planned to be available for Fall 2013, with the remaining four buildings (480 beds) scheduled for Spring 2014.

**Iowa State University
Residence System Proposed Budget 2013-14**

	Estimates 2012-13	Preliminary Budget 2013-14	Proposed Budget 2013-14
OPERATIONS			
Revenues	\$ 86,533,405	\$ 88,690,622	\$ 92,756,315
Expenditures for Operations	62,348,187	64,973,894	68,440,510
Net Revenues	24,185,218	23,716,728	24,315,805
% of Revenues	27.9%	26.7%	26.2%
Debt Service (due July 1)	10,502,919	12,668,081	12,658,264
Mandatory Transfers	500,000	500,000	500,000
Net After Debt Service & Mandatory Transfers	\$ 13,182,299	\$ 10,548,647	\$ 11,157,541
% of Revenues	15.2%	11.9%	12.0%
Debt Service Coverage Ratio	230%	187%	192%
University Overhead Payment	\$ 2,001,928	\$ 2,001,928	\$ 2,117,087
FUND BALANCES (June 30)			
Improvement Fund	15,939,605	10,949,151	12,478,881
System Fund	13,797,929	16,744,713	15,279,522
Subtotal--Voluntary Reserves	29,737,534	27,693,864	27,758,403
Bond Reserve Fund	12,658,264	12,658,264	12,658,264
Bond Construction Fund	14,390,747	865,511	865,511
Subtotal--Mandatory Reserves	27,049,011	13,523,775	13,523,775
Total Fund Balances (June 30)	\$ 56,786,545	\$ 41,217,639	\$ 41,282,178
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 67,244,704	\$ 68,357,655	\$ 72,423,348
Interest	192,456	170,000	170,000
Other Income	19,096,245	20,162,967	20,162,967
Total Revenues	\$ 86,533,405	\$ 88,690,622	\$ 92,756,315
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 30,565,794	\$ 32,683,272	\$ 32,792,641
Cost of Food or Goods Sold	12,267,671	12,025,318	12,025,318
Other Operating Expense	10,632,229	10,655,945	13,861,992
Utilities	6,474,287	7,093,792	7,244,992
Repairs & Maintenance	2,408,206	2,515,567	2,515,567
Total Expenditures	\$ 62,348,187	\$ 64,973,894	\$ 68,440,510

FY 2014 BUDGETS – UNIVERSITY OF NORTHERN IOWA

During the FY 2014 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
- 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.

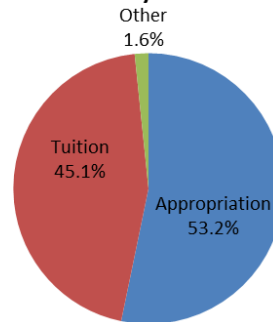
The University of Northern Iowa plans to maintain a strong focus on University goals and priorities while maximizing the efficient use of resources, reducing costs, and actively pursue enrollment strategies.

UNI FY 2014 General University Operating Budget

State appropriations comprise slightly more than half of UNI’s proposed FY 2014 General University operating revenue budget with tuition revenue comprising 45% of budgeted revenues. Projected changes in these revenue sources result in \$2.0 million in incremental revenue (1.2% increase) when compared to FY 2013.

FY 2013 Budget	\$ 165.5 million
Revenue Changes:	
Base Appropriation	2.1 million
One-Time Appropriation	6.0 million
Tuition	<u>(6.1) million</u>
Revenue Increase	2.0 million
FY 2014 Budget	\$ 167.5 million

UNI General University FY14 Revenue Budget



The General University’s FY 2014 base operating appropriation of \$83.2 million is 2.6% more (\$2.1 million) than state funding received for FY 2013. The 2013 General Assembly also appropriated \$10 million in one-time funds that remains available until the end of FY 2015. As shown above and in the budget on page 6, the University has budgeted \$6 million of these one-time funds in FY 2014 with the remainder being available for FY 2015.

In December 2012, the Board froze tuition (0% increase) for FY 2014 for all resident students and approved a 2.6% increase for nonresidents. Fall 2013 enrollment is projected to be 11,800, a decrease of 473 students when compared to Fall 2012. The resident tuition rate freeze (90+% of students are Iowa residents) coupled with the projected enrollment decrease result in a budgeted tuition revenue decrease of \$6.1 million when compared to FY 2013.

A projected slight decrease in indirect cost recoveries is offset by a slight increase in interest income.

Mandatory salary and related benefit increases from faculty and merit employee bargaining are included in the proposed FY 2014 budget. United Faculty salaries increased 2% on July 1, 2013, and eligible AFSCME employees will receive a 4.5% step increase on their employment anniversary dates. Salary increases for non-bargained P&S staff averaged 2% comparable to United Faculty. Health costs for AFSCME employees are projected to increase by 5%. Health costs for the self-funded health plans for faculty and professional staff will increase 9%. The FY 2014 General University budget includes a total salary and fringe cost increase of \$5.0 million when compared to last year.

University supported financial aid has been reduced slightly less than \$1.0 million dollars resulting from the projected enrollment decrease. The remaining budget shortfall was addressed from the reversal of previously planned increases to professional and scientific supplies/service expenses, funding reduction for strategic initiatives, and utility savings.

The \$167.6 million General University budget allocated by function is shown below. Expenses related to instruction, academic support, scholarships and fellowships, and plant operations and maintenance comprise approximately 75% of all general university expenses.

General University Spending By Activity
(\$ in thousands)

	<u>FY 2014</u>	<u>% Total</u>
Instruction	71,867	42.9%
Research	255	0.2%
Public Service	1,479	0.9%
Academic Support	19,574	11.7%
Student Services	7,784	4.6%
Institutional Support	33,294	19.9%
Operations & Maintenance of Plant	19,624	11.7%
Scholarships & Fellowships	13,692	8.2%
Total	<u>167,569</u>	<u>100.0%</u>

UNI FY 2014 Special Purpose Operating Budgets

UNI's consolidated special purpose budget (\$6.6 million) on page 6 includes the Iowa Mathematics and Science Education Partnership Program (IMSEP), Institute for Decision Making, Recycling and Reuse Center, Metal Casting, Real Estate Education, MyEntreNet, and new funding for Economic Gardening (see below).

IMSEP was appropriated \$5.2 million for FY 2014, a \$0.5 million increase over FY 2013. IMSEP is a collaboration of the University of Iowa, Iowa State University, and the University of Northern Iowa. UNI administers the program which promotes Science, Technology, Engineering, and Math (STEM) education in Iowa. In addition to implementing and sustaining successful STEM programs, the Partnership is also aligned with the goals and priorities of the Governor's STEM Advisory Council.

The appropriation supporting UNI's economic development special purpose units was increased approximately \$0.5 million to expand UNI's role in serving small Iowa businesses by investing in Economic Gardening to provide extensive assistance with advanced market research and tailored growth strategies. FY 2014 state operating funding for the remaining special purpose units remained flat when compared to FY 2013.

UNI FY 2014 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 System.

The proposed FY 2014 Restricted Fund Budget includes the following state appropriations:

- Tuition Replacement \$ 5.76 million
- Bartlett Hall Renovation \$10.27 million
- Skilled Worker/Job Creation Fund \$ 0.90 million
- Deferred Maintenance/ADA/Fire Safety \$ 0.38 million

UNI Athletics

The University of Northern Iowa's FY 2014 athletic budget provided on the following page reflects revenue projections of \$12.9 million; \$0.7 million greater than the FY 2013 estimates.

General university funds for athletics provide support for scholarships, operations, and the graduate assistant program. University support for athletics has been significantly reduced in recent years in accordance with a plan presented to the Board in September 2010. Budgeted university support for Athletics in FY 2014 remains flat when compared to FY 2013.

Football income is budgeted to decline from less game guarantee revenue when compared to last year, which included two Football Bowl Subdivision opponents on the schedule. Conversely, income from the other sports is expected to increase from men's basketball ticket revenue and the women's sports fundraising efforts.

As recommended by the Student Fee Committee and approved by the Board, Athletics is budgeted to receive a higher allocation of the student services fee in FY 2014. Additional foundation support is needed to support operations and is budgeted at approximately \$1.6 million for FY 2014.

The athletic department is responsible for paying tuition for awarded scholarships. Scholarship costs of approximately \$3.75 million for the equivalent of 189 scholarships are included in the applicable sports expense lines. Football expenses for FY 2014 are expected to increase due to the mix of in-state/out-of-state of scholarship athletes and additional staff salary/fringe benefit costs.

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 2014 is \$4.1 million.

University of Northern Iowa
FY 2014 Proposed Athletic Budget

	<u>FY 2013 Budget</u>	<u>FY 2013 Estimates</u>	<u>FY 2014 Proposed</u>
INCOME			
Football	1,750,000	1,703,779	999,500
Men's Basketball	813,450	873,261	986,200
Men - All Other Sports	53,600	48,657	68,325
Women - All Sports	142,100	144,875	228,822
Subtotal - Sports	<u>2,759,150</u>	<u>2,770,572</u>	<u>2,282,847</u>
Other Income			
Student Activity Fee	1,491,593	1,491,225	1,749,975
University Support for:			
General Athletics Operations	2,914,545	2,915,032	2,914,533
Scholarships	1,283,481	1,283,481	1,283,481
Alumni/Foundation Support	1,273,000	1,130,000	1,632,361
Athletic Marketing	1,136,000	1,105,419	1,151,000
Athletic Conf/NCAA Support	922,000	918,000	985,000
Novelties - Outings	240,000	265,000	275,000
General	305,500	328,155	647,000
Subtotal - Other	<u>9,566,119</u>	<u>9,436,312</u>	<u>10,638,350</u>
TOTAL INCOME	<u>12,325,269</u>	<u>12,206,884</u>	<u>12,921,197</u>
EXPENSES			
Men's Sports			
Football	2,932,696	2,767,864	3,053,049
Basketball	1,892,151	1,957,353	1,946,260
All Other Men's Sports	1,112,155	1,123,496	1,169,692
Subtotal - Men's Sports	<u>5,937,002</u>	<u>5,848,713</u>	<u>6,169,001</u>
Women's Sports			
Basketball	948,111	961,204	1,011,298
Volleyball	729,377	745,905	804,314
All Other Women's Sports	2,175,016	2,028,402	2,263,362
Subtotal - Women's Sports	<u>3,852,504</u>	<u>3,735,511</u>	<u>4,078,974</u>
Other Expenses			
Athletic Training	206,050	226,677	215,542
Administration & General	2,037,586	2,157,902	2,166,221
Athletic Marketing	214,127	226,923	216,459
Contingency	78,000	11,158	75,000
Subtotal - Other Expenses	<u>2,535,763</u>	<u>2,622,660</u>	<u>2,673,222</u>
TOTAL EXPENSES	<u>12,325,269</u>	<u>12,206,884</u>	<u>12,921,197</u>

UNI Residence System

The Board received a preliminary FY 2014 residence system budget as a part of the governance report at the March 2013 meeting. The University projects a 3.6% decline in operating revenues compared to the preliminary budget primarily from lower occupancy based on updated enrollment projections. Food and utility costs have also been reduced to reflect the current occupancy projections. Salary and benefit costs have been updated to reflect all budgeted positions (filled and vacant) and also includes higher than originally anticipated fringe benefit costs.

**University of Northern Iowa
Residence System Proposed Budget 2013-14**

	Estimates 2012-13	Preliminary Budget 2013-14	Proposed Budget 2013-14
OPERATIONS			
Revenues	\$ 36,997,210	\$ 38,257,244	\$ 36,879,901
Expenditures for Operations	25,360,213	27,460,026	27,226,419
Net Revenues	11,636,997	10,797,218	9,653,482
% of Revenues	31.5%	28.2%	26.2%
Debt Service (due July 1)	4,959,380	6,769,415	6,769,415
Mandatory Transfers	330,000	330,000	330,000
Net After Debt Service & Mandatory Transfers	\$ 6,347,617	\$ 3,697,803	\$ 2,554,067
% of Revenues	17.2%	9.7%	6.9%
Debt Service Coverage Ratio	235%	160%	143%
University Overhead Payment	\$ 650,498	\$ 686,501	\$ 730,660
FUND BALANCES (June 30)			
Improvement Fund	\$ 4,081,356	\$ 3,012,000	\$ 4,081,356
System Fund	7,150,396	4,278,000	3,950,591
Subtotal--Voluntary Reserves	11,231,752	7,290,000	8,031,947
Bond Reserve Fund	6,115,950	6,115,950	6,115,950
Bond Construction Fund	2,562,688		
Subtotal--Mandatory Reserves	8,678,638	6,115,950	6,115,950
Total Fund Balances (June 30)	\$ 19,910,390	\$ 13,405,950	\$ 14,147,897
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 30,854,632	\$ 32,072,357	\$ 30,521,239
Interest	479,000	200,000	396,000
Other Income	5,663,578	5,984,887	5,962,662
Total Revenues	\$ 36,997,210	\$ 38,257,244	\$ 36,879,901
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 14,284,939	\$ 14,654,788	\$ 15,084,771
Cost of Food or Goods Sold	4,703,767	4,907,332	4,685,800
Other Operating Expense	2,466,803	3,353,706	3,495,073
Utilities	2,313,601	2,653,200	2,342,600
Repairs & Maintenance	1,591,103	1,891,000	1,618,175
Total Expenditures	\$ 25,360,213	\$ 27,460,026	\$ 27,226,419

FY 2014 BUDGET – IOWA PUBLIC RADIO

The FY 2014 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 2014 budget has been reviewed by the Finance Committee of IPR's Board of Directors with full Board approval scheduled for August 22, 2013.

- University support is decreased in accordance with IPR's strategic plan to eliminate direct university support by FY 2017.
- Revenue generated by fundraising efforts in FY 2014 is estimated to decrease primarily due to the timing of the hiring of a new Executive Director, a Director of Development, and an Underwriting Manager.
- Salary expenses are estimated to decrease primarily due to unfilled positions, hiring delays, and eliminated positions. The FY 2014 budget does include an average salary increase of approximately 2.4% for staff.
- Generally, operating expenses overall are estimated to decrease from expense elimination efforts (industry memberships, seminar travel and training) and improvement project deferral (wide-area network, membership database, and tower painting).
- Capitalized equipment expenses are budgeted to decrease in FY 2014 and addresses only critical equipment needs.

	<u>FY13 BUDGET</u>	<u>FY14 BUDGET</u>	<u>DIFFERENCE</u>
OPERATING INCOME			
University Support	\$ 944,800	\$ 826,700	\$ (118,100)
State of Iowa Appropriation	391,568	391,568	-
Federal Support - CPB	683,225	859,061	175,836
Fundraising	5,950,647	4,909,057	(1,041,590)
Transfer from System Funds	-	575,018	575,018
TOTAL OPERATING INCOME	\$ 7,970,240	\$ 7,561,404	\$ (408,836)
OPERATING EXPENSES			
Compensation	\$ 4,529,504	\$ 4,333,334	\$ (196,170)
Programming Fees	1,033,943	1,025,658	(8,285)
Facilities	499,264	496,614	(2,650)
Professional/Other Services	354,687	586,071	231,384
Telecommunications	242,056	218,183	(23,873)
Depreciation Expense	563,354	470,181	(93,173)
Printing	98,500	72,800	(25,700)
Supplies	85,847	94,401	8,554
Travel	103,090	89,040	(14,051)
Other	319,763	167,005	(152,758)
TOTAL OPERATING EXPENSES	\$ 7,830,008	\$ 7,553,287	\$ (276,721)
NET OPERATING INCOME (LOSS)	\$ 140,232	\$ 8,117	\$ (132,115)
NON-OPERATING INCOME (EXPENSE):			
State Capital Funding	\$ 300,360	\$ -	\$ (300,360)
Equipment Grants	1,100,000	-	(1,100,000)
Rental Revenue	106,658	115,535	8,877
Investment Earnings	100,000	25,150	(74,850)
Equipment, Capitalized	(1,377,115)	(104,000)	1,273,115
Equipment, Non-Capitalized	(47,582)	(33,200)	14,382
Debt Service	14,899	(11,602)	(26,501)
TOTAL NON-OPERATING INCOME (EXPENSE)	\$ 197,220	\$ (8,117)	\$ (205,337)
NET ALL ACTIVITY	\$ 337,452	\$ 0	\$ (337,452)

FY 2014 BUDGET – BOARD OFFICE

The Board Office operating budget is supported by state appropriations and institutional support. The budget contains grant funds for the first time. The proposed FY 2014 operating budget of the Board Office shows an 11% increase over the FY 2013 adopted budget, prior to the addition of the grant funds. While the Board Office base appropriation was held flat for FY 2014, the Board Office was appropriated \$29,709 to pay for services provided by the Department of Administrative Services related to the State's budget and financial reporting system.

Reflecting the service nature of the Board Office, personnel costs are approximately 76% of the FY 2014 budget. Salary increases within the range of 0 – 4% were approved by the Board of Regents at the June 5, 2013 meeting; individual adjustments were made for equity and competitive market factors.

Additional professional service organization dues for special data collection projects are included in the FY 2014 budget. Special services, consisting primarily of Attorney General fees, are expected to increase in FY 2014. Replacement of a portion of the office furniture is also included in the budget.

The State Department of Education has secured a federal grant to foster education reform. As a subgrantee, the Board Office hired an Academic Research Associate in FY 2013 to gather and analyze information for student longitudinal data studies. Funds will also reimburse the public universities for some of their costs for data analysis.

FY 2014 Board Office Budget			
	Final Budget FY 2013	Proposed Budget FY 2014	% Change from FY 2013
Revenues			
State Appropriations	1,065,005	1,094,714	2.8%
Institutional Reimbursements	2,220,652	2,553,601	15.0%
Federal Support	146,737	176,931	20.6%
Non-institutional	1,500	1,500	0.0%
Principal Demutualization	2,500	2,500	0.0%
TOTAL REVENUE	3,436,394	3,829,246	11.4%
Expenditures			
Personnel and Board per diem	2,673,544	2,907,359	8.7%
Travel	70,000	74,550	6.5%
Office Supplies & Printing	30,250	35,000	15.7%
Dues	35,000	60,000	71.4%
Advertising	2,000	2,000	0.0%
Communications	50,500	50,000	-1.0%
Outside Services & Repairs	65,000	55,000	-15.4%
State Audit	13,500	13,500	0.0%
Workers Comp	6,000	6,000	0.0%
IT Services	40,000	42,500	6.3%
Office Equipment & Furnishings	12,500	33,000	164.0%
Office Space	110,600	103,271	-6.6%
Educational/Training Expense	15,000	20,500	36.7%
Special Services	312,500	426,566	36.5%
TOTAL EXPENDITURES	3,436,394	3,829,246	11.4%