

Contact: Brad Berg

**FY 2018 BUDGETS – UNIVERSITIES, SPECIAL SCHOOLS,
IOWA PUBLIC RADIO, BOARD OFFICE**

Actions Requested: Consider approval of the:

1. Regent university and special school FY 2018 budgets as presented on pages 5-8 and in the attachments.
2. Iowa Public Radio FY 2018 budget as presented in Attachment F on page 31.
3. Board Office FY 2018 budget as shown in Attachment G on page 32.

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, and 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 2018 Regent Enterprise consolidated budget exceeds \$5.8 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 2018 REGENT ENTERPRISE BUDGET
(in millions)

	SUI*	ISU	UNI	ISD	IBSSS	Total
General Operating	2,218.5	723.0	186.3	11.1	8.4	3,147.3
Restricted	1,777.0	783.1	168.8	1.5	0.8	2,731.2
Total	3,995.5	1,506.1	355.1	12.6	9.2	5,878.5

*includes UIHC

University Operating Budgets

The primary revenue sources providing FY 2018 general operating funds for Iowa’s public universities are state appropriations and tuition revenues. In September 2016, the Board proposed a two-year appropriations and tuition plan (beginning for FY 2018) to demonstrate resource needs while giving consideration to costs that may be absorbed through efficiencies and reallocations. While the multi-year plan was dynamic, it included a proposed 2% increase in resident undergraduate tuition rates for each year and a 2% increase in state appropriations for each year.

In February 2017, the General Assembly approved mid-year permanent funding reductions for FY 2017 resulting from lower than projected tax revenues totaling \$20.75 million across the three public universities. In April 2017, the General Assembly further reduced funding for FY 2018 by an additional \$9.58 million. In total, Regent higher education appropriations for FY 2018 are \$30.33 million less than original FY 2017 appropriated amounts.

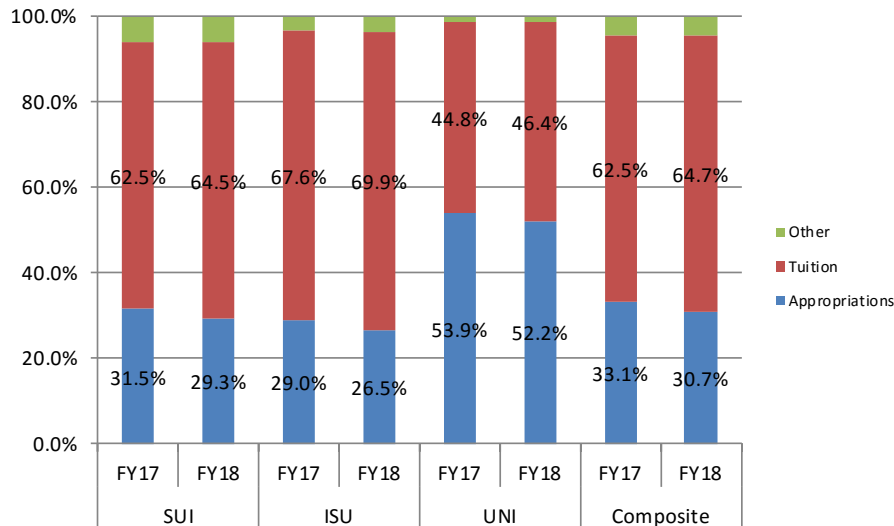
State Funding for Regent Higher Education

	FY 2017 <u>Beginning</u>	FY 2017 <u>Reduction</u>	FY 2018 <u>Reduction</u>	FY 2018 <u>Appropriation</u>
University of Iowa	\$ 232,223,005	\$ (9,237,500)	\$ (6,226,438)	\$ 216,759,067
Iowa State University	\$ 184,399,852	\$ (8,990,000)	\$ (2,534,991)	\$ 172,874,861
University of Northern Iowa	\$ 97,057,732	\$ (2,522,500)	\$ (822,870)	\$ 93,712,362
Total	\$ 513,680,589	\$ (20,750,000)	\$ (9,584,299)	\$ 483,346,290

In December 2016, the Board approved a 2% increase to the base resident undergraduate tuition rate at each university with varying increases to nonresident and graduate tuition rates. In response to the state funding cuts resulting from lower than projected tax revenues, the Board approved an additional \$216 tuition increase in June 2017 to all undergraduate resident students. Tuition rates for all other student classifications at ISU and UNI were also increased \$216 and the rates for the other student classifications at SUI were increased 3.8%.

The following chart compares FY 2017 funding sources as originally budgeted with FY 2018 for each university. UNI is more reliant on state appropriations than tuition revenue for its general fund operations while SUI and ISU state funding levels have declined to less than 30% of operating revenues. The universities continue to be more reliant on tuition revenues and less on state appropriations and the variance continues to widen.

General University Funding Sources



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. 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

Each university also has several special purpose units that receive state funding for operations. Examples include the Hygienic Laboratory and the Iowa Flood Center at SUI, the Agriculture Experiment Station and Cooperative Extension at ISU, and Math and Science Collaborative and the Recycling and Reuse Center at UNI. Additional information regarding the FY 2018 special purpose unit budgets is provided in the attachments.

Restricted Budgets

The university FY 2018 restricted fund budgets include capital funding approved by the General Assembly for the following projects.

- SUI – Pharmacy Building \$22.8 million
- ISU - Biosciences Facilities \$19.5 million
- ISU – Student Innovation Center \$ 6.0 million

In addition, the university restricted fund budgets include an allocation of the \$28.3 million tuition replacement appropriation 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) for the Regent Innovation 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.

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 2018 athletic revenue budgets total \$207 million. Details for each university’s athletic budget are included in the attachments.

Athletic Revenues			
	FY 2017	FY 2018	
	<u>Estimates</u>	<u>Budget</u>	<u>Difference</u>
SUI	113,465,770	117,081,019	3,615,249
ISU	77,650,859	75,886,844	(1,764,015)
UNI	13,772,197	14,371,229	599,032
Total	204,888,826	207,339,092	2,450,266

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; they are included in the restricted fund budgets. Residence system FY 2018 revenue budgets total approximately \$235 million for the three universities.

The Board received the FY 2018 residence system preliminary budgets as part of the residence system governance report presented in February. Each university has since updated their respective residence system budgets to reflect revenue and expense estimates based on the most recent occupancy projections. The residence systems are expected to house more than 23,000 students this fall. The proposed detailed budgets for each university residence system are provided in the attachments.

University Residence Systems FY 2018 Budgets						
	SUI		ISU		UNI	
	<u>Preliminary</u>	<u>Final</u>	<u>Preliminary</u>	<u>Final</u>	<u>Preliminary</u>	<u>Final</u>
Revenues	\$ 87,422,067	\$ 83,142,910	\$ 114,441,986	\$ 111,764,226	\$ 42,812,292	\$ 39,676,392
Expenditures for Operations	64,866,346	64,420,706	81,832,520	81,589,927	29,841,358	27,438,425
Debt Service and Mandatory Transfers	12,167,038	12,311,679	17,110,983	17,110,983	8,978,740	8,978,740
Net Revenues after Debt Service and Mandatory Transfers	\$ 10,388,683	\$ 6,410,525	\$ 15,498,483	\$ 13,063,316	\$ 3,992,194	\$ 3,259,227

Special Schools

The FY 2018 budgets for the Iowa School for the Deaf (ISD), and the Iowa Braille and Sight Saving School (IBSSS) total \$21.8M and are provided in Attachments D and E. The Iowa School for the Deaf and the Iowa Braille and Sight Saving School rely heavily on state funding for their operations. In aggregate, the schools' operating appropriations were increased 1.2% (\$164,689) when compared to FY 2017. The schools share a common Superintendent and other administrators. While these positions are employed by ISD, IBSSS reimburses their share of the cost for these positions on a monthly basis.

FY 2018 Special School Budgets

	<u>Operating</u>	<u>Restricted</u>	<u>Total</u>
ISD	\$ 11,141,474	\$ 1,445,793	\$ 12,587,267
IBSSS	\$ 8,395,668	\$ 808,432	\$ 9,204,100
TOTAL	\$ 19,537,142	\$ 2,254,225	\$ 21,791,367

Iowa Public Radio (IPR)

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 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.

IPR's FY 2018 operating appropriation of \$359,264 was cut 8.2% (-\$32,304) when compared to FY 2017. University support for IPR in FY 2018 remains flat when compared to FY 2017. The proposed FY 2018 budget is contained in Attachment F on page 31.

Salary Policies

The Board of Regents employs about 6,450 AFSCME-covered staff in blue collar, security, technical, clerical and education units at the five institutions. The statewide collective bargaining agreement with AFSCME provides a base wage increase of 1.0% on July 1, 2017 (also applicable for non-represented supervisory and confidential merit staff).

At the Board's June meeting, the Regents authorized the Executive Director to approve, in consultation with Board leadership, the salary policies for the non-organized faculty and staff for each institution. A summary of each institution's policy is provided in the attachments.

BOARD OF REGENTS, STATE OF IOWA
FY 2018 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	\$216,759,067				\$2,186,558	\$4,402,615	\$1,788,265	\$659,456	\$5,669,192	\$231,465,153		
RESOURCES												
Federal Support	1,100,000	5,049,676	18,253	214,408	5,000		7,500			6,394,837		
Interest	477,361,000									477,361,000		
Tuition and Fees	44,467,000	4,124,285	1,415,063	189,966	299,442	51,463				50,547,219		
Reimb. Indirect Costs		1,412,679,880	27,083,702	8,672,921	75,000	2,624,944		102,449		1,451,238,896		
Sales and Service	24,933	1,209,346	255,402							1,489,681		
Other Income	522,952,933	1,423,063,187	28,772,420	9,077,295	379,442	2,676,407	7,500	102,449	-	1,987,031,633		
Subtotal - Inst. Income	\$739,712,000	\$1,423,063,187	\$28,772,420	\$9,077,295	\$2,566,000	\$7,079,022	\$1,795,765	\$761,905	\$5,669,192	\$2,218,496,786		
TOTAL REVENUES												
EXPENDITURES												
Fac. & Inst. Off. Salaries	\$275,562,000	\$87,667,049	\$103,800	\$578,544		\$246,191		\$191,599	\$1,837,739	\$366,186,922		
Prof. & Sci. Staff Salaries	149,778,000	569,475,008	15,748,148	5,286,899	112,966	4,073,195	246,549	540,054	1,815,483	747,076,302		
General Service Staff Sal.	61,792,000	197,744,535	7,419,293	1,078,134	1,475,474	1,709,472			112,599	271,331,507		
Hourly Wages	5,700,000	9,907,517	169,077	84,914		43,465			29,996	15,934,969		
Subtotal - Salaries	492,832,000	864,794,109	23,440,318	7,028,491	1,588,440	6,072,323	246,549	731,653	3,795,817	1,400,529,700		
Supplies and Services	56,901,675	509,518,209	3,759,673	1,653,789	508,360	942,699	1,549,216	30,252	1,678,337	576,542,210		
Library Acquisitions	19,287,325									19,287,325		
Rentals	5,900,000	13,833,625	6,739	540		64,000			70,020	19,874,924		
Utilities	37,088,000	33,344,176	1,559,340	178,409	469,200					72,639,125		
Bldg. Repairs	13,232,000	1,573,068	6,350	216,066						15,027,484		
Auditor of State Reimb.	765,000									765,000		
Equipment	2,267,000								60,442	2,327,442		
Aid to Individuals	111,439,000								64,576	111,503,576		
Subtotal - Other Expenses	246,880,000	558,269,078	5,332,102	2,048,804	977,560	1,006,699	1,549,216	30,252	1,873,375	817,967,086		
TOTAL EXPENDITURES	\$739,712,000	\$1,423,063,187	\$28,772,420	\$9,077,295	\$2,566,000	\$7,079,022	\$1,795,765	\$761,905	\$5,669,192	\$2,218,496,786		

BOARD OF REGENTS, STATE OF IOWA
FY 2018 GENERAL FUND OPERATING BUDGETS (continued)

	Iowa State University					University of Northern Iowa				Operating Total	
	Gen. Univ.	Exp. Station	Coop. Ext.	Special Purpose	Subtotal	Gen. Univ.	Special Purpose	Subtotal	ISD		IBSSS
APPROPRIATIONS											
General	\$172,874,861	\$29,886,877	\$18,266,722	\$6,597,146	\$227,625,606	\$93,712,362	\$6,813,352	\$100,525,714	\$9,897,351	\$4,126,495	\$573,640,319
RESOURCES											
Federal Support		5,405,000	10,000,000		15,405,000			550,000	56,970		15,461,970
Interest	1,889,150				1,889,150	550,000		1,000			8,834,987
Tuition and Fees	456,567,000				456,567,000	83,258,692		83,258,692			1,017,186,692
Reimb. Indirect Costs	20,096,998				20,096,998	1,449,649		1,449,649	15,000	47,000	72,155,866
Sales and Service						505,393		505,393	936,153	3,605,433	1,456,285,875
Other Income	1,375,850				1,375,850			-	235,000	616,740	3,717,271
Subtotal - Inst. Income	479,928,998	5,405,000	10,000,000	-	495,333,998	85,763,734	-	85,763,734	1,244,123	4,269,173	2,573,642,661
TOTAL REVENUES	\$652,803,859	\$35,291,877	\$28,266,722	\$6,597,146	\$722,959,604	\$179,476,096	\$6,813,352	\$186,289,448	\$11,141,474	\$8,395,668	\$3,147,282,980
EXPENDITURES											
Fac. & Inst. Off. Salaries	\$242,200,000	\$22,300,000	\$6,700,000	\$2,761,000	\$273,961,000	\$73,431,015	\$354,147	\$73,785,162	\$3,509,825	\$5,567,684	723,010,593
Prof. & Sci. Staff Salaries	119,000,000	9,600,000	17,500,000	2,821,200	148,921,200	37,415,010	1,136,259	38,551,269	2,520,546	420,981	937,490,298
General Service Staff Sal.	30,000,000	1,000,000	600,000	25,000	31,625,000	26,748,819	149,986	26,898,805	3,153,788	1,066,516	334,075,616
Hourly Wages	6,000,000	350,000	125,000	67,600	6,542,600	1,579,047	42,590	1,621,637			24,099,206
Subtotal - Salaries	397,200,000	33,250,000	24,925,000	5,674,800	461,049,800	139,173,891	1,682,982	140,856,873	9,184,159	7,055,181	2,018,675,713
Supplies and Services	70,853,859	941,877	3,191,722	727,346	75,714,804	12,219,524	5,130,370	17,349,894	1,395,165	993,690	671,995,763
Library Acquisitions	11,500,000				11,500,000	1,916,249		1,916,249	6,000	15,000	32,724,574
Rentals	2,000,000	40,000	100,000	55,000	2,195,000	827,578		827,578		34,797	22,932,299
Utilities	32,500,000	10,000			32,510,000	6,542,872		6,542,872	286,750	210,500	112,189,247
Bldg. Repairs	15,000,000	50,000			15,050,000	1,400,000		1,400,000	225,000	55,000	31,757,484
Auditor of State Reimb.	750,000				750,000	384,100		384,100	44,400	31,500	1,975,000
Equipment	8,000,000	600,000	10,000	100,000	8,710,000	676,855		676,855			11,714,297
Aid to Individuals	115,000,000	400,000	40,000	40,000	115,480,000	16,335,027		16,335,027			243,318,603
Subtotal - Other Expenses	255,603,859	2,041,877	3,341,722	922,346	261,909,804	40,302,205	5,130,370	45,432,575	1,957,315	1,340,487	1,128,607,267
TOTAL EXPENDITURES	\$652,803,859	\$35,291,877	\$28,266,722	\$6,597,146	\$722,959,604	\$179,476,096	\$6,813,352	\$186,289,448	\$11,141,474	\$8,395,668	\$3,147,282,980

BOARD OF REGENTS
STATE OF IOWA
FY 2018 RESTRICTED FUNDS BUDGETS

	SUI	ISU	UNI	ISD	IBSS	Restricted Total
APPROPRIATIONS						
Innovation Fund	\$1,050,000	\$1,050,000	\$900,000			\$3,000,000
Tuition Replacement	13,952,170	11,041,033	3,279,720			28,272,923
Capital	22,800,000	25,500,000				48,300,000
Other	278,848	288,000				566,848
RESOURCES						
Federal Support	242,765,000	170,000,000	20,181,177	\$685,268	\$618,432	434,249,877
Interest	31,747,000	3,000,000	2,110,000	525		36,857,525
Tuition and Fees	67,899,000	19,000,000	22,860,305			109,759,305
Reimbursed Indirect Costs	23,981,000	12,000,000				35,981,000
Sales and Service	829,546,000	65,000,000	91,340,261	760,000		986,646,261
Other Income	542,968,482	476,300,000	28,145,000		190,000	1,047,603,482
Subtotal - Inst. Income	1,738,906,482	745,300,000	164,636,743	1,445,793	808,432	2,651,097,450
TOTAL REVENUES	\$1,776,987,500	\$783,179,033	\$168,816,463	\$1,445,793	\$808,432	\$2,731,237,221
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$375,714,500	\$75,000,000	\$5,579,594	\$496,624	\$330,271	\$457,120,989
Prof. & Sci. Staff Salaries	296,959,000	120,000,000	22,286,459	233,868		439,479,327
General Service Staff Salaries	55,054,000	40,000,000	12,022,692	211,407		107,288,099
Hourly Wages	31,827,000	26,000,000	7,148,403			64,975,403
Subtotal - Salaries	759,554,500	261,000,000	47,037,148	941,899	330,271	1,068,863,818
Prof. and Scientific Supplies	436,060,000	285,179,033	56,768,090	294,275	428,161	778,729,559
Library Acquisitions	82,000		15,000			97,000
Rentals	11,830,000		925,000			12,755,000
Utilities	14,061,000		4,096,819			32,157,819
Building Repairs	10,784,000	14,000,000	4,031,784	180,000	50,000	20,045,784
Equipment	65,282,000	5,000,000	2,335,422	29,619		79,647,041
Student Aid	71,990,000	12,000,000	24,156,209			162,146,209
Debt Service	107,239,000	66,000,000	15,286,496			176,525,496
Plant Capital	300,105,000	86,000,000	14,164,495			400,269,495
Subtotal - Other Expenses	1,017,433,000	522,179,033	121,779,315	503,894	478,161	1,662,373,403
TOTAL EXPENDITURES	\$1,776,987,500	\$783,179,033	\$168,816,463	\$1,445,793	\$808,432	\$2,731,237,221

BOARD OF REGENTS
STATE OF IOWA
FY 2018 ALL FUNDS BUDGETS

	SUI	ISU	UNI	ISD	IBSSS	All Funds Total
APPROPRIATIONS						
General	\$231,465,153	\$227,625,606	\$100,525,714	\$9,897,351	\$4,126,495	\$573,640,319
Innovation	1,050,000	1,050,000	900,000			3,000,000
Tuition Replacement	13,952,170	11,041,033	3,279,720			28,272,923
Capital	22,800,000	25,500,000	-			48,300,000
Other	278,848	288,000				566,848
RESOURCES						
Federal Support	242,765,000	185,405,000	20,181,177	742,238	618,432	449,711,847
Interest	38,141,837	4,889,150	2,660,000	1,525		45,692,512
Tuition and Fees	545,260,000	475,567,000	106,118,997			1,126,945,997
Reimb. Indirect Costs	74,528,219	32,096,998	1,449,649	15,000	47,000	108,136,866
Sales and Service	2,280,784,896	65,000,000	91,845,654	1,696,153	3,605,433	2,442,932,136
Other Income	544,458,163	477,675,850	28,145,000	235,000	806,740	1,051,320,753
Subtotal - Inst. Income	3,725,938,115	1,240,633,998	250,400,477	2,689,916	5,077,605	5,224,740,111
TOTAL REVENUES	\$3,995,484,286	1,506,138,637	355,105,911	\$12,587,267	\$9,204,100	\$5,878,520,201
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$741,901,422	\$348,951,000	\$79,364,756	\$4,006,449	\$5,897,955	\$1,180,131,582
Prof. & Sci. Staff Salaries	1,044,035,302	268,921,200	60,837,728	2,754,414	420,981	1,376,969,625
General Service Staff Sal.	326,385,507	71,625,000	38,921,497	3,365,195	1,066,516	441,363,715
Hourly Wages	47,761,969	32,542,600	8,770,040			89,074,609
Subtotal - Salaries	2,160,084,200	722,049,800	187,894,021	10,126,058	7,385,452	3,087,539,531
Prof. and Scientific Supp.	1,012,602,210	360,893,837	74,117,984	1,689,440	1,421,851	1,450,725,322
Library Acquisitions	19,369,325	11,500,000	1,931,249	6,000	15,000	32,821,574
Rentals	31,704,924	2,195,000	1,752,578		34,797	35,687,299
Utilities	86,700,125	46,510,000	10,639,691	286,750	210,500	144,347,066
Bldg. Repairs	25,811,484	20,050,000	5,431,784	405,000	105,000	51,803,268
Auditor of State Reimb.	765,000	750,000	384,100	44,400	31,500	1,975,000
Equipment	67,609,442	20,710,000	3,012,277	29,619		91,361,338
Aid to Individuals	183,493,576	181,480,000	40,491,236			405,464,812
Debt Service	107,239,000	54,000,000	15,286,496			176,525,496
Plant Capital	300,105,000	86,000,000	14,164,495			400,269,495
Subtotal - Other Expenses	1,835,400,086	784,088,837	167,211,890	2,461,209	1,818,648	2,790,980,670
TOTAL EXPENDITURES	\$3,995,484,286	\$1,506,138,637	\$355,105,911	\$12,587,267	\$9,204,100	\$5,878,520,201

FY 2018 BUDGETS – UNIVERSITY OF IOWA

Throughout the past year, University of Iowa academic, administrative and shared governance leaders continued efforts to refine and enhance its new, value-based budgeting process. With the goal of establishing a process that empowers unit leaders to prioritize funding in order to support their respective missions and to improve financial transparency, additional components to the model were identified to assist in developing the FY 2018 budget.

- **New Budget Model – Characteristics**

- Value-based, transparent, and shaped by guiding principles (Student Success, Quality Indicators, Our Values, Our Future)
- Flexible design to support and finance the 2016-21 University of Iowa Strategic Plan
- Based on annual increases/decreases to the GEF “Collegiate Economic Analysis”

- **New Budget Model – Goals**

- Maximize annual net tuition revenue
- Accommodate future state appropriations at flat or reduced levels
- Incentivize new revenue generation
- Provide recurring/non-recurring funding for strategic initiatives
- Ensure collegiate/non-collegiate unit financial accountability
- Improve salary competitiveness
- Fund salary and benefit adjustment and/or other inflationary increments through new revenues, efficiencies or reprioritization
- Develop multi-year revenue/expense projections

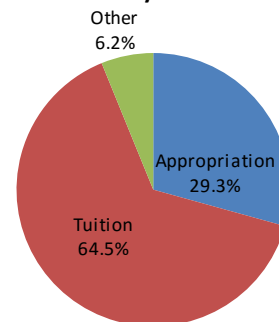
This collaborative process and budget model allowed the University to develop a General Education Fund budget reinforcing its principles and mission of education, research and discovery, while also addressing downward adjustments in state appropriations. All other FY 2018 budgets were developed simultaneously with the General Education Fund budget and under similar and, in most instances, identical policies and guidelines.

SUI FY 2018 General University Operating Budget

Tuition revenues comprise 64.5% of the \$739.7 million General University revenue budget with 29.3% coming from state appropriations. Projected changes in these revenue sources, as well as indirect cost recoveries and interest income, result in \$3.7 million in incremental revenue; approximately 0.5% greater than the original FY 2017 budget.

FY 2017 Original Budget	\$ 736.0 million
Revenue Changes:	
Appropriation	(15.4) million
Tuition	17.6 million
Indirect Cost Recoveries/Interest	1.5 million
Revenue Change	3.7 million
FY 2018 Budget	\$ 739.7 million

SUI General University FY18 Revenue Budget



The General University’s original FY 2017 operating appropriation of \$232.2 million was reduced \$9.2 million mid-year and the FY 2018 appropriation was cut an additional \$6.2 million.

The table below provides a summary of the tuition increases for the 2017-18 academic year approved by the Board in December 2016 and in June 2017. The University is anticipating a smaller incoming freshman class than those of recent years and is focused on enrollment management efforts for a more diverse and prepared freshman class, allowing for improved retention and time to graduation. The approved rates coupled with the expected enrollment is expected generate \$17.6 million in incremental revenue when compared to FY 2017.

UNIVERSITY OF IOWA	Dec 2016				June 2017			Final	
	2016-17	Increase	2017-18	% Inc	Increase	2017-18	% Inc	Total \$ Inc from 16-17	Total % inc from 16-17
Undergrad-Resident	7,128.00	142.00	7,270.00	2.0%	216.00	7,486.00	3.0%	358.00	5.0%
Undergrad-Nonresident	27,366.00	686.00	28,052.00	2.5%	1,078.00	29,130.00	3.8%	1,764.00	6.4%
Grad-Resident	8,856.00	222.00	9,078.00	2.5%	349.00	9,427.00	3.8%	571.00	6.4%
Grad-Nonresident	26,460.00	662.00	27,122.00	2.5%	1,041.00	28,163.00	3.8%	1,703.00	6.4%

Current projections indicate indirect cost recoveries will increase \$1.8 million in FY 2018 from a higher indirect cost rate and anticipated federal research activities. This increase is partially offset by an expected \$0.3 million decline in interest income.

Reallocating resources toward institutional priorities is a fundamental part of budget development. The collegiate and administrative units plan to internally reallocate/reprioritize \$11.7 million within their budgets. Reallocations are being created from a thorough review of programs and resources to allow for reinvestment of funds into more critical needs. Operational efficiency efforts, including those through TIER, continue to provide successful savings throughout campus.

The FY 2018 budget allowed for \$4.6 million of incremental/reallocated dollars to support the University's mission and provide breakthrough opportunities for students, faculty and staff. The fund was created to ensure the University's highest priorities receive adequate funding.

The University implemented the terms of collective bargaining agreements, the salary policies approved by the Executive Director, and charges fringe benefits consistent with federally approved rate structures. The cost increase includes annualization from the previous year and current year contract costs. In addition, average salary increases of approximately 2% for faculty and 1.5% for non-bargaining P&S staff are included in the budget. The total General University salary and benefit expense budget for FY 2018 is \$12.3 million greater than FY 2017.

The University expects utility costs for the GEF supported facilities to remain flat in FY 2018 resulting from efforts to reduce purchased fuel and energy conservation improvements. The University's utility support for the Oakdale Campus (which includes the State Hygienic Laboratory) will increase as other revenue sources, including state appropriations, remain flat or continue to decline.

The University has budgeted a \$4.7 million increase for student financial aid. This adjustment will address tuition inflation and growth in eligibility for individual scholarship award programs.

The projected cost of custodial services, information technology, utilities and general maintenance for new or improved General University supported buildings for FY 2018 is expected to be \$2.2 million. These buildings include the Engineering Building and the Pappajohn Biomedical Discovery facility.

The \$739.7 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 Function
(\$ in thousands)

	FY 2018	% Total
Instruction	294,787	39.9%
Research	26,671	3.6%
Public Service	3,963	0.5%
Academic Support	118,581	16.0%
Student Services	24,771	3.3%
Institutional Support	57,639	7.8%
Operations & Maintenance of Plant	101,861	13.8%
Scholarships & Fellowships	111,439	15.1%
Total	739,712	100.0%

SUI FY 2018 Special Purpose Appropriations

The following chart lists SUI's special purpose units that received state operating funding for FY 2018. State funding for the Iowa Flood Center was reduced \$0.3M and the remaining special purpose units were flat-funded (0% increase) when compared to FY 2017. Most special purpose unit appropriations remain approximately 20% less than FY 2009 amounts.

<u>SUI SPECIAL PURPOSE UNITS</u>	<u>FY 2017 APPROPRIATIONS</u>	<u>FY 2018 APPROPRIATIONS</u>	<u>Difference</u>
OAKDALE CAMPUS	2,186,558	2,186,558	-
HYGIENIC LABORATORY	4,402,615	4,402,615	-
FAMILY PRACTICE	1,788,265	1,788,265	-
SCHS - CANCER, HEMOPHILIA, HIGH RISK INFANT	659,456	659,456	-
PRIMARY HEALTH CARE	648,930	648,930	-
STATE OF IOWA CANCER REGISTRY	149,051	149,051	-
SUBSTANCE ABUSE CONSORTIUM	55,529	55,529	-
BIOCATALYSIS	723,727	723,727	-
BIRTH DEFECTS REGISTRY	38,288	38,288	-
ECONOMIC DEVELOPMENT	209,279	209,279	-
ONLINE PLACEMENT ACADEMY	481,849	481,849	-
IOWA FLOOD CENTER	1,500,000	1,200,000	(300,000)
ENTREPRENEURSHIP	2,000,000	2,000,000	-
WATERMAN NONROFIT RESOURCE CTR	162,539	162,539	-

University of Iowa Hospitals and Clinics (UIHC)

The proposed FY 2018 UIHC operating budget of \$1.42 billion is provided on page 5.

In FY 2018, the strategic focus for the University of Iowa Hospitals and Clinics (UIHC) will continue to center on the offering of a broad spectrum of clinical services to all patients, serving as the primary teaching hospital for the University, and providing a base for innovative research to improve health care. The following three commitments are identified in the strategic plan and were key drivers in developing the FY 2018 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 2017 included the privatization of the Medicaid program in April 2016. The State of Iowa moved substantially all of the Medicaid population to Managed Medicaid Organizations (MCOs). This is a significant change that affected 560,000 Iowans covered by Medicaid and roughly 45,000 UIHC patients. With this change, UIHC has experienced a significant jump in denials, inaccurate payer payments, and aging of accounts receivable, and is aggressively with the leadership at the MCO's to resolve these issues. It is a process that takes significant resources and time.

The challenges in FY 2018 will be even greater. Expense inflation (salary and non-salary) continues to outpace the level of payor rate increases. An average "all-in" salary increase of around 3.75% is projected for FY 2018 due to base salary increases consistent with contract negotiations and increases in the fringe benefit pool rates. Medical and surgical supply costs are estimated to rise 2% or more due to price increases and changes in technology. Pharmaceutical cost increases are anticipated in the 7.5% range. Revenue challenges faced will include the commercial insurance payment rates increasing slower than expense inflation, impacts of healthcare reform and cost control measures on Medicare and Medicaid payment rates and the continuing challenges related to the Iowa Medicaid MCO's. Additionally, changes at the federal level raises questions about what insurance options may be available for individuals in Iowa for FY 2018.

Additional net revenues are required in FY 2018 to achieve the budgeted 2.5% operating margin. These additional net revenues will be achieved through new volumes and a 6% rate increase approved by the Board in April 2017. 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 expected to increase approximately 5% while outpatient activity is anticipated to grow by over 6% over FY 2017 projections. The case mix index is anticipated to remain high at a level of 2.031, reflective of the acuity of care required by inpatients.

Other UIHC units include the Psychiatric Hospital, the Center for Disabilities and Development (CDD) and Specialized Child Health Services (SCHS). The proposed combined FY 2018 budget for these units is \$38.6 million and they are provided on page 5.

SUI FY 2018 Restricted Fund Budget

The Restricted Fund includes the Organized Activities Fund, the Auxiliary Enterprise Fund, the Current Restricted Fund and the Plant Fund.

- Organized Activities Fund – includes medicine and dentistry practice plan funds, sports camps, conferences and institutes, mandatory fees (partial) 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 2018 Restricted Fund Budget includes the following state appropriations:

- Pharmacy Building \$22.80 million
- Tuition Replacement \$13.95 million
- Innovation Fund \$ 1.05 million
- Regent Study Centers \$ 0.28 million

Athletics

The SUI Athletic Department is a self-sustaining auxiliary enterprise and receives no general university support. The University of Iowa's \$117 million FY 2018 athletic budget is provided on the following page. The overall revenue and expense budgets are approximately \$3.6 million higher than FY 2016 estimates.

A slight decrease in sports income is offset by a significant increase in athletic conference revenues resulting from a new six-year television contract. General income increased in FY 2107 from a transfer from reserves to cover recent one-time court settlements (Admin & General Expenses) and is expected to return to more normal levels for FY 2018.

Student fees reported in the athletic budget fund the debt service on Student Recreation Services facilities financed through Athletics and remain flat when compared to FY 2017.

The Athletic Department is responsible for paying the full cost of attendance for the scholarships it awards. SUI Athletics awards the equivalent of approximately 300 scholarships at a cost of approximately \$13.4 million, which are included in the applicable sports expense lines. The scholarship amount also includes a cost of attendance stipend to scholarship athletes for academic supplies, transportation, and some personal costs as calculated by the financial aid office. The annual stipend amounts range from \$2,392 to \$3,570 and are budgeted at a total annual cost to Athletics of approximately \$990,000.

Sports expenses are projected to increase in FY 2018 from recruiting expenses now allowed per NCAA rules, the addition of a football coaching staff member, and contracted salary increases and bonus estimates.

The Athletic Department purchases services from numerous entities within the University including, Public Safety, UIHC, parking, scholarships, utilities, university business services and residence services. The projected total FY 2018 cost to Athletics for these services is \$23 million.

The University of Iowa
Athletics Operating Budget

	FY 2017 Budget	FY 2017 Estimate	FY 2018 Budget
INCOME			
Men's Sports			
Football	\$ 24,202,132	\$ 24,135,329	\$ 23,509,057
Basketball	3,932,193	3,670,593	3,639,387
Wrestling	560,000	578,068	571,200
All Other	32,700	56,465	38,999
Total Men's Sports	\$ 28,727,025	\$ 28,440,455	\$ 27,758,643
Women's Sports			
Basketball	\$ 225,000	\$ 248,846	\$ 229,500
Volleyball	30,000	57,250	40,000
All Other	18,500	43,428	25,700
Total Women's Sports	\$ 273,500	\$ 349,524	\$ 295,200
Other Income			
Facility Debt Service/Student Fees	\$ 650,000	\$ 650,000	\$ 650,000
Learfield Multi Media Contract Income	7,398,963	7,710,000	7,764,826
Athletic Conference	34,336,000	36,172,629	50,406,015
Interest	550,000	550,000	571,504
Foundation Support	15,253,646	16,088,290	14,981,821
Foundation Premium Seat Revenue	7,856,381	8,330,674	8,216,110
Novelties	3,400,000	3,800,000	3,552,000
General Income	3,679,900	11,374,198	2,884,900
Total Other Income	\$ 73,124,890	\$ 84,675,791	\$ 89,027,176
TOTAL INCOME	\$ 102,125,415	\$ 113,465,770	\$ 117,081,019
EXPENSES			
Men's Sports			
Football	\$ 23,065,418	\$ 25,816,204	\$ 26,445,735
Basketball	6,492,041	6,645,861	7,032,169
Wrestling	1,561,272	1,538,700	1,846,895
All Other	5,710,409	5,918,594	6,200,692
Total Men's Sports	\$ 36,829,140	\$ 39,919,359	\$ 41,525,491
Women's Sports			
Basketball	\$ 4,385,515	\$ 4,334,219	\$ 4,872,554
Volleyball	1,622,842	1,751,496	1,883,501
All Other	11,188,776	11,290,227	12,301,958
Total Women's Sports	\$ 17,197,133	\$ 17,375,942	\$ 19,058,013
Other Expenses			
Training Services	\$ 2,252,475	\$ 2,489,965	\$ 2,850,775
Sports Information	652,147	665,459	817,160
Admin. & General Expenses	15,789,116	22,842,808	17,103,883
Facility Debt Service	16,470,423	16,885,398	19,429,052
Transfer-New Facility Costs/Reserves	-	-	2,000,000
Academic & Counseling	1,855,395	1,834,192	1,934,222
Buildings & Grounds	11,079,586	11,452,647	12,362,423
Total Other Expenses	\$ 48,099,142	\$ 56,170,469	\$ 56,497,515
TOTAL OPERATING EXPENSE	\$ 102,125,415	\$ 113,465,770	\$ 117,081,019

University Housing & Dining

The proposed FY 2018 residence system budget reflects a decrease in net revenues compared to the preliminary budget received by the Board in February 2017 as part of the Residence System Governance Report. The net revenue decrease is due to lower room and board contract revenue from a smaller than previously estimated first-year class of students. The smaller first-year class will allow the University to take Parklawn Residence Hall off-line during the 2017-18 academic year for renovations and reduce the density of many rooms in other residence halls to more comfortable capacity levels.

Voluntary reserve balances at June 30, 2017 are projected to be \$12.1 million, which is less than earlier projections reflecting the projected decrease in net revenues.

**University of Iowa
University Housing & Dining Proposed Budget 2017-18**

	Estimates 2016-17	Preliminary Budget 2017-18	Proposed Budget 2017-18
OPERATIONS			
Revenues	\$ 81,834,672	\$ 87,422,067	\$ 83,142,910
Expenditures for Operations	58,848,531	64,866,346	64,420,706
Net Revenues	22,986,141	22,555,721	18,722,204
% of Revenues	28.1%	25.8%	22.5%
Debt Service (due July 1)	10,196,475	11,567,038	11,711,679
Mandatory Transfers	600,000	600,000	600,000
Net After Debt Service & Mandatory Transfers	\$ 12,189,666	\$ 10,388,683	\$ 6,410,525
% of Revenues	14.9%	11.9%	7.7%
Debt Service Coverage Ratio	225%	195%	160%
University Overhead Payment	\$ 529,404	\$ 606,354	\$ 558,852
FUND BALANCES (June 30)			
Operation & Maintenance Fund	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Improvement Fund	10,751,500	10,751,000	10,751,000
System Fund	4,686,521	4,664,058	387,194
Subtotal--Voluntary Reserves	16,438,021	16,415,058	12,138,194
Bond Reserve Fund	14,845,006	14,863,525	14,845,006
Bond Construction Fund	12,000,000		
Subtotal--Mandatory Reserves	26,845,006	14,863,525	14,845,006
Total Fund Balances (June 30)	\$ 43,283,027	\$ 31,278,583	\$ 26,983,200
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 67,835,197	\$ 73,134,376	\$ 68,828,717
Interest	706,232	582,934	740,518
Other Income	13,293,243	13,704,757	13,573,675
Total Revenues	\$ 81,834,672	\$ 87,422,067	\$ 83,142,910
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 26,685,862	\$ 30,375,457	\$ 30,332,770
Cost of Food or Goods Sold	11,392,673	12,269,434	12,312,150
Other Operating Expense	11,996,945	10,816,942	10,715,891
Utilities	5,509,604	6,941,609	6,943,795
Repairs & Maintenance	3,263,447	4,462,904	4,116,100
Total Expenditures	\$ 58,848,531	\$ 64,866,346	\$ 64,420,706

FY 2018 BUDGETS – IOWA STATE UNIVERSITY

Iowa State University’s 2017-2022 strategic plan reinforces the University’s responsibility for 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 investment of its resources during FY 2018.

- Enhance Access to the ISU Experience – This priority includes program enhancements that improve retention and graduation rates; decrease time-to-degree; faculty recruitment and retention in high-demand disciplines; expansion of health, wellness, and safety programs; alignment of academic support services with student needs; and solution development to meet student needs for housing, dining, recreation, health services, transportation and activities.
- Enhance Research Profile – The University is committing new internal funding to expand the research enterprise and promote scholarly work by recruiting faculty in strategic research areas, building research programs through major federal grants, expanding programs that foster graduate student and post-doc recruitment and retention, and increased recruitment of prestigious faculty.
- Promote Economic Development – ISU is dedicated to promoting entrepreneurship and facilitating the formation of new businesses using ISU intellectual property; connecting faculty, staff and student resources with stakeholders to complement the State’s economic development efforts; and investing in the expansion of the ISU Research Park.
- Ensure a Welcoming, Inclusive and Safe Campus – This priority includes investment in initiatives that emphasize inclusion and diversity, enhanced collaboration with the City of Ames, student health and wellness, and support services that ensure a clean, safe and secure campus environment.

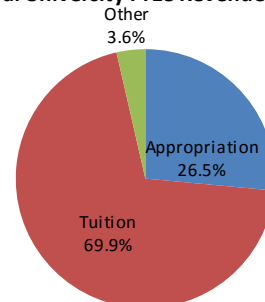
ISU utilizes a responsibility-centered approach to financial management to support its financial planning and budget development. The Resource Management Model provides revenue and growth incentives to units and rewards efficiency by attributing revenues and allocating costs to the major administrative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

ISU FY 2018 General University Operating Budget

Tuition revenues comprise 69.9% of the \$652.8 million General University revenue budget with 26.5% coming from state appropriations. Projected changes in these revenue sources as well as indirect cost recoveries and interest income result in \$16.1 million in incremental revenue when compared to FY 2017.

FY 2017 Original Budget	\$ 636.7 million
Revenue Changes:	
Appropriation	(11.5) million
Tuition	26.0 million
Indirect Cost Recoveries/Other	1.6 million
Revenue Change	16.1 million
FY 2018 Budget	\$ 652.8 million

ISU General University FY18 Revenue Budget



The General University’s original FY 2017 operating appropriation of \$184.4 million was reduced \$9.0 million mid-year and the FY 2018 appropriation was cut an additional \$2.5 million.

The table below provides a summary of the tuition increases for the 2017-18 academic year approved by the Board in December 2016 and in June 2017. After several consecutive years of record enrollments, the University expects another strong enrollment this Fall, albeit slightly less than last year. The proposed tuition rates and the most recent enrollment projections are expected to generate an additional \$26 million in gross tuition revenue when compared to FY 2017.

IOWA STATE UNIV	Dec 2016				June 2017 Increase	Final 2017-18	% Inc	Total \$ Inc from 16-17	Total % inc from 16-17
	2016-17	Increase	2017-18	% Inc					
Undergrad-Resident	7,098.00	142.00	7,240.00	2.0%	216.00	7,456.00	3.0%	358.00	5.0%
Undergrad-Nonresident	20,462.00	614.00	21,076.00	3.0%	216.00	21,292.00	1.0%	830.00	4.1%
Grad-Resident	8,474.00	254.00	8,728.00	3.0%	216.00	8,944.00	2.5%	470.00	5.5%
Grad-Nonresident	21,786.00	654.00	22,440.00	3.0%	216.00	22,656.00	1.0%	870.00	4.0%

The University's indirect cost recoveries are budgeted to increase \$1.6 million with interest and other income remaining flat for FY 2018.

The University implemented the terms of collective bargaining agreements and salary policies approved by the Executive Director. The overall salary policy for faculty and for P&S staff was to provide no increase due the tight budget. A pool of 0.25% of the salary budget was provided to address market and equity adjustments, and for narrowly targeted salary increases.

Approximately \$1.1 million was committed to implement the AFSCME contract for merit personnel, including supervisory and confidential employees. Other FY 2018 cost increases include the commitment of \$0.2 million for contractual and inflationary costs, purchased utilities, and regulatory compliance initiatives.

To ensure access and student success, \$6.8 million, including \$2.5 million in internal reallocations, was committed to hire faculty and provide academic support in the 5 programs with new differential tuition, expand services for international students, for costs of new instructional space in Biosciences that will open this year, and to provide additional financial aid.

The University committed \$4.2 million to expand the research enterprise and for scholarly promotion. Commitments were made for faculty hires and start-up costs, graduate student recruitment and retention efforts, and to enhance research support.

Approximately \$1.8M of new and reallocated funding is budgeted for areas of student health, wellness, safety and support services, and for diversity and inclusion efforts.

The \$652 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 83% of all general university expenses.

General University Spending By Function
(\$ in thousands)

	<u>FY 2018</u>	<u>% Total</u>
Instruction	260,457	39.9%
Research	13,265	2.1%
Public Service	6,088	0.9%
Academic Support	116,097	17.8%
Student Services	31,699	4.9%
Institutional Support	58,777	9.0%
Operations & Maintenance of Plant	51,264	7.9%
Scholarships & Fellowships	115,157	17.6%
Total	<u>652,804</u>	100.0%

ISU FY 2018 Special Purpose Operating Budgets

The chart below lists ISU's special purpose units and appropriated amounts for FY 2018. State funding for the Leopold Center and Nutrient Research Center was eliminated for FY 2018 and Economic Development appropriations (Small Business Development Centers) were reduced by \$101,000. All other special purpose units were flat-funded (0% increase) when compared to FY 2017. With the exception of the Veterinary Diagnostic Laboratory and the Nutrient Research Center (established in FY 2014), funding for the remaining special purpose units range from 14%-20% less than FY 2009 amounts.

<u>ISU SPECIAL PURPOSE UNITS</u>	<u>FY 2017 APPROPRIATIONS</u>	<u>FY 2018 APPROPRIATIONS</u>	<u>Difference</u>
AG. EXP. STATION	29,886,877	29,886,877	-
COOP. EXT SERVICE	18,266,722	18,266,722	-
LEOPOLD CENTER	397,417		(397,417)
LIVESTOCK DISEASE RESEARCH	172,844	172,844	-
VET DIAGNOSTIC LAB	4,000,000	4,000,000	-
NUTRIENT RESEARCH CENTER	1,325,000		(1,325,000)
ECONOMIC DEVELOPMENT	2,525,302	2,424,302	(101,000)

ISU FY 2018 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 – includes health, technology, student services, student activity, etc.
- 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 2018 Restricted Fund Budget also includes the following state appropriations;

- Biosciences Facilities \$19.50 million
- Tuition Replacement \$11.04 million
- Innovation Fund \$ 1.05 million
- Student Innovation Center \$ 6.00 million
- Grape & Wine Institute \$ 0.29 million

ISU Athletics

The ISU Athletic Department is a self-sustaining auxiliary enterprise and receives no general university support. The proposed FY 2018 athletic budget totals \$76 million and is provided on the following page. Ticket sales for FY 2018 are budgeted to increase primarily from hosting games with two in-state universities.

Conference/NCAA revenue is budgeted to decline in FY 2018 due to the Sugar Bowl being part of the college football playoffs rather than a conference-affiliated bowl. The Sugar Bowl will return to the Big 12 in FY 2019.

Transfers from the foundation reflect additional funds in FY 2018 for capital renewal projects.

Other revenue grew in FY 2017 from additional facility rentals and event services and are conservatively budgeted.

Salary costs for FY 2018 are higher due to staff salary increases largely from contractual increases for coaches.

Annual debt service spiked in FY 2017 due to \$2 million in principal prepayment of Jack Trice Stadium East Concourse debt and capital project costs were higher in FY 2017 due to the purchase of the McKee Indoor Tennis Complex. Both expense categories are budgeted to return to prior levels in FY 2018.

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 \$7.4 million as reflected in the budget. The scholarship amount also includes a cost of attendance stipend to scholarship athletes for academic supplies, transportation, and some personal costs as calculated by the financial aid office. The annual stipend amounts range from \$2,430 to \$2,930 (except stipends for international student athletes which are \$4,530) and are budgeted at a total annual cost to Athletics of approximately \$750,000.

The Athletic Department purchases services from 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 \$24.7 million.

IOWA STATE UNIVERSITY ATHLETICS

	FY 2017 Budget	FY 2017 Estimates	FY 2018 Proposed
REVENUES			
Ticket Sales:			
Football	\$ 8,724,366	\$ 9,282,249	\$ 10,399,029
Men's Basketball	3,800,000	4,123,458	3,800,000
Women's Basketball	455,000	427,212	420,000
Wrestling	80,000	76,604	100,000
Other Sports	325,000	323,187	315,000
Ticket Sales:	13,384,366	14,232,710	15,034,029
Foundation Support	14,235,469	15,148,852	15,678,815
Conference & NCAA Revenue	32,183,726	34,611,783	31,355,000
Multi-Media Rights	5,375,000	5,738,276	5,500,000
Post Season Revenue	1,300,000	385,000	1,428,000
Student Fees	2,000,000	2,100,000	2,000,000
Licensing	900,000	1,267,961	1,000,000
Game guarantees	100,000	187,249	225,000
Auxillary Revenue	1,700,000	1,801,186	1,840,000
Other Revenue	1,222,000	2,177,843	1,826,000
TOTAL REVENUES	\$ 72,400,561	\$ 77,650,860	\$ 75,886,844
EXPENSES			
Sports Programs - Operations:			
Football	\$ 4,266,532	\$ 5,046,024	\$ 4,564,500
Men's Basketball	1,809,200	1,887,160	1,835,700
Women's Basketball	1,050,625	1,054,493	1,249,000
Wrestling	303,500	303,500	312,605
Other Sports	2,985,489	3,014,668	3,163,570
Sports Programs - Operations:	10,415,346	11,305,845	11,125,375
Sports Program Support Units:			
Medical	500,000	850,000	750,000
Coaching Video	181,500	181,500	236,500
Sports Performance	638,000	638,000	600,000
Academic Services	321,850	321,850	336,200
Other	458,000	458,000	487,000
Sports Program Support Units:	2,099,350	2,449,350	2,409,700
Internal Operations:			
Admin Operations	753,000	1,075,000	898,100
Big 12 Expenses	1,957,000	2,130,000	2,315,000
Airplane Support	175,000	299,923	300,000
IT Operations	683,500	683,500	704,000
Other	336,215	298,943	340,500
Internal Operations:	3,904,715	4,487,366	4,557,600
Salaries & Benefits	23,994,615	24,648,118	25,574,095
Scholarships	7,076,652	7,153,943	7,392,918
External Operations	2,827,284	2,760,354	2,968,600
Facilities & Events	7,754,450	7,543,450	7,408,275
Postseason	2,980,000	1,373,763	3,130,000
Debt Service	8,122,326	10,151,033	7,882,198
Coaching Change		280,000	
Capital Projects/Def Maint	3,136,000	5,412,412	3,362,500
TOTAL EXPENSES	\$ 72,310,738	\$ 77,565,634	\$ 75,811,261

ISU Residence System

The proposed Residence System budget reflects a decrease in net revenues compared to the preliminary budget received by the Board in February 2017. Operating revenues and expenditures and have been updated to reflect current occupancy projections which are slightly lower than previous estimates. Occupancy projections have been reduced by affecting room and board contract revenue. Salary cost and food cost estimates have also been updated and reduced slightly when compared to the preliminary budget.

Voluntary reserve balances at June 30, 2017 are projected to be \$35.3 million, which is less than earlier projections largely due to the projected decrease in net revenues.

**Iowa State University
Residence System Proposed Budget 2017-18**

	Estimates 2016-17	Preliminary Budget 2017-18	Proposed Budget 2017-18
OPERATIONS			
Revenues	\$ 105,402,463	\$ 114,441,986	\$ 111,764,226
Expenditures for Operations	78,735,615	81,832,520	81,589,927
Net Revenues	26,666,848	32,609,466	30,174,299
% of Revenues	25.3%	28.5%	27.0%
Debt Service (due July 1)	16,708,660	16,610,983	16,610,983
Mandatory Transfers	500,000	500,000	500,000
Net After Debt Service & Mandatory Transfers	\$ 9,458,188	\$ 15,498,483	\$ 13,063,316
% of Revenues	9.0%	13.5%	11.7%
Debt Service Coverage Ratio	160%	196%	182%
University Overhead Payment	\$ 2,446,803	\$ 2,429,825	\$ 2,429,825
FUND BALANCES (June 30)			
Improvement Fund	18,629,939	22,583,680	21,444,017
System Fund	18,685,621	16,411,513	13,871,346
Subtotal--Voluntary Reserves	37,315,560	38,995,193	35,315,363
Bond Reserve Fund	16,527,966	16,527,966	16,527,966
Bond Construction Fund	5,000,000		
Subtotal--Mandatory Reserves	21,527,966	16,527,966	16,527,966
Total Fund Balances (June 30)	\$ 58,843,526	\$ 55,523,159	\$ 51,843,329
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 88,228,478	\$ 97,271,456	\$ 94,603,696
Interest	525,000	505,000	505,000
Other Income	16,648,985	16,665,530	16,655,530
Total Revenues	\$ 105,402,463	\$ 114,441,986	\$ 111,764,226
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 34,538,523	\$ 37,374,821	\$ 36,996,538
Cost of Food or Goods Sold	12,460,817	13,528,634	13,354,324
Other Operating Expense	20,306,858	19,022,818	19,082,818
Utilities	7,875,126	8,124,293	8,124,293
Repairs & Maintenance	3,554,291	3,781,954	4,031,954
Total Expenditures	\$ 78,735,615	\$ 81,832,520	\$ 81,589,927

FY 2018 BUDGETS – UNIVERSITY OF NORTHERN IOWA

During the FY 2018 budget development process, operational decisions were made with a strong focus and commitment to the University’s vision, mission and strategic plan with the overarching goal of student success.

The University operating budget is directed to the following strategic goals:

- **Diversity and Inclusion** - provide a campus culture that reflects and values the evolving diversity of society and promotes inclusion
- **Campus Vitality** - enhance resource and facility development to provide an enriched campus life experience which is both environmentally and fiscally responsible
- **Community Engagement** - create opportunities for students, faculty, and staff to build external relationships that enhance local and global learning experiences and contribute to the cultural and economic vitality of the Cedar Valley and Iowa

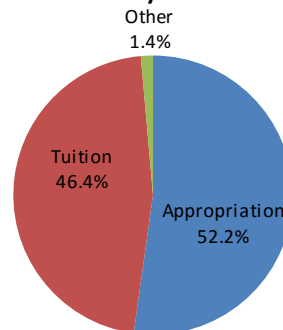
To maintain a strong focus on university goals and priorities while maximizing the use of resources, the university is committed to active management in reducing costs, improving efficiencies, and actively pursuing enrollment strategies.

UNI FY 2018 General University Operating Budget

State appropriations comprise more than half (52%) of UNI’s proposed FY 2018 General University operating revenue budget with tuition revenue being 46% of budgeted revenues. Projected changes in these and other revenue sources results in total operating revenue that is \$0.5 million less than the original FY 2017 budget, .

FY 2017 Original Budget	\$ 180.0 million
Revenue Changes:	
Base Appropriation	(3.3) million
Tuition	2.6 million
Other Revenues	<u>0.2 million</u>
Revenue Change	(0.5) million
FY 2018 Budget	\$ 179.5 million

UNI General University FY18 Revenue Budget



The General University’s original FY 2017 operating appropriation of \$97.1 million was reduced \$2.5 million mid-year and the FY 2018 appropriation was cut an additional \$0.8 million.

In response to the reductions in state funding, the Board approved tuition increases in December of 2016 and in June 2017 for the 2017-18 academic year. A summary of the tuition increases is provided in the table below. Enrollment for Fall 2017 is projected to be slightly higher than Fall 2016 level. The approved rates coupled with the expected enrollment is expected generate \$2.6 million in incremental revenue when compared to the original FY 2017 budget.

UNIV OF NORTHERN IA	Dec 2016				June 2017 Increase	Final		Total \$ Inc from 16-17	Total % inc from 16-17
	2016-17	Increase	2017-18	% Inc		2017-18	% Inc		
Undergrad-Resident	7,098.00	142.00	7,240.00	2.0%	216.00	7,456.00	3.0%	358.00	5.0%
Undergrad-Nonresident	17,640.00	142.00	17,782.00	0.8%	216.00	17,998.00	1.2%	358.00	2.0%
Grad-Resident	8,592.00	142.00	8,734.00	1.7%	216.00	8,950.00	2.5%	358.00	4.2%
Grad-Nonresident	19,066.00	142.00	19,208.00	0.7%	216.00	19,424.00	1.1%	358.00	1.9%

Interest income and other operating revenues are budgeted to increase \$0.2 million from FY 2017 levels.

The University implemented the terms of a voluntary agreement for a two-year contract with the organized faculty (UNI-United Faculty) that began July 1, 2017. The agreement provided for a wage increase of 1.1% on July 1, 2017.

Mandatory salary and related benefit increases from faculty and merit employee bargaining are included in the proposed FY 2018 budget. While the University must absorb a substantial increase to Health/Dental insurance costs, a reduction in aggregate salary and benefit costs of \$1.4 million is budgeted for FY 2018 from savings realized from the elimination of adjunct faculty positions, phased retirements, and open positions that remain unfilled.

The financial aid budget has increased 3.6% (\$0.6 million) from the new Distinguished Scholar program and to meet the needs of a slightly higher enrollment. Utilities and other expenses are projected to increase \$0.3 million when compared to FY 2017.

Enrollment management will continue to be a top priority for FY 2018. Enrollment and related functions were reorganized within the Academic Affairs division and includes: Enrollment Management, Admissions, Registrar, and Financial Aid. Student Affairs is directing resources to elevate student life and development through programs and services that raise student success and retention and enhances programs focusing on diversity and inclusion.

The \$179.5 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 74% of all general university expenses.

General University Spending By Function
(\$ in thousands)

	<u>FY 2018</u>	<u>% Total</u>
Instruction	70,978	39.5%
Research	277	0.2%
Public Service	1,775	1.0%
Academic Support	23,907	13.3%
Student Services	8,810	4.9%
Institutional Support	35,363	19.7%
Operations & Maintenance of Plant	22,031	12.3%
Scholarships & Fellowships	16,335	9.1%
Total	179,476	100.0%

UNI FY 2018 Special Purpose Operating Budgets

UNI's consolidated special purpose budget (\$6.8 million) on page 6 includes the Iowa Mathematics and Science Education Partnership Program (IMSEP), Recycling and Reuse Center, Real Estate Education, and Economic Development. With the exception of IMSEP which received a \$246,375 increase for FY 2018, funding for UNI's special purpose units has remained flat since FY 2014.

<u>UNI SPECIAL PURPOSE UNITS</u>	<u>FY 2017 APPROPRIATIONS</u>	<u>FY 2018 APPROPRIATIONS</u>	<u>Difference</u>
RECYCLING & REUSE	175,256	175,256	-
MATH & SCIENCE	5,200,000	5,446,375	246,375
REAL ESTATE EDUCATION	125,302	125,302	-
ECONOMIC DEVELOPMENT	1,066,419	1,066,419	-

UNI FY 2018 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 Center), Gallagher-Bluedorn Performing Arts Center, Wellness Recreation Center and the Student Health System.

The proposed FY 2018 Restricted Fund Budget also includes the following state appropriations:

- Tuition Replacement \$ 3.28 million
- Innovation Fund \$ 0.90 million

UNI Athletics

The University of Northern Iowa's FY 2018 proposed athletic budget provided on the following page projects revenues of \$14.4 million.

Sports income is expected to grow in FY 2018 primarily from additional game guarantee revenues for men's basketball.

Since UNI Athletics does not receive substantial revenues from conference distributions and other sources, the General University provides athletic support for scholarships and operations. The FY 2018 athletic budget includes \$3.2 million in operational support and \$1.3 million in scholarship support from the University.

Alumni/Foundation support and marketing revenues are projected to increase slightly in FY 2018 due to the successes of the Panther Scholarship Club, Rally in the Valley event, athletic suites, and other fundraising events.

Scholarship costs of approximately \$4.2 million for the equivalent of 188 scholarships are included in the applicable sports expense lines. The scholarship amount also includes a cost of attendance stipend for men's and women's basketball, and women's volleyball scholarship athletes for academic supplies, transportation and some personal costs as calculated by the financial aid office. The annual stipend amounts range from \$2,050 to \$2,450 at a total annual cost to Athletics of approximately \$83,000.

Sports expenses are expected to increase when compared to FY 2017 estimates. Football and men's basketball expense projections are budgeted higher for FY 2018 because of the inclusion of potential post-season travel expenses and higher coaching contractual payments.

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. Athletics is projected to pay \$4.5 million in FY 2018 to these University entities for the services.

University of Northern Iowa
FY 2018 Proposed Athletic Budgets

	FY 2017 Original Budget	FY 2017 Projected Actuals	FY 2018 Proposed Budget
INCOME			
Football	1,394,500	1,217,786	1,264,250
Men's Basketball	1,223,000	1,101,394	1,502,995
Men - All Other Sports	92,500	124,217	59,400
Women - All Sports	298,900	255,022	158,950
Subtotal - Sports	3,008,900	2,698,419	2,985,595
Other Income			
Student Activity Fee	2,042,859	2,042,859	1,961,145
University Support for:			
General Athletics Operations	3,067,000	3,052,811	3,223,528
Scholarships	1,283,481	1,283,481	1,283,481
Alumni/Foundation Support	1,430,000	1,518,830	1,615,000
Athletic Marketing	1,252,500	1,287,358	1,350,000
Athletic Conf/NCAA Support	1,233,420	1,262,486	1,262,980
Novelties - Outings	331,300	314,685	326,000
General	368,500	311,268	363,500
Subtotal - Other	11,009,060	11,073,778	11,385,634
TOTAL INCOME	14,017,960	13,772,197	14,371,229
EXPENSES			
Men's Sports			
Football	3,549,250	3,311,695	3,676,977
Basketball	2,573,679	2,555,403	2,640,887
All Other Men's Sports	1,226,743	1,291,006	1,227,205
Subtotal - Men's Sports	7,349,672	7,158,104	7,545,069
Women's Sports			
Basketball	988,089	1,010,871	1,081,086
Volleyball	789,914	790,702	773,863
All Other Women's Sports	2,194,671	2,369,677	2,342,388
Subtotal - Women's Sports	3,972,674	4,171,250	4,197,337
Other Expenses			
Athletic Training	189,810	200,165	195,193
Administration & General	1,887,242	1,798,984	1,886,874
Athletic Marketing & Sports Info	488,345	491,998	539,951
Contingency	130,217	-	6,805
Subtotal - Other Expenses	2,695,614	2,491,147	2,628,823
TOTAL EXPENSES	14,017,960	13,820,501	14,371,229

UNI Residence System

The proposed FY 2018 residence system budget reflects a decrease in net revenues compared to the preliminary budget received by the Board in February 2017. Occupancy projections have been projected downward due to a lower new student enrollment forecast and additional private housing available near campus. All revenue and expense categories in the proposed budget have been adjusted based on the current occupancy and cost projections. Contract revenue has been adjusted downward and is partially offset by expense reductions in salaries/benefits, food, and other costs when compared to the preliminary budget. Annual debt service increases for FY 2018 reflect the bonds sold for the recent Lawther Hall renovation project.

Voluntary reserve balances at June 30, 2017 are projected to be approximately \$23 million.

**University of Northern Iowa
Residence System Proposed Budget 2017-18**

	Estimates 2016-17	Preliminary Budget 2017-18	Proposed Budget 2017-18
OPERATIONS			
Revenues	\$ 41,332,878	\$ 42,812,292	\$ 39,676,392
Expenditures for Operations	26,779,779	29,841,358	27,438,425
Net Revenues	14,553,099	12,970,934	12,237,967
% of Revenues	35.2%	30.3%	30.8%
Debt Service (due July 1)	7,457,260	8,648,740	8,648,740
Mandatory Transfers	330,000	330,000	330,000
Net After Debt Service & Mandatory Transfers	\$ 6,765,839	\$ 3,992,194	\$ 3,259,227
% of Revenues	16.4%	9.3%	8.2%
Debt Service Coverage Ratio	195%	150%	141%
University Overhead Payment	\$ 719,494	\$ 796,034	\$ 735,961
FUND BALANCES (June 30)			
Improvement Fund	\$ 2,345,683	\$ 2,622,422	\$ 2,627,025
System Fund	20,594,421	19,950,951	20,460,005
Subtotal--Voluntary Reserves	22,940,104	22,573,373	23,087,030
Bond Reserve Fund	8,015,196	8,015,196	8,015,196
Bond Construction Fund	5,000,000		
Subtotal--Mandatory Reserves	13,015,196	8,015,196	8,015,196
Total Fund Balances (June 30)	\$ 35,955,300	\$ 30,588,569	\$ 31,102,226
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 35,333,846	\$ 36,924,311	\$ 33,706,596
Interest	450,000	350,000	450,000
Other Income	5,549,032	5,537,981	5,519,796
Total Revenues	\$ 41,332,878	\$ 42,812,292	\$ 39,676,392
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 15,399,651	\$ 16,798,223	\$ 15,919,090
Cost of Food or Goods Sold	4,263,961	4,520,422	4,106,317
Other Operating Expense	2,916,956	2,685,288	2,271,259
Utilities	2,737,986	4,351,425	3,655,759
Repairs & Maintenance	1,461,225	1,486,000	1,486,000
Total Expenditures	\$ 26,779,779	\$ 29,841,358	\$ 27,438,425

FY 2018 BUDGETS - IOWA SCHOOL FOR THE DEAF

The proposed FY 2018 operating and restricted fund budgets for the Iowa School for the Deaf total \$12.6 million and are provided on the following page.

ISD FY 2018 General Operating Budget

The Iowa School for the Deaf provides 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 Individualized Education Program (IEP) is designed to develop the student's educational potential. The primary mission is to provide quality programs for students, enabling them to leave ISD with optimal academic, vocational, interpersonal and independent living skills. Budget development ties directly to the strategic plan and more specifically to the following objectives:

- Meet or exceed state academic standards in reading and math
- Promote effective assessments/practices that support all students to become proficient readers
- Assure an adequate supply of trained teachers of the deaf and educational interpreters
- Eliminate inefficiencies and increase effectiveness in the productive use of resources

The budget was developed to support the strategic plan, goals for school improvement and student achievement in the following key areas:

1. Pre-K through 12th grade education services that provides academic and vocational programming for deaf and hard of hearing children with services to meet specially designed instruction and the individual learning needs of each student.
2. Student Life program to support campus-based education services by providing dormitory, food, health and transportation services for students who live too far from ISD to attend as day students.
3. Deaf Resources Center that provides training and assessment for K-12 educational interpreters and sign language instruction for parents and professionals across the state of Iowa.
4. Extended Learning Program that provides learning activities, statewide, in the expanded core curriculum to support achievement in the core curriculum, and development of communication, self-determination, social and emotional skills, as well as the unique learning needs of deaf and hard of hearing students.
5. 4Plus program for students ages 8 to 21 for the development of prevocational, work readiness, and-self-help and independent skills to promote the successful transition of high school students to the employment and/or post-secondary education setting.

The 2017 General Assembly appropriated a 0.9% increase (approximately \$92,000) in state operating funding for FY 2018. Other revenue sources are projected to decrease approximately \$33,000 from last year largely from the liquidation of the ISD automobile fleet during FY 2017 in order to implement a lease program with ISU transportation.

The incremental revenues will support cost increases for salary/benefits and for technology hardware. Salary expenses include an average increase of 1.9% for faculty and 1.0% for professional and scientific staff. Merit staff will be paid in accordance with the bargained agreement.

ISD FY 2018 Restricted Budget

The FY 2018 restricted budget includes federal grant pass-through funding from the Iowa Department of Education for start-up support for the Northeast Regional Academy, sign language and parent training, teacher training, ADA accessibility, and for post-graduation living skills.

Revenue generated from students attending ISD from Nebraska is included in the restricted funds and is segregated from ISD's general fund appropriation. The FY 2018 budget anticipates nine students attending from Nebraska. A portion of the Nebraska revenue will continue to provide for staffing expenses and curriculum development.

FY 2018 IOWA SCHOOL FOR THE DEAF PROPOSED BUDGET			
	Operating Budget	Restricted Budget	Total Budget
REVENUES			
General Appropriation	\$ 9,897,351	\$ -	\$ 9,897,351
Federal Support	56,970	685,268	742,238
Interest	1,000	525	1,525
Reimbursed Indirect Costs	15,000		15,000
Sales and Services	936,153	760,000	1,696,153
Other Income	235,000		235,000
TOTAL REVENUES	\$11,141,474	\$ 1,445,793	\$ 12,587,267
EXPENDITURES			
Salaries	\$ 9,184,159	\$ 941,899	\$ 10,126,058
Prof. & Scien. Supplies/Services	1,395,165	294,275	1,689,440
Library Acquisition	6,000		6,000
Utilities	286,750		286,750
Bldg. Repairs	225,000	180,000	405,000
Aud. of State Reimburse	44,400		44,400
Equipment		29,619	29,619
TOTAL EXPENDITURES	\$11,141,474	\$ 1,445,793	\$ 12,587,267

FY 2018 BUDGETS - IOWA BRAILLE AND SIGHT SAVING SCHOOL

The proposed FY 2018 operating and restricted fund budgets for the Iowa Braille and Sight Saving School (IBSSS) total approximately \$9.2 million and are provided on the following page.

IBSSS FY 2018 General Fund Operating Budget

Under the direction of the Iowa Braille and Sight Saving School, the programs and services of the Iowa Educational Services for the Blind and Visually Impaired (IESBVI) provides equitable access to high quality education services to children who are blind or visually impaired including those with additional disabilities throughout the state. The purpose is to provide accessible and appropriate education opportunities, resources, and support which enable students who are blind or visually impaired to function as independently as possible in all aspects of life.

A cooperative agreement between the Board of Regents, Area Education Agencies, the 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 goals of the IESBVI are:

- A. Provide equitable access to a continuum of high-quality services for all students in Iowa who are blind and visually impaired, including those with multiple disabilities.
- B. Promote effective, evidence-based assessments and instructional practices that support all students to become proficient readers in the core and expanded core curriculum
- C. Assure an adequate supply of highly trained TVIs and COMs.
- D. Assure adequate and professional supervision, ongoing professional development and equitable job assignments for professionals working with blind and visually impaired students.
- E. Eliminate duplication in service delivery by creating a seamless coordinated system of services to blind and visually impaired students across multiple funding sources and agencies responsible for the education of blind and visually impaired students.

The budget is developed to support the strategic plan, goals and student achievement in the following key areas:

1. Statewide system of classroom-based instruction, orientation and consultative services which support the Individual Education Plans of students attending school in their local school districts.
2. Low vision clinics that emphasis early identification of vision impairments so that students can receive accommodations and appropriate educational services at the earliest possible age.
3. Evaluations, consultation, training and program planning with assistive technology that allows students with vision impairments to access the same curriculum as their sighted peers.
4. 4Plus program emphasizing the development of prevocational, work readiness and independent skills to promote the successful transition of high school students to the employment and/or post-secondary education setting.
5. Regional and statewide professional development for TVIs, as well as general and special education teachers to assist them with the skills necessary to provide specially designed instruction and support in the classroom.
6. Extended Learning Program to provide statewide learning activities, in areas of the expanded core curriculum to support to support the unique learning needs of blind and visually impaired students. The expanded core includes compensatory academic skills, Braille, orientation and mobility, technology, independent living, recreation and leisure skills, career education and self-determination.

The 2017 General Assembly appropriated a 1.8% increase (approximately \$72,600) in state operating funding for FY 2018. Other revenue sources in the operating budget are projected to increase approximately \$80,000 from additional contracts with the AEA's for services provided by the TVIs and COMs.

The incremental revenues and decreases in several expense lines will support cost increases for salary/benefits. Salary expenses include an average increase of 2.6% for faculty and 1.0% for professional and scientific staff. Merit staff will be paid in accordance with the bargained agreement.

IBSSS FY 2018 Restricted Budget

IBSSS's FY 2018 restricted budget totals approximately \$0.8 million and is provided below. The restricted funding comes from federal pass-through grants from the Iowa Department of Education and gifts/endowment funds. In addition to blind-deaf services, the federal grants also support training programs for the teachers, low vision clinics and equipment, assistive devices, parent/professional activities and training, and STEM and early childhood consultants. The endowment funds (other income) provide post-secondary scholarships and support activities/programs in conjunction with the strategic plan to the extent other resources are not available.

FY 2018 IOWA BRAILLE & SIGHT SAVING SCHOOL PROPOSED BUDGET			
	Operating Budget	Restricted Budget	Total Budget
REVENUES			
General Appropriation	\$ 4,126,495		\$4,126,495
Federal Support	-	618,432	618,432
Reimb. Indirect Costs	47,000		47,000
Sales and Services	3,605,433		3,605,433
Other Income	616,740	190,000	806,740
TOTAL REVENUES	\$ 8,395,668	\$ 808,432	\$ 9,204,100
EXPENDITURES			
Salaries	\$ 7,055,181	\$ 330,271	\$7,385,452
Prof. & Scien. Supplies/Services	993,690	428,161	1,421,851
Library Acquisition	15,000		15,000
Rentals	34,797		34,797
Utilities	210,500		210,500
Bldg. Repairs	55,000	50,000	105,000
Aud. of State Reimburse	31,500		31,500
TOTAL EXPENDITURES	\$ 8,395,668	\$ 808,432	\$ 9,204,100

FY 2018 BUDGET – IOWA PUBLIC RADIO

The FY 2018 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 2018 budget was approved by IPR's Board of Directors on June 29, 2017.

- University support for FY 2018 remains flat when compared to FY 2017.
- Budgeted increases in fundraising revenue from memberships, underwriting, major gifts and events are partially offset by a decrease in the state appropriation.
- Salary expenses are estimated to increase in FY 2018 primarily due to the addition of 3 staff members and salary increases of approximately 1.5% for staff and fringe benefit increases.
- Professional service costs are expected to increase due to a capital campaign which is part of the strategic plan and fundraising expenses associated with increased fundraising activities.
- Programming fees are expected to be higher due to a 3.5% increase in National Public Radio programming fees and a 4.2% increase in American Public Media programming fees.
- Generally, the remaining operating expenses are estimated to slightly decrease in FY 2018.

	FY17 BUDGET	FY18 BUDGET	DIFFERENCE
OPERATING INCOME			
University Support	\$ 944,800	\$ 944,800	\$ -
State of Iowa Appropriation	391,568	359,264	(32,304)
Federal Support - CPB	621,187	649,841	28,654
Fundraising	5,827,250	6,384,099	556,849
TOTAL OPERATING INCOME	\$ 7,784,805	\$ 8,338,004	\$ 553,199
OPERATING EXPENSES			
Compensation	\$ 4,073,694	\$ 4,332,638	\$ 258,944
Programming Fees	1,118,639	1,143,639	25,000
Facilities	560,467	579,567	19,100
Professional/Other Services	672,311	805,815	133,504
Telecommunications	230,474	206,755	(23,719)
Depreciation Expense	443,764	434,414	(9,350)
Printing	109,750	105,800	(3,950)
Supplies	128,244	137,243	8,999
Travel	96,061	90,586	(5,475)
Other	232,504	221,324	(11,180)
TOTAL OPERATING EXPENSES	\$ 7,665,907	\$ 8,057,782	\$ 391,875
NET OPERATING INCOME (LOSS)	\$ 118,898	\$ 280,222	\$ 161,324
NON-OPERATING INCOME (EXPENSE):			
Rental Revenue	\$ 90,175	\$ 85,687	\$ (4,488)
State of Iowa Capital Appropriation	100,000	-	(100,000)
Equipment, Capitalized	(289,596)	(329,926)	(40,330)
Equipment, Non-Capitalized	(14,900)	(21,000)	(6,100)
Debt Service	(932)	-	932
TOTAL NON-OPERATING INCOME (EXPENSE)	\$ (115,253)	\$ (265,239)	\$ (149,986)
NET ALL ACTIVITY	\$ 3,645	\$ 14,983	\$ 11,338

FY 2018 BUDGET – BOARD OFFICE

The Board Office operating budget is supported mainly by state appropriations and institutional support. The proposed FY 2018 operating budget of the Board Office shows a reduction of 4.6%, mainly due to the reorganization of the administrative staff through an Early Retirement Incentive Program and restructuring of duties.

Reflecting the service nature of the Board Office, personnel costs are approximately 77% of the proposed budget.

Board Office FY 2018		
	Operating Fund	
	Final Budget FY 2017	Proposed Budget FY 2018
TOTAL BOARD OFFICE BUDGET		
Revenues		
State Appropriations	794,714	794,714
Institutional Reimbursements	3,645,020	3,472,201
Grant Funds	40,365	10,000
Non-institutional	4,000	1,500
Principal Demutualization	<u>3,000</u>	<u>3,000</u>
TOTAL REVENUE	4,487,099	4,281,415
Expenditures		
Personnel and Board per diem	3,583,709	3,314,060
Travel	70,650	80,000
Office Supplies & Printing	27,000	27,000
Dues	45,000	50,000
Advertising	-	750
Communications	49,980	45,000
Outside Services & Repairs	31,194	35,000
State Audit	12,500	13,660
Workers Comp	-	-
IT Services	74,000	65,000
Office Equipment & Furnishings	29,700	10,000
Office Space	108,666	115,435
Educational/Training Expense	29,700	48,000
Special Services	<u>425,000</u>	<u>477,510</u>
TOTAL EXPENDITURES	4,487,099	4,281,415