

Contact: Brad Berg

**FY 2019 BUDGETS – UNIVERSITIES, SPECIAL SCHOOLS,
IOWA PUBLIC RADIO AND BOARD OFFICE**

Actions Requested: Consider approval of the:

1. Regent university and special school FY 2019 budgets as presented on pages 5-8 and in the attachments.
2. Iowa Public Radio FY 2019 budget as presented in Attachment F on page 31.
3. Board Office FY 2019 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 revenue, reimbursed indirect costs, and income generated from sales and services.
- 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 that 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 2019 Regent Enterprise consolidated \$6.0 billion budget is 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 2019 REGENT ENTERPRISE BUDGET
(in millions)

	SUI*	ISU	UNI	ISD	IBSSS	Total
General Operating	2,360.6	731.9	186.8	11.1	8.6	3,299.0
Restricted	1,752.0	773.2	167.5	0.7	0.8	2,694.2
Total	4,112.6	1,505.1	354.3	11.8	9.4	5,993.2

*includes UHC

University Operating Budgets

The primary revenue sources providing FY 2019 general operating funds for Iowa's public universities are state appropriations and tuition revenues.

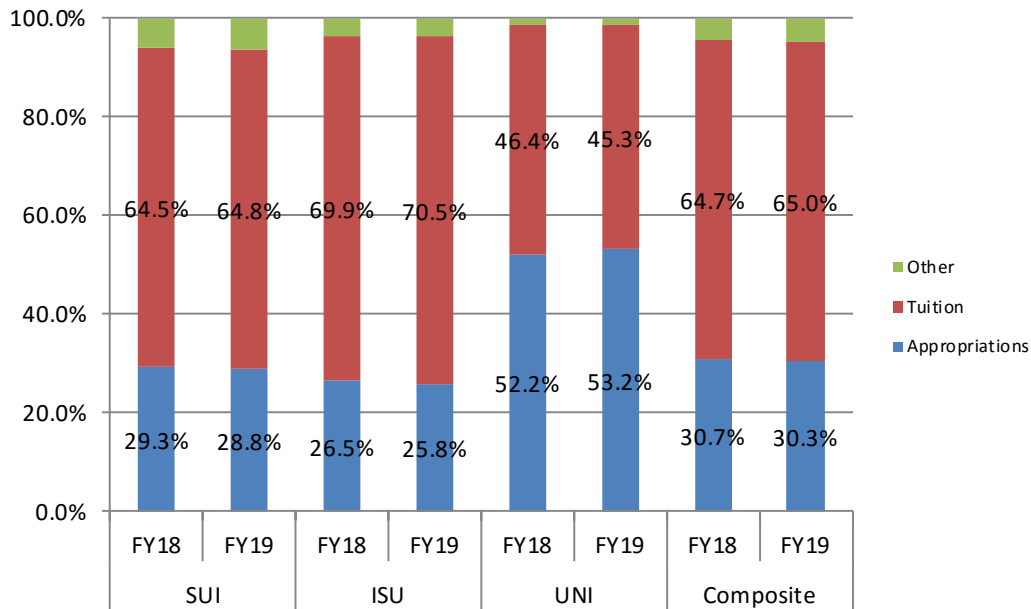
In September 2017, the Board approved an incremental funding request for FY 2019 of \$12 million from the state for financial aid to undergraduate students from Iowa. During the 2018 legislative session, the General Assembly approved mid-year cuts for FY 2018 to the Regents by \$10.9 million. The cuts were largely split between SUI and ISU. Subsequently for FY 2019, the General Assembly restored a portion of the cuts by appropriating \$8.3 million for allocation to the three universities. At its June 2018 meeting, the Board approved the following allocation for FY 2019.

- SUI \$3.15 million
- ISU \$3.15 million
- UNI \$2.00 million
- Total \$8.30 million

In June 2018, the Board approved base undergraduate resident increases of 3.8% for SUI and ISU and 2.8% for UNI and varying increases to nonresident, graduate and differential tuition rates for higher-cost programs.

The following chart compares FY 2018 funding sources as originally budgeted with FY 2019 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 continue to decline and are less than 29% 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 84% 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 2019 special purpose unit budgets is provided in the attachments.

Restricted Budgets

The university FY 2019 restricted fund budgets include capital funding approved by the General Assembly for the following projects.

- SUI – Pharmacy Building \$ 5.5 million
- ISU – Biosciences Facilities \$ 4.0 million
- ISU – Student Innovation Center \$ 6.0 million
- ISU – Veterinary Diagnostic Lab \$ 1.0 million

In addition, the university restricted fund budgets include an allocation of the \$31.5 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 campuses each year. The athletic departments are independent entities included in the restricted fund budgets. The proposed FY 2019 athletic revenue budgets total \$222 million. Details for each university’s athletic budget are included in the attachments.

Athletic Revenues

	FY 2018 <u>Estimates</u>	FY 2019 <u>Budget</u>
SUI	116,645,813	121,874,056
ISU	83,260,981	84,610,213
UNI	14,471,223	15,143,147
Total	214,378,017	221,627,416

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 2019 revenue budgets total approximately \$222.5 million for the three universities.

The Board received the FY 2019 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 approximately 21,000 students this fall. The proposed detailed budgets for each university residence system are provided in the attachments.

University Residence Systems FY 2019 Budgets						
	SUI		ISU		UNI	
	<u>Preliminary</u>	<u>Final</u>	<u>Preliminary</u>	<u>Final</u>	<u>Preliminary</u>	<u>Final</u>
Revenues	\$ 76,783,184	\$ 76,354,678	\$ 111,763,840	\$ 108,715,933	\$ 38,047,335	\$ 37,428,957
Expenditures for Operations	58,507,811	58,870,214	78,085,027	78,171,246	26,912,077	25,869,789
Debt Service and Mandatory Transfers	12,394,519	12,394,519	16,128,898	16,128,898	8,373,919	8,373,919
Net Revenues after Debt Service and Mandatory Transfers	\$ 5,880,854	\$ 5,089,945	\$ 17,549,915	\$ 14,415,789	\$ 2,761,339	\$ 3,185,249

Special Schools

The FY 2019 budgets for the Iowa School for the Deaf (ISD), and the Iowa Braille and Sight Saving School (IBSSS) total \$21.2M 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 1.0% (\$140,238) when compared to FY 2018. 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 2019 Special School Budgets

	<u>Operating</u>	<u>Restricted</u>	<u>Total</u>
ISD	\$ 11,118,161	\$ 649,630	\$ 11,767,791
IBSSS	<u>\$ 8,579,806</u>	<u>\$ 813,285</u>	<u>\$ 9,393,091</u>
TOTAL	\$ 19,697,967	\$ 1,462,915	\$ 21,160,882

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 \$8,616 mid-year and then remained at \$350,648 for FY 2019. University support for IPR in FY 2019 remains flat when compared to FY 2018. The proposed FY 2019 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, 2018 (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 2019 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	\$214,710,793				\$2,134,120	\$4,297,032	\$1,745,379	\$643,641	\$5,586,216	\$229,117,181
RESOURCES										
Federal Support										-
Interest	1,100,000	10,025,082	-59,133	411,890	5,000		5,500			11,488,339
Tuition and Fees	482,838,675									482,838,675
Reimb. Indirect Costs	46,333,136	4,356,950	1,745,363	198,635	299,880	54,235				52,988,199
Sales and Service		1,542,736,168	29,191,218	8,162,675	75,000	2,180,516		102,448		1,582,448,025
Other Income	24,933	1,470,301	255,402							1,750,636
Subtotal - Inst. Income	530,296,744	1,558,588,501	31,132,850	8,773,200	379,880	2,234,751	5,500	102,448	-	2,131,513,874
TOTAL REVENUES	\$745,007,537	\$1,558,588,501	\$31,132,850	\$8,773,200	\$2,514,000	\$6,531,783	\$1,750,879	\$746,089	\$5,586,216	\$2,360,631,055
EXPENDITURES										
Fac. & Inst. Off. Salaries	\$273,641,000	\$86,902,015	\$68,591	\$625,493		\$208,249		\$154,823	\$1,805,195	\$363,405,366
Prof. & Sci. Staff Salaries	155,068,000	597,957,588	17,368,895	4,799,979	112,966	3,563,898	279,806	586,869	1,788,190	781,526,191
General Service Staff Sal.	58,540,000	186,528,704	7,837,926	1,138,622	1,436,474	1,709,472			110,727	257,301,925
Hourly Wages	5,700,000	7,969,875	116,968	112,699		43,465			46,199	13,989,206
Subtotal - Salaries	492,949,000	879,358,182	25,392,380	6,676,793	1,549,440	5,525,084	279,806	741,692	3,750,311	1,416,222,688
Supplies and Services	59,849,508	628,363,387	4,184,829	1,698,113	132,010	942,699	1,471,073	4,397	1,504,166	698,150,182
Library Acquisitions	19,205,984									19,205,984
Rentals	6,900,000	15,089,137	6,201	545		64,000			70,020	22,129,903
Utilities	36,964,426	33,716,191	1,542,963	177,361	469,200					72,870,141
Bldg. Repairs	15,126,230	2,061,604	6,477	220,388	363,350					17,778,049
Auditor of State Reimb.	765,000									765,000
Equipment	2,344,500								20,442	2,364,942
Aid to Individuals	110,902,889								241,277	111,144,166
Subtotal - Other Expenses	252,058,537	679,230,319	5,740,470	2,096,407	964,560	1,006,699	1,471,073	4,397	1,835,905	944,408,367
TOTAL EXPENDITURES	\$745,007,537	\$1,558,588,501	\$31,132,850	\$8,773,200	\$2,514,000	\$6,531,783	\$1,750,879	\$746,089	\$5,586,216	\$2,360,631,055

BOARD OF REGENTS, STATE OF IOWA
FY 2019 GENERAL FUND OPERATING BUDGETS (continued)

	Iowa State University					University of Northern Iowa			ISD	IBSSS	Operating Total
	Gen. Univ.	Exp. Station	Coop. Ext.	Special Purpose	Subtotal	Gen. Univ.	Special Purpose	Subtotal			
APPROPRIATIONS											
General	\$170,624,125	\$29,886,877	\$18,266,722	\$6,697,146	\$225,474,870	\$95,712,362	\$6,813,352	\$102,525,714	\$9,996,325	\$4,167,759	\$571,281,849
RESOURCES											
Federal Support		5,405,000	10,000,000		15,405,000				56,970		15,461,970
Interest	1,889,150				1,889,150	750,000		750,000	1,000		14,128,489
Tuition and Fees	466,748,000				466,748,000	81,611,986		81,611,986			1,031,198,661
Reimb. Indirect Costs	20,963,998				20,963,998	1,449,649		1,449,649	15,000	47,000	75,463,846
Sales and Service						470,393		470,393	835,000	3,632,399	1,587,385,817
Other Income	1,386,700				1,386,700			-	213,866	732,647	4,083,849
Subtotal - Inst. Income	490,987,848	5,405,000	10,000,000	-	506,392,848	84,282,028	-	84,282,028	1,121,836	4,412,046	2,727,722,632
TOTAL REVENUES	\$661,611,973	\$35,291,877	\$28,266,722	\$6,697,146	\$731,867,718	\$179,994,390	\$6,813,352	\$186,807,742	\$11,118,161	\$8,579,805	\$3,299,004,481
EXPENDITURES											
Fac. & Inst. Off. Salaries	\$248,255,000	\$22,300,000	\$6,700,000	\$2,877,000	\$280,132,000	\$73,862,493	\$354,802	\$74,217,295	\$3,562,596	\$5,831,665	727,148,922
Prof. & Sci. Staff Salaries	121,000,000	9,200,000	17,500,000	2,970,000	150,670,000	38,680,134	1,100,192	39,780,326	2,521,757	146,028	974,644,302
General Service Staff Sal.	30,000,000	1,200,000	600,000	25,000	31,825,000	25,277,519	133,480	25,410,999	3,035,865	891,169	318,464,958
Hourly Wages	6,200,000	350,000	125,000	67,600	6,742,600	1,636,142	48,277	1,684,419			22,416,225
Subtotal - Salaries	405,455,000	33,050,000	24,925,000	5,939,600	469,369,600	139,456,288	1,636,751	141,093,039	9,120,218	6,868,862	2,042,674,407
Supplies and Services	65,506,973	1,441,877	3,191,722	522,546	70,663,118	11,461,316	5,176,601	16,637,917	1,441,753	1,404,411	788,297,381
Library Acquisitions	12,100,000				12,100,000	1,916,249		1,916,249			33,222,233
Rentals	2,000,000	40,000	100,000	55,000	2,195,000	877,578		877,578		35,000	25,237,481
Utilities	32,500,000	10,000			32,510,000	7,536,977		7,536,977	286,750	210,500	113,414,368
Bldg. Repairs	15,000,000	50,000			15,050,000	1,400,000		1,400,000	225,000	29,532	34,482,581
Auditor of State Reimb.	750,000				750,000	334,100		334,100	44,440	31,500	1,925,040
Equipment	8,000,000	300,000	10,000	140,000	8,450,000	676,855		676,855			11,491,797
Aid to Individuals	120,300,000	400,000	40,000	40,000	120,780,000	16,335,027		16,335,027			248,259,193
Subtotal - Other Expenses	256,156,973	2,241,877	3,341,722	757,546	262,498,118	40,538,102	5,176,601	45,714,703	1,997,943	1,710,943	1,256,330,074
TOTAL EXPENDITURES	\$661,611,973	\$35,291,877	\$28,266,722	\$6,697,146	\$731,867,718	\$179,994,390	\$6,813,352	\$186,807,742	\$11,118,161	\$8,579,805	\$3,299,004,481

BOARD OF REGENTS
STATE OF IOWA
FY 2019 RESTRICTED FUNDS BUDGETS

	SUI	ISU	UNI	ISD	IBSSS	Restricted Total
APPROPRIATIONS						
Innovation Fund	\$1,050,000	\$1,050,000	\$900,000			\$3,000,000
Tuition Replacement	15,479,959	12,370,049	3,621,284			31,471,292
Capital	5,500,000	11,000,000				16,500,000
Other	967,161	288,000				1,255,161
RESOURCES						
Federal Support	227,616,000	175,000,000	22,021,677	\$375,433	\$623,285	425,636,395
Interest	24,384,000	3,000,000	1,975,000	525		29,359,525
Tuition and Fees	73,740,000	19,200,000	22,837,151			115,777,151
Reimbursed Indirect Costs	24,490,000	12,000,000				36,490,000
Sales and Service	843,371,000	65,000,000	99,154,378	273,672		1,007,799,050
Other Income	535,397,880	474,300,000	17,000,000		190,000	1,026,887,880
Subtotal - Inst. Income	1,728,998,880	748,500,000	162,988,206	649,630	813,285	2,641,950,001
TOTAL REVENUES	\$1,751,996,000	\$773,208,049	\$167,509,490	\$649,630	\$813,285	\$2,694,176,454
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$388,512,000	\$75,500,000	\$5,430,444	\$78,228	\$333,655	\$469,854,327
Prof. & Sci. Staff Salaries	318,988,000	121,800,000	23,801,423	31,597		464,621,020
General Service Staff Salaries	55,519,000	42,000,000	13,059,278	182,152		110,760,430
Hourly Wages	32,186,000	25,000,000	6,928,327			64,114,327
Subtotal - Salaries	795,205,000	264,300,000	49,219,472	291,977	333,655	1,109,350,104
Prof. and Scientific Supplies	442,557,000	271,708,049	58,819,818	239,474	429,630	773,753,971
Library Acquisitions	176,000		30,000			206,000
Rentals	9,911,000		875,000			10,786,000
Utilities	13,091,000	14,200,000	2,206,967			29,497,967
Building Repairs	10,839,000	5,000,000	4,784,469	100,000	50,000	20,773,469
Auditor of State						-
Equipment	58,447,000	12,000,000	1,546,072	18,179		72,011,251
Student Aid	74,767,000	66,000,000	24,832,583			165,599,583
Debt Service	126,875,000	54,000,000	15,756,842			196,631,842
Plant Capital	220,128,000	86,000,000	9,438,267			315,566,267
Subtotal - Other Expenses	956,791,000	508,908,049	118,290,018	357,653	479,630	1,584,826,350
TOTAL EXPENDITURES	\$1,751,996,000	\$773,208,049	\$167,509,490	\$649,630	\$813,285	\$2,694,176,454

BOARD OF REGENTS
STATE OF IOWA
FY 2019 ALL FUNDS BUDGETS

	SUI	ISU	UNI	ISD	IBSSS	All Funds Total
APPROPRIATIONS						
General	\$229,117,181	\$225,474,870	\$102,525,714	\$9,996,325	\$4,167,759	\$571,281,849
Innovation	1,050,000	1,050,000	900,000			3,000,000
Tuition Replacement	15,479,959	12,370,049	3,621,284			31,471,292
Capital	5,500,000	11,000,000	-	-	-	16,500,000
Other	967,161	288,000				1,255,161
RESOURCES						
Federal Support	227,616,000	190,405,000	22,021,677	432,403	623,285	441,098,365
Interest	35,872,339	4,889,150	2,725,000	1,525	-	43,488,014
Tuition and Fees	556,578,675	485,948,000	104,449,137			1,146,975,812
Reimb. Indirect Costs	77,478,199	32,963,998	1,449,649	15,000	47,000	111,953,846
Sales and Service	2,425,819,025	65,000,000	99,624,771	1,108,672	3,632,399	2,595,184,867
Other Income	537,148,516	475,686,700	17,000,000	213,866	922,647	1,030,971,729
Subtotal - Inst. Income	3,860,512,754	1,254,892,848	247,270,234	1,771,466	5,225,331	5,369,672,633
TOTAL REVENUES	\$4,112,627,055	1,505,075,767	354,317,232	\$11,767,791	\$9,393,090	\$5,993,180,935
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$751,917,366	\$355,632,000	\$79,647,739	\$3,640,824	\$6,165,320	\$1,197,003,249
Prof. & Sci. Staff Salaries	1,100,514,191	272,470,000	63,581,749	2,553,354	146,028	1,439,265,322
General Service Staff Sal.	312,820,925	73,825,000	38,470,277	3,218,017	891,169	429,225,388
Hourly Wages	46,175,206	31,742,600	8,612,746			86,530,552
Subtotal - Salaries	2,211,427,688	733,669,600	190,312,511	9,412,195	7,202,517	3,152,024,511
Prof. and Scientific Supp.	1,140,707,182	342,371,167	75,457,735	1,681,227	1,834,041	1,562,051,352
Library Acquisitions	19,381,984	12,100,000	1,946,249	-	-	33,428,233
Rentals	32,040,903	2,195,000	1,752,578	-	35,000	36,023,481
Utilities	85,961,141	46,710,000	9,743,944	286,750	210,500	142,912,335
Bldg. Repairs	28,617,049	20,050,000	6,184,469	325,000	79,532	55,256,050
Auditor of State Reimb.	765,000	750,000	334,100	44,440	31,500	1,925,040
Equipment	60,811,942	20,450,000	2,222,927	18,179	-	83,503,048
Aid to Individuals	185,911,166	186,780,000	41,167,610			413,858,776
Debt Service	126,875,000	54,000,000	15,756,842			196,631,842
Plant Capital	220,128,000	86,000,000	9,438,267			315,566,267
Subtotal - Other Expenses	1,901,199,367	771,406,167	164,004,721	2,355,596	2,190,573	2,841,156,424
TOTAL EXPENDITURES	\$4,112,627,055	\$1,505,075,767	\$354,317,232	\$11,767,791	\$9,393,090	\$5,993,180,935

FY 2019 BUDGETS – UNIVERSITY OF IOWA

Throughout the past year, University of Iowa academic, administrative and shared governance leaders continued efforts to develop a 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 confirmed and enhanced in developing the FY 2019 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
 - Improve stability in the face of declining state support
 - Incentivize new revenue generation
 - Provide recurring/non-recurring funding for strategic initiatives
 - Ensure collegiate/non-collegiate unit financial accountability
 - Improve salary competitiveness
 - Reward collaboration within and among colleges
 - Fund salary and benefit adjustment and/or other inflationary increments through new revenues, efficiencies or reprioritization
 - Provide guidelines for equitably sharing centralized costs
 - Develop multi-year revenue/expense projections

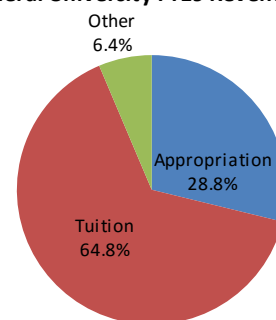
This collaborative process and budget model allowed the University to develop a General Education Fund budget reinforcing its principles and mission of education, research and discovery, while also addressing downward adjustments in state appropriations. All other FY 2019 budgets were developed simultaneously with the General Education Fund budget under similar and, in most instances, identical policies and guidelines.

SUI FY 2019 General University Operating Budget

Tuition revenues comprise 64.8% of the \$745.1 million General University revenue budget with 28.8% coming from state appropriations. Projected changes in these revenue sources, as well as indirect cost recoveries and interest income, result in \$5.4 million in incremental revenue; approximately 0.7% higher than the FY 2018 budget.

FY 2018 Budget	\$ 739.7 million
Revenue Changes:	
Mid Year Appropriation Cut	(5.2) million
FY19 Appropriation Increase	3.2 million
Tuition	5.5 million
Indirect Cost Recoveries/Interest	<u>1.9 million</u>
Revenue Change	5.4 million
 FY 2019 Budget	 \$ 745.1 million

SUI General University FY19 Revenue Budget



The General University’s original FY 2018 operating appropriation of \$216.8 million was reduced \$5.2 million mid-year and was partially restored by a \$3.15 million increase for FY 2019.

The table below provides a summary of the tuition increases for the 2018-19 academic year approved by the Board in June 2018. The University is anticipating a smaller incoming freshman class and is focused on enrollment management efforts for a more diverse and prepared freshman class, allowing for improved retention and time to graduation. Graduate and professional enrollments are anticipated to remain the same. The approved rates coupled with the expected enrollment are budgeted to generate \$5.5 million in incremental revenue when compared to FY 2018.

UNIVERSITY OF IOWA	2017-18	Increase	2018-19	% Inc
Undergrad-Resident	7,486.00	284.00	7,770.00	3.8%
Undergrad-Nonresident	29,130.00	606.00	29,736.00	2.1%
Grad-Resident	9,427.00	358.00	9,785.00	3.8%
Grad-Nonresident	28,163.00	563.00	28,726.00	2.0%

Current projections indicate indirect cost recoveries will increase \$1.9 million in FY 2019 from a higher indirect cost rate and anticipated federal research activities. Interest income remains unchanged for FY 2019.

While reallocating resources toward institutional priorities is a fundamental part of the new budget development process, mid-year reductions in state funding continue to negatively affect the University. During FY 2019, SUI will identify, evaluate, and possibly discontinue activities in which state resources are no longer sufficient to support these functions.

The University implemented the terms of collective bargaining agreements, the salary policies approved by the Executive Director, and established fringe benefits consistent with federally approved rate structures. University leadership deferred potential performance and/or cost-of-living salary increases for faculty and non-bargaining P&S staff until January 2019. The total General University salary and benefit expense budget for FY 2019 is relatively flat when compared to FY 2018.

The University expects utility costs for the GEF-supported facilities to remain flat in FY 2019 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 continue in FY 2019 as other revenue sources, including state appropriations, remain flat or continue to decline.

The student financial aid budget remains relatively flat compared to FY 2018. SUI will discontinue its Summer Hawk Tuition Grant program after the 2018 summer session and will instead focus efforts on a sustainable means of helping students graduate on time.

The projected cost of custodial services, information technology, utilities and general maintenance for new or improved General University supported buildings for FY 2019 is expected to be \$0.7 million. New costs associated with the Engineering Building are partly offset by the partial demolition of Seashore Hall.

The \$745.1 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 86% of all general university expenses.

General University Spending By Function
(\$ in thousands)

	<u>FY 2018</u>	<u>% Total</u>
Instruction	295,217	39.6%
Research	28,715	3.9%
Public Service	3,455	0.5%
Academic Support	130,959	17.6%
Student Services	25,355	3.4%
Institutional Support	47,760	6.4%
Operations & Maintenance of Plant	102,644	13.8%
Scholarships & Fellowships	110,903	14.9%
Total	745,008	100.0%

SUI FY 2019 Special Purpose Appropriations

The following chart lists SUI's special purpose units that received state operating funding for FY 2019. Funding for most special purpose units in FY 2019 is approximately 22% less than that received for FY 2009.

<u>SUI SPECIAL PURPOSE UNITS</u>	<u>FY 2019 APPROPRIATIONS</u>
OAKDALE CAMPUS	2,134,120
HYGIENIC LABORATORY	4,297,032
FAMILY PRACTICE	1,745,379
SCHS - CANCER, HEMOPHILIA, HIGH RISK INFANT	643,641
PRIMARY HEALTH CARE	633,367
STATE OF IOWA CANCER REGISTRY	145,476
SUBSTANCE ABUSE CONSORTIUM	54,197
BIOCATALYSIS	706,371
BIRTH DEFECTS REGISTRY	37,370
ECONOMIC DEVELOPMENT	209,279
ONLINE PLACEMENT ACADEMY	470,293
IOWA FLOOD CENTER	1,171,222
ENTREPRENEURSHIP	2,000,000
WATERMAN NONROFIT RESOURCE CTR	158,641

University of Iowa Hospitals and Clinics (UIHC)

The proposed FY 2019 UIHC operating budget of \$1.56 billion is provided on page 5.

In FY 2019, 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 2019 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.

There are ever-increasing financial pressures on the healthcare industry. Both governmental and non-governmental payors are looking to reduce health care costs. In FY 2019, UIHC will face year-over-year reductions in the payment rates from Medicare and Medicaid. The state of Iowa is facing financial challenges that will affect both academic and clinical funding for University of Iowa Health Care. Managed Medicaid programs will continue to look for ways to limit claims. Lastly, with the effects of healthcare reform, we will continue to see a push toward providers taking more risk for quality and efficiency results. These and other external challenges will have an impact in all areas of our mission, ranging from near flat reimbursement for patient care services to continued constraint and competition for research funding. The necessity to continue to maximize revenue opportunities, grow market share, ensure ease of access to services, improve throughput, further enhance service excellence and be even more cost efficient in UIHC operations continues to be essential.

Expense inflation (salary and non-salary) continues to outpace the level of payor rate increases. An average “all-in” salary increase of around 1.6 percent is projected for next year due to base salary increases and changes in the fringe benefit pool rates. While UIHC will continue to standardize product utilization and implement supply chain savings initiatives, medical and surgical supply costs are estimated to rise 3.0 percent or more due to price increases and changes in technology. Pharmaceutical cost increases are anticipated in the 7.5 percent range.

Additional net revenues will be required in FY 2019 to meet the 3.2% budgeted 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 to be effective July 1, 2018. Market data indicates 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 3.0 percent while outpatient activity is anticipated to grow more than five percent over FY18 projections. The case mix index, reflective of the acuity of care required by inpatients, is anticipated to remain high at a level of 2.1.

Other UIHC units include the Psychiatric Hospital, the Center for Disabilities and Development (CDD) and Specialized Child Health Services (SCHS). The proposed combined FY 2019 budget for these units is \$40.7 million and are provided on page 5.

SUI FY 2019 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 2019 Restricted Fund Budget includes the following state appropriations:

- Pharmacy Building \$ 5.50 million
- Tuition Replacement \$15.48 million
- Innovation Fund \$ 1.05 million
- Study Centers & Geological Survey \$ 0.97 million

Athletics

The SUI Athletic Department is a self-sustaining auxiliary enterprise and receives no general university support. The University of Iowa's \$121.9 million FY 2019 athletic budget is provided on the following page. The overall revenue and expense budgets are approximately \$4.8 million higher than FY 2018 budget.

Sports income was down \$1.8 million in FY 2018 due to lower ticket sales for football. These revenues are budgeted in FY 2019 to return to amounts comparable to the FY 2018 budget.

Foundation support is budgeted to increase for FY 2019 with additional funding to support the North End Zone project in Kinnick Stadium.

General income increased in FY 2018 from additional net income from special events and insurance claims. These revenues are expected to increase slightly again in FY 2019.

Student fees reported in the athletic budget provide funding for the debt service on Student Recreation Services facilities financed through Athletics and remain flat when compared to FY 2019.

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 \$13.8 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 \$3,000 to \$3,456 and are budgeted at a total annual cost to Athletics of approximately \$1.0 million.

Administrative and general expense increased in FY 2018 due to student-athlete food costs being above budget. Additional increases are expected again in FY 2019 due to the payment of the new federal excise tax.

Annual debt service payments for all phases of the Kinnick Stadium North End Zone project are anticipated for FY 2019.

Building and grounds expenses were lower than budgeted for FY 2018 from lower project costs and utility savings. The FY 2019 budget has been adjusted downward to reflect these reductions.

The Athletic Department purchases services from numerous entities within the University including, Public Safety, UIHC, parking, scholarships, utilities, university business services and residence services. Athletics has also budgeted \$2.0 million of general support to the University. The projected total FY 2019 cost to Athletics for these services is \$23.7 million.

**The University of Iowa
Athletics Operating Budget**

	FY 2018 Budget	FY 2018 Estimate	FY 2019 Budget
<u>INCOME</u>			
Men's Sports			
Football	\$ 23,509,057	\$ 21,690,096	\$ 23,324,645
Basketball	3,639,387	3,029,860	3,737,288
Wrestling	571,200	589,883	582,624
All Other	38,999	58,397	41,219
Total Men's Sports	\$ 27,758,643	\$ 25,368,236	\$ 27,685,776
Women's Sports			
Basketball	\$ 229,500	\$ 285,000	\$ 275,000
Volleyball	40,000	64,667	60,000
All Other	25,700	40,000	35,914
Total Women's Sports	\$ 295,200	\$ 389,667	\$ 370,914
Other Income			
Facility Debt Service/Student Fees	\$ 650,000	\$ 650,000	\$ 650,000
Learfield Multi Media Contract Income	7,764,826	7,269,544	7,382,817
Athletic Conference	50,406,015	52,474,418	52,924,372
Interest	571,504	350,000	400,000
Foundation Support	14,981,821	14,807,267	16,823,140
Foundation Premium Seat Revenue	8,216,110	8,267,885	8,440,308
Novelties	3,552,000	3,400,000	3,454,769
General Income	2,884,900	3,668,796	3,741,960
Total Other Income	\$ 89,027,176	\$ 90,887,910	\$ 93,817,365
TOTAL INCOME	\$ 117,081,019	\$ 116,645,813	\$ 121,874,056
<u>EXPENSES</u>			
Men's Sports			
Football	\$ 26,445,735	\$ 27,501,021	\$ 27,447,712
Basketball	7,032,169	7,214,691	7,242,296
Wrestling	1,846,895	1,850,008	1,939,589
All Other	6,200,692	6,301,153	6,582,163
Total Men's Sports	\$ 41,525,491	\$ 42,866,873	\$ 43,211,760
Women's Sports			
Basketball	\$ 4,872,554	\$ 4,725,058	\$ 5,128,029
Volleyball	1,883,501	1,879,358	1,964,904
All Other	12,301,958	12,210,177	12,675,586
Total Women's Sports	\$ 19,058,013	\$ 18,814,594	\$ 19,768,520
Other Expenses			
Training Services	\$ 2,850,775	\$ 2,872,048	\$ 3,013,829
Sports Information	817,160	789,238	803,176
Admin. & General Expenses	17,103,883	18,197,832	19,164,105
Facility Debt Service	19,429,052	18,756,102	21,782,124
Transfer-New Facility Costs/Reserves	2,000,000	2,000,000	1,500,000
Academic & Counseling	1,934,222	1,913,989	1,932,313
Buildings & Grounds	12,362,423	10,435,137	10,698,230
Total Other Expenses	\$ 56,497,515	\$ 54,964,346	\$ 58,893,776
TOTAL OPERATING EXPENSE	\$ 117,081,019	\$ 116,645,813	\$ 121,874,056

University Housing & Dining

The proposed FY 2019 residence system budget reflects a decrease in net revenues compared to the preliminary budget received by the Board in February 2018 as part of the Residence System Governance Report. The net revenue decrease is due to lower projected non-contract revenues and slightly higher operating expenses.

Voluntary reserve balances at June 30, 2019 are projected to be \$12.6 million.

**University of Iowa
University Housing & Dining Proposed Budget 2018-19**

	Estimates 2017-18	Preliminary Budget 2018-19	Proposed Budget 2018-19
OPERATIONS			
Revenues	\$ 80,178,899	\$ 76,783,184	\$ 76,354,678
Expenditures for Operations	62,914,999	58,507,811	58,870,214
Net Revenues	17,263,900	18,275,373	17,484,464
% of Revenues	21.5%	23.8%	22.9%
Debt Service (due July 1)	11,655,046	11,794,519	11,794,519
Mandatory Transfers	600,000	600,000	600,000
Net After Debt Service & Mandatory Transfers	\$ 5,008,854	\$ 5,880,854	\$ 5,089,945
% of Revenues	6.2%	7.7%	6.7%
Debt Service Coverage Ratio	148%	155%	148%
University Overhead Payment	\$ 558,852	\$ 570,029	\$ 570,528
FUND BALANCES (June 30)			
Operation & Maintenance Fund	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Improvement Fund	5,295,750	5,610,000	5,610,000
System Fund	7,367,678	9,877,677	5,984,698
Subtotal--Voluntary Reserves	13,663,428	16,487,677	12,594,698
Bond Reserve Fund	14,845,006	14,845,006	14,845,006
Bond Construction Fund	8,000,000	-	-
Subtotal--Mandatory Reserves	22,845,006	14,845,006	14,845,006
Total Fund Balances (June 30)	\$ 36,508,434	\$ 31,332,683	\$ 27,439,704
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 66,020,328	\$ 62,483,561	\$ 62,480,041
Interest	978,952	931,365	894,830
Other Income	13,179,619	13,368,258	12,979,807
Total Revenues	\$ 80,178,899	\$ 76,783,184	\$ 76,354,678
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 29,974,917	\$ 29,274,435	\$ 28,975,549
Cost of Food or Goods Sold	12,718,372	11,500,722	11,755,134
Other Operating Expense	10,377,886	8,144,211	8,223,675
Utilities	6,266,549	6,141,743	6,326,356
Repairs & Maintenance	3,577,275	3,446,700	3,589,500
Total Expenditures	\$ 62,914,999	\$ 58,507,811	\$ 58,870,214

FY 2019 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 2019.

- 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.

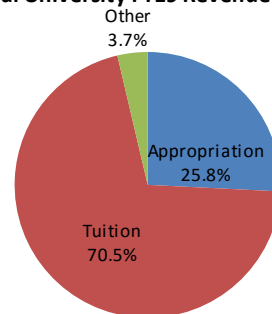
ISU utilizes a responsibility-centered approach to financial management to support its financial planning and budget development. The Resource Management Model provides revenue and growth incentives to units and rewards efficiency by attributing revenues and allocating costs to the major administrative units. The allocation of general institutional administrative costs has been broadened to include additional auxiliary enterprises and units to ensure all units that benefit from administrative support and systems share in these costs.

ISU FY 2019 General University Operating Budget

Tuition revenues comprise 70.5% of the \$661.6 million General University revenue budget with only 25.8% coming from state appropriations. Projected changes in these revenue sources, as well as indirect cost recoveries and interest income, result in \$8.8 million in incremental revenue; a 1.3% increase over the FY 2018 budget.

FY 2018 Budget	\$ 652.8 million
Revenue Changes:	
Mid Year Appropriation Cut	(5.4) million
FY19 Appropriation Increase	3.2 million
Tuition	10.2 million
Indirect Cost Recoveries/Other	0.8 million
Revenue Change	8.8 million
FY 2019 Budget	\$ 661.6 million

ISU General University FY19 Revenue Budget



The General University’s original FY 2018 operating appropriation of \$172.9 million was reduced \$5.4 million during the year. The mid-year cut was partially restored with a \$3.15 million increase for FY 2019.

The table below provides a summary of the tuition increases for the 2018-19 academic year approved by the Board in June 2018. In addition, the Board approved differential tuition rates for several undergraduate and graduate programs. ISU projects a slight decline in total enrollment this fall. The proposed tuition rates and the most recent enrollment projections are expected to generate an additional \$10.2 million in gross tuition revenue when compared to FY 2018.

IOWA STATE UNIV	2017-18	Increase	2018-19	% Inc
Undergrad-Resident	7,456.00	284.00	7,740.00	3.8%
Undergrad-Nonresident	21,292.00	852.00	22,144.00	4.0%
Grad-Resident	8,944.00	358.00	9,302.00	4.0%
Grad-Nonresident	22,656.00	908.00	23,564.00	4.0%

The University's indirect cost recoveries are budgeted to increase \$0.8 million with interest and other income remaining flat for FY 2019.

To supplement the incremental revenues, internal reallocations of approximately \$4.5 million will fund salary adjustments and achieve progress toward important institutional goals. Administrative costs historically funded by the General Education Fund will be allocated to additional auxiliary units that also benefit from these services.

The University implemented the terms of collective bargaining agreements and salary policies approved by the Executive Director. After a salary freeze a year ago, the overall FY 2019 salary policy for faculty and for P&S staff provides a 1% increase for all individuals with satisfactory performance. ISU plans additional increases for extraordinary performance and the most critical retention situations. Faculty positions are being added in the colleges of Business, Design, Human Sciences, and Veterinary Medicine to provide needed breadth to research and scholarship. Total salary and benefit costs are budgeted to increase \$8.2 million.

Student financial aid is critical in the recruitment and success of students. To ensure access and student success, the University has budgeted an additional \$5.3 million for financial aid.

The \$662 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)

	<u>FY 2018</u>	<u>% Total</u>
Instruction	259,564	39.2%
Research	13,546	2.1%
Public Service	6,030	0.9%
Academic Support	127,706	19.3%
Student Services	29,222	4.4%
Institutional Support	55,558	8.4%
Operations & Maintenance of Plant	49,674	7.5%
Scholarships & Fellowships	120,313	18.2%
Total	661,612	100.0%

ISU FY 2019 Special Purpose Operating Budgets

The chart below lists ISU's special purpose units and appropriated amounts for FY 2019. With the exception of the Veterinary Diagnostic Lab which received a \$100,000 increase, all special purpose units were flat-funded (0% increase) when compared to FY 2018. With the exception of the Veterinary Diagnostic Laboratory, funding for the remaining special purpose units range from 14%-20% less than that appropriated for FY 2009.

<u>ISU SPECIAL PURPOSE UNITS</u>	<u>FY 2019 APPROPRIATIONS</u>
AG. EXP. STATION	29,886,877
COOP. EXT SERVICE	18,266,722
LIVESTOCK DISEASE RESEARCH	172,844
VET DIAGNOSTIC LAB	4,100,000
ECONOMIC DEVELOPMENT	2,424,302

ISU FY 2019 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 2019 Restricted Fund Budget also includes the following state appropriations;

- Biosciences Facilities \$ 4.00 million
- Tuition Replacement \$12.37 million
- Innovation Fund \$ 1.05 million
- Student Innovation Center \$ 6.00 million
- Veterinary Diagnostic Lab \$ 1.00 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 2019 athletic budget totals \$85 million and is provided on the following page. Ticket sales for FY 2019 are budgeted to increase primarily from the football full season ticket price increase from \$425 to \$475.

Conference/NCAA revenue is budgeted to increase in FY 2019 due to the projected conference distributions provided by the Big 12 Conference. These revenues fluctuate annually due to the timing of payments and the method the College Football Playoff bowl affiliation payments are earned.

Transfers from the foundation are budgeted to decline in FY 2019 largely due to the decline in debt service. Athletics voluntarily paid down \$3.5 million more than budgeted for debt service during FY 2018.

Postseason revenue and expenses are budgeted lower since potential bowl game expenses and the offsetting revenues are not included in the base budget.

Salary and benefit costs for FY 2019 are higher due to staff salary increases largely from contractual increases for coaches, the new federal excise tax, and the inclusion of postseason bonuses in this expense line (bonuses previously reported as a postseason expense).

Sports program operations expense is budgeted higher in FY 2019 from higher team travel costs. For FY 2018, sports program expenses are higher than the budget largely from spending on nutrition for football players. ISU expects this level of spending to stabilize in FY 2019.

The increase in internal operations expenses is due in part to a \$200,000 scholarship accrual as Athletics has committed to funding \$1 million of scholarships at the University over a five-year period.

The increase in capital project spending results from parking lot improvements at Hilton Coliseum.

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 \$8.0 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 \$24.0 million.

IOWA STATE UNIVERSITY ATHLETICS

	FY 2018 Budget	FY 2018 Estimates	FY 2019 Proposed
REVENUES			
Ticket Sales:			
Football	\$ 10,399,029	\$ 10,707,783	\$ 11,146,430
Men's Basketball	3,800,000	4,204,803	4,100,000
Women's Basketball	420,000	391,199	365,000
Wrestling	100,000	246,619	130,000
Other Sports	315,000	344,861	290,000
Ticket Sales:	15,034,029	15,895,265	16,031,430
Foundation Support	15,678,815	18,440,008	16,204,639
Conference & NCAA Revenue	31,355,000	33,671,307	39,543,000
Multi-Media Rights	5,500,000	5,504,661	5,432,144
Post Season Revenue	1,428,000	1,640,000	400,000
Student Fees	2,000,000	2,100,000	2,100,000
Licensing	1,000,000	1,236,660	1,200,000
Game guarantees	225,000	283,006	100,000
Auxillary Revenue	1,840,000	1,991,465	1,765,000
Other Revenue	1,826,000	2,498,610	1,834,000
TOTAL REVENUES	\$ 75,886,844	\$ 83,260,982	\$ 84,610,213
EXPENSES			
Sports Programs - Operations:			
Football	\$ 4,564,500	\$ 5,603,389	\$ 5,500,000
Men's Basketball	1,835,700	1,837,988	2,012,700
Women's Basketball	1,249,000	1,127,391	1,275,000
Wrestling	312,605	312,605	348,235
Other Sports	3,163,570	3,079,216	3,530,090
Sports Programs - Operations:	11,125,375	11,960,589	12,666,025
Sports Program Support Units:			
Medical	750,000	950,000	950,000
Coaching Video	236,500	260,000	236,500
Sports Medicine	600,000	600,000	423,000
Academic Services	336,200	280,000	336,200
Other	487,000	504,000	711,600
Sports Program Support Units:	2,409,700	2,594,000	2,657,300
Internal Operations:			
Admin Operations	898,100	1,060,000	1,313,800
Big 12 Expenses	2,315,000	2,600,000	2,689,000
Flight Services	300,000	264,696	344,802
IT Operations	704,000	704,000	725,120
Other	340,500	336,177	400,965
Internal Operations:	4,557,600	4,964,873	5,473,687
Salaries & Benefits	25,574,095	25,892,426	29,996,882
Scholarships	7,392,918	7,468,346	7,998,530
External Operations	2,968,600	2,982,400	2,925,000
Facilities & Events	7,408,275	8,042,626	8,526,293
Postseason	3,130,000	3,326,486	1,240,000
Debt Service	7,882,198	11,438,569	6,507,826
Capital Projects/Def Maint	3,362,500	4,510,131	6,547,500
TOTAL EXPENSES	\$ 75,811,261	\$ 83,180,446	\$ 84,539,043

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 2018. Contract revenues have been updated to reflect lower occupancy projections than previous levels used in the preliminary budget.

Voluntary reserve balances at June 30, 2019 are projected to be \$22.2 million, which is less than earlier projections largely due to the expected decrease in net revenues.

**Iowa State University
Residence System Proposed Budget 2018-19**

	Estimates 2017-18	Preliminary Budget 2018-19	Proposed Budget 2018-19
OPERATIONS			
Revenues	\$ 111,728,903	\$ 111,763,840	\$ 108,715,933
Expenditures for Operations	81,998,335	78,085,027	78,171,246
Net Revenues	29,730,568	33,678,813	30,544,687
% of Revenues	26.6%	30.1%	28.1%
Debt Service (due July 1)	16,708,660	16,128,898	16,128,898
Mandatory Transfers		-	
Net After Debt Service & Mandatory Transfers	\$ 13,021,908	\$ 17,549,915	\$ 14,415,789
% of Revenues	11.7%	15.7%	13.3%
Debt Service Coverage Ratio	178%	209%	189%
University Overhead Payment	\$ 2,341,460	\$ 2,424,108	\$ 2,762,264
FUND BALANCES (June 30)			
Improvement Fund	15,505,411	10,788,485	10,788,485
System Fund	18,726,042	12,952,979	11,411,471
Subtotal--Voluntary Reserves	34,231,453	23,741,464	22,199,956
Bond Reserve Fund	16,527,966	16,132,654	16,132,654
Bond Construction Fund	-	-	-
Subtotal--Mandatory Reserves	16,527,966	16,132,654	16,132,654
Total Fund Balances (June 30)	\$ 50,759,419	\$ 39,874,118	\$ 38,332,610
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 94,603,696	\$ 94,167,466	\$ 91,101,342
Interest	505,000	505,000	505,000
Other Income	16,620,207	17,091,374	17,109,591
Total Revenues	\$ 111,728,903	\$ 111,763,840	\$ 108,715,933
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 37,358,656	\$ 38,479,113	\$ 38,424,258
Cost of Food or Goods Sold	13,354,324	13,566,589	13,556,836
Other Operating Expense	19,357,250	14,606,185	14,726,254
Utilities	7,898,145	7,251,483	7,277,091
Repairs & Maintenance	4,029,960	4,181,657	4,186,807
Total Expenditures	\$ 81,998,335	\$ 78,085,027	\$ 78,171,246

FY 2019 BUDGETS – UNIVERSITY OF NORTHERN IOWA

During the FY 2019 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.

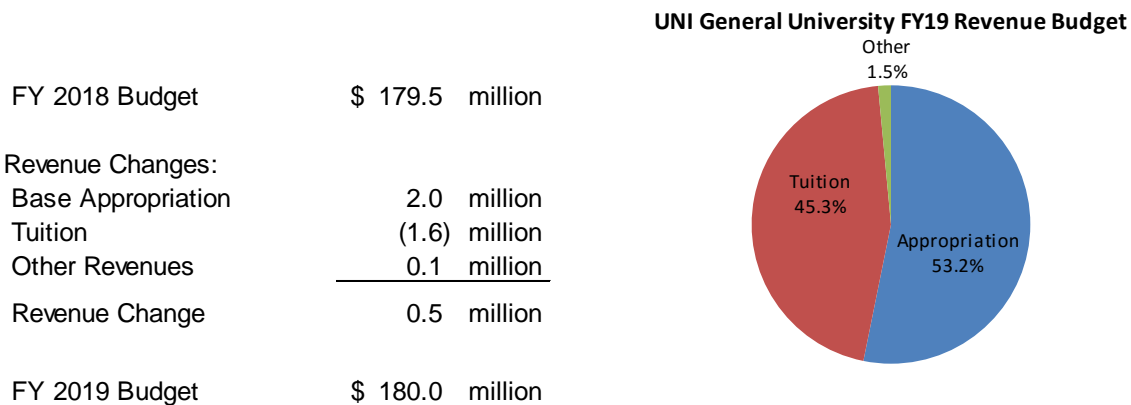
The focus of the University operating budget is directed to support the following strategic goals:

- **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 the state of 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 2019 General University Operating Budget

State appropriations comprise more than half (53%) of UNI’s proposed FY 2019 General University operating revenue budget with tuition revenue being 45% of budgeted revenues. Projected changes in these and other revenue sources results in total operating revenue that is \$0.5 million more than the FY 2018 budget. The proposed FY 2019 operating budget is 0.3% higher than the FY 2018 budget.



The General University’s FY 2018 operating appropriation of \$93.7 million was increased \$2.0 million (a 2.1% increase) for FY 2019.

In June 2018, the Board approved tuition increases for the 2018-19 academic year. A summary of the tuition increases is provided in the table below. Enrollment for Fall 2018 is projected at 11,600 students, 235 student less than Fall 2017 enrollment. With the approved rates coupled with the expected enrollment decline, tuition revenue is budgeted at \$1.6 million less than a year ago.

UNIV OF NORTHERN IA	2017-18	Increase	2018-19	% Inc
Undergrad-Resident	7,456.00	209.00	7,665.00	2.8%
Undergrad-Nonresident	17,998.00	209.00	18,207.00	1.2%
Grad-Resident	8,950.00	209.00	9,159.00	2.3%
Grad-Nonresident	19,424.00	209.00	19,633.00	1.1%

Minimal change is expected in interest income and other operating revenues for FY 2019.

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, 2018. The agreement provided for a wage increase of 1.1% on July 1, 2018. In accordance with UNI's approved salary policy, Professional and Scientific staff will also receive a 1.1% increase on July 1, 2018.

Given the tuition rate increase and the expected dip in enrollment, the student financial aid budget remains flat in FY 2019 when compared to a year ago. Effective in FY 2019 and after a three-year phased implementation, utilities operations will now fully function as a Utility Enterprise.

Enrollment management will continue to be a top priority for FY 2019. A key component of this effort is the implementation of a Customer Relationship Management system which focuses on student recruitment and retention. Student Affairs is directing resources to elevate student life and development through programs and services that raise student success, improves retention, and enhances programs focusing on diversity and inclusion.

The \$180 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 73% of all general university expenses.

General University Spending By Function
(\$ in thousands)

	<u>FY 2019</u>	<u>% Total</u>
Instruction	69,751	38.8%
Research	280	0.2%
Public Service	1,808	1.0%
Academic Support	22,998	12.8%
Student Services	9,015	5.0%
Institutional Support	37,629	20.9%
Operations & Maintenance of Plant	22,180	12.3%
Scholarships & Fellowships	16,335	9.1%
Total	179,994	100.0%

UNI FY 2019 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 2019 APPROPRIATIONS</u>
RECYCLING & REUSE	175,256
MATH & SCIENCE	5,446,375
REAL ESTATE EDUCATION	125,302
ECONOMIC DEVELOPMENT	1,066,419

UNI FY 2019 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 2019 Restricted Fund Budget also includes the following state appropriations:

- Tuition Replacement \$ 3.62 million
- Innovation Fund \$ 0.90 million

UNI Athletics

The University of Northern Iowa's FY 2019 proposed athletic budget provided on the following page projects revenues of \$15.1 million.

The sports income budget is slightly less than FY 2018. A projected increase from football game-guarantee revenues is offset by a decline in men's basketball game guarantees and income from the other sports.

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 2019 athletic budget includes \$3.46 million in operational support and \$1.28 million in scholarship support from the University.

The Alumni/Foundation Support and marketing revenues are budgeted to increase slightly in FY 2019 due to the projected successes of the Panther Scholarship Club, Rally in the Valley event, athletic suites, and other fundraising events.

Additional Conference/NCAA support is projected in FY 2019 from additional distributions to the member universities from the NCAA.

Scholarship costs of approximately \$4.4 million for the equivalent of 190 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 \$2,148 to \$2,548 at a total annual cost to Athletics of approximately \$91,000.

Sports expenses are expected to increase slightly when compared to FY 2018 primarily from higher coaching contractual payments for football and men's basketball.

The budgeted increase in Administration and General expenses includes personnel and operating costs for athletics administration, marketing, sports information, conference memberships, ticket office, etc.

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 \$4.6 million in FY 2019 to these University entities for the services.

University of Northern Iowa
FY 2019 Proposed Athletic Budgets

	<u>FY 2018 Budget</u>	<u>FY 2018 Estimates</u>	<u>FY 2019 Budget</u>
INCOME			
Football	1,264,250	1,153,481	1,384,170
Men's Basketball	1,502,995	1,286,233	1,225,720
Men - All Other Sports	59,400	109,514	71,855
Women - All Sports	158,950	359,289	206,170
Subtotal - Sports	<u>2,985,595</u>	<u>2,908,517</u>	<u>2,887,915</u>
Other Income			
Student Activity Fee	1,961,145	1,961,145	1,999,558
University Support for:			
General Athletics Operations	3,223,528	3,223,710	3,457,193
Scholarships	1,283,481	1,283,481	1,283,481
Alumni/Foundation Support	1,615,000	1,560,232	1,747,000
Athletic Marketing	1,350,000	1,310,564	1,381,000
Athletic Conf/NCAA Support	1,262,980	1,611,233	1,649,500
Novelties - Outings	326,000	283,558	289,000
General	363,500	328,783	448,500
Subtotal - Other	<u>11,385,634</u>	<u>11,562,706</u>	<u>12,255,232</u>
TOTAL INCOME	<u>14,371,229</u>	<u>14,471,223</u>	<u>15,143,147</u>
EXPENSES			
Men's Sports			
Football	3,676,977	3,581,578	3,770,764
Basketball	2,640,887	2,663,522	2,818,484
All Other Men's Sports	1,227,205	1,330,865	1,286,055
Subtotal - Men's Sports	<u>7,545,069</u>	<u>7,575,965</u>	<u>7,875,303</u>
Women's Sports			
Basketball	1,081,086	1,109,920	1,121,065
Volleyball	773,863	798,060	819,721
All Other Women's Sports	2,342,388	2,488,740	2,384,973
Subtotal - Women's Sports	<u>4,197,337</u>	<u>4,396,720</u>	<u>4,325,759</u>
Other Expenses			
Athletic Training	195,193	199,658	198,137
Administration & General	1,886,874	1,914,440	2,096,050
Athletic Marketing & Sports Info	539,951	523,447	537,503
Contingency	6,805	156,657	110,395
Subtotal - Other Expenses	<u>2,628,823</u>	<u>2,794,202</u>	<u>2,942,085</u>
TOTAL EXPENSES	<u>14,371,229</u>	<u>14,766,887</u>	<u>15,143,147</u>

UNI Residence System

The proposed FY 2019 residence system budget reflects an increase in net revenues compared to the preliminary budget received by the Board in February 2018. Occupancy projections are projected downward due to a lower new student enrollment forecast and additional private housing available near campus. Adjustments to the revenue and expense budgets in the proposed budget are based upon the updated occupancy and other cost projections. The decline in contract revenue is offset by expense reductions in salaries/benefits, food, utilities, and repairs when compared to the preliminary budget.

Voluntary reserve balances at June 30, 2019 are expected to be approximately \$22.9 million.

**University of Northern Iowa
Residence System Proposed Budget 2018-19**

	Estimates 2017-18	Preliminary Budget 2018-19	Proposed Budget 2018-19
OPERATIONS			
Revenues	\$ 38,821,985	\$ 38,047,335	\$ 37,428,957
Expenditures for Operations	26,214,239	26,912,077	25,869,789
Net Revenues	12,607,746	11,135,258	11,559,168
% of Revenues	32.5%	29.3%	30.9%
Debt Service (due July 1)	8,559,426	8,043,919	8,043,919
Mandatory Transfers	330,000	330,000	330,000
Net After Debt Service & Mandatory Transfers	\$ 3,718,320	\$ 2,761,339	\$ 3,185,249
% of Revenues	9.6%	7.3%	8.5%
Debt Service Coverage Ratio	147%	138%	144%
University Overhead Payment	\$ 705,356	\$ 722,802	\$ 696,745
FUND BALANCES (June 30)			
Improvement Fund	\$ 7,097,487	\$ 3,759,598	\$ 4,662,727
System Fund	18,447,281	15,785,896	18,211,985
Subtotal--Voluntary Reserves	25,544,768	19,545,494	22,874,712
Bond Reserve Fund	7,876,148	8,015,196	7,599,949
Bond Construction Fund	2,210,240		
Subtotal--Mandatory Reserves	10,086,388	8,015,196	7,599,949
Total Fund Balances (June 30)	\$ 35,631,156	\$ 27,560,690	\$ 30,474,661
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 32,908,901	\$ 32,328,619	\$ 31,835,916
Interest	675,000	500,000	500,000
Other Income	5,238,084	5,218,716	5,093,041
Total Revenues	\$ 38,821,985	\$ 38,047,335	\$ 37,428,957
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 15,376,026	\$ 15,823,637	\$ 15,229,053
Cost of Food or Goods Sold	3,856,787	3,839,531	3,660,320
Other Operating Expense	2,330,885	2,311,026	2,364,356
Utilities	3,588,843	3,666,383	3,438,560
Repairs & Maintenance	1,061,698	1,271,500	1,177,500
Total Expenditures	\$ 26,214,239	\$ 26,912,077	\$ 25,869,789

FY 2019 BUDGETS - IOWA SCHOOL FOR THE DEAF

The proposed FY 2019 operating and restricted fund budgets for the Iowa School for the Deaf total \$11.8 million and are provided on the following page.

ISD FY 2019 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.

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 2018 General Assembly appropriated a 1.0% increase (approximately \$99,000) in state operating funding for FY 2019. The state funding increase is offset by less interpreter revenue projected from the closing of the NE Regional Academy resulting in a flat operating budget when compared to FY 2018.

The budget incorporates the terms of collective bargaining agreement for merit staff and the approved salary policies of an average 2.37% increase in faculty salaries and a 1.0% increase in P&S staff salaries. The salary increases are offset by vacant positions that will remain unfilled at this time. Utility costs, building repairs, and audit expenses are budgeted to remain flat.

ISD FY 2019 Restricted Budget

The FY 2019 restricted budget includes federal grant pass-through funding from the Iowa Department of Education for sign language and parent training, teacher training, ADA accessibility, post-graduation independent living skills, and statewide consultation. As expected, total federal support will decline in FY 2019 from the expiration of a three-year grant that supported the Regional Academy.

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 2019 budget anticipates four students attending from Nebraska. A portion of the Nebraska revenue will continue to provide for staffing expenses and curriculum development.

FY 2019 BUDGETS - IOWA SCHOOL FOR THE DEAF			
	Operating Budget	Restricted Budget	Total Budget
REVENUES			
General Appropriation	\$ 9,996,325	\$ -	\$ 9,996,325
Federal Support	56,970	375,433	432,403
Interest	1,000	525	1,525
Reimbursed Indirect Costs	15,000		15,000
Sales and Services	835,000	273,672	1,108,672
Other Income	213,866		213,866
TOTAL REVENUES	\$11,118,161	\$ 649,630	\$ 11,767,791
EXPENDITURES			
Salaries	\$ 9,120,218	\$ 291,977	\$ 9,412,195
Prof. & Scien. Supplies/Services	1,441,753	239,474	1,681,227
Utilities	286,750		286,750
Bldg. Repairs	225,000	100,000	325,000
Aud. of State Reimburse	44,440		44,440
Equipment		18,179	18,179
TOTAL EXPENDITURES	\$11,118,161	\$ 649,630	\$ 11,767,791

FY 2019 BUDGETS - IOWA BRAILLE AND SIGHT SAVING SCHOOL

The proposed FY 2019 operating and restricted fund budgets for the Iowa Braille and Sight Saving School (IBSSS) total approximately \$9.4 million and are provided on the following page.

IBSSS FY 2019 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, Department of Education and the Department for the Blind established the unified system for the delivery of vision services to recruit, train, supervise and deploy all Teachers of Visual Impairments (TVIs) and Certified Orientation and Mobility instructors (COMs) in the state.

The budget was 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 the unique learning needs of blind and visually impaired students.

The 2018 General Assembly appropriated a 1.0% increase (approximately \$41,265) in state operating funding for FY 2019 with other revenue sources projected to increase approximately \$140,000 from the Americorp rental agreement and from additional contract revenue with the AEA's for services provided by the TVIs and COMs. The FY 2019 operating budget is 2.2% higher than the FY 2018 budget.

The budget incorporates the terms of collective bargaining agreement for merit staff and the approved salary policies of an average 1.9% increase in faculty salaries and a 1.0% increase in P&S staff salaries. These salary increases are offset by staffing changes for Information Technology, library, state wide services, and two unfilled positions from retirements. Additional professional supplies/service expenses that support extended learning programs and fleet rental expenses are partially offset by budget reductions in building repairs.

IBSSS FY 2019 Restricted Budget

IBSSS's FY 2019 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 2019 BUDGETS - IOWA BRAILLE & SIGHT SAVING SCHOOL			
	Operating Budget	Restricted Budget	Total Budget
REVENUES			
General Appropriation	\$ 4,167,760		\$4,167,760
Federal Support	-	623,285	623,285
Reimb. Indirect Costs	47,000		47,000
Sales and Services	3,632,399		3,632,399
Other Income	732,647	190,000	922,647
TOTAL REVENUES	\$ 8,579,806	\$ 813,285	\$ 9,393,091
EXPENDITURES			
Salaries	\$ 6,868,862	\$ 333,655	\$7,202,517
Prof. & Scien. Supplies/Services	1,232,172	429,630	1,661,802
Rentals	207,240		207,240
Utilities	210,500		210,500
Bldg. Repairs	29,532	50,000	79,532
Aud. of State Reimburse	31,500		31,500
TOTAL EXPENDITURES	\$ 8,579,806	\$ 813,285	\$ 9,393,091

FY 2019 BUDGET – IOWA PUBLIC RADIO

The FY 2019 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 2019 budget was approved by IPR's Board of Directors on June 27, 2018.

- University support for FY 2019 remains flat when compared to FY 2018. State support for FY 2019 is \$8,616 less than the original FY 2018 appropriation.
- 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 2019 primarily due to the addition of three staff members and salary increases of approximately 1.0% for staff and fringe benefit increases.
- Other expenses are estimated to increase in FY 2019 primarily due to an increase in repairs and maintenance for towers, computers, office equipment, audio equipment, etc.
- Programming fees are expected to be higher due to a 3.5% increase in National Public Radio programming fees and a 3.75% increase in American Public Media programming fees.
- The transfer from reserves includes funding for IPR's portion of the Ames remodel project (Communications Building – 2nd floor); the proposed Des Moines remodel (assuming the staff will be consolidated at 2111 Grand) and the Iowa City translator. The expense for the Ames remodel and the Des Moines remodel are included in the "Ames remodel, Des Moines remodel" line item. The expense for the Iowa City translator is included in the Equipment - Capitalized line item.

	FY18 BUDGET	FY19 BUDGET	DIFFERENCE
OPERATING INCOME			
University Support	\$ 944,800	\$ 944,800	\$ -
State of Iowa Appropriation	359,264	350,648	(8,616)
Federal Support - CPB	649,841	655,628	5,787
Fundraising	6,384,099	6,612,708	228,609
TOTAL OPERATING INCOME	\$ 8,338,004	\$ 8,563,784	\$ 225,780
OPERATING EXPENSES			
Compensation	\$ 4,332,638	\$ 4,462,653	\$ 130,015
Programming Fees	1,143,639	1,166,425	22,786
Facilities	579,567	601,811	22,243
Professional/Other Services	805,815	828,560	22,745
Telecommunications	206,755	209,506	2,751
Depreciation Expense	434,414	408,354	(26,060)
Printing	105,800	94,700	(11,100)
Supplies	137,243	140,000	2,757
Travel	90,586	98,692	8,106
Other	221,324	318,406	97,082
TOTAL OPERATING EXPENSES	\$ 8,057,782	\$ 8,329,106	\$ 271,324
NET OPERATING INCOME (LOSS)	\$ 280,222	\$ 234,677	\$ (45,545)
NON-OPERATING INCOME (EXPENSE):			
Rental Revenue	\$ 85,687	\$ 88,055	\$ 2,368
Investment Earnings	-	-	-
Transfer From Reserves	-	255,456	255,456
Ames & DM Remodels	-	(220,456)	(220,456)
Equipment, Capitalized	(329,926)	(312,050)	17,876
Equipment, Non-Capitalized	(21,000)	(39,000)	(18,000)
TOTAL NON-OPERATING INCOME (EXPENSE)	\$ (265,239)	\$ (227,995)	\$ 37,244
NET ALL ACTIVITY	\$ 14,983	\$ 6,683	\$ (8,301)

FY 2019 BUDGET – BOARD OFFICE

The Board Office operating budget is supported mainly by state appropriations and institutional support. The proposed FY 2019 operating budget of the Board Office shows a reduction of 4.0%, mainly due to the reorganization of the staff and restructuring of duties.

Reflecting the service nature of the Board Office, personnel costs are approximately 74% of the proposed budget.

	Final Budget FY 2018	Proposed Budget FY 2019
TOTAL BOARD OFFICE BUDGET		
Revenues		
State Appropriations	794,714	775,655
Institutional Reimbursements	3,472,201	3,331,925
Grant Funds	10,000	
Non-institutional	1,500	1,500
Principal Demutualization	<u>3,000</u>	<u>3,000</u>
TOTAL REVENUE	4,281,415	4,112,080
Expenditures		
Personnel and Board per diem	3,314,060	3,061,830
Travel	80,000	80,000
Office Supplies & Printing	27,000	15,000
Dues	50,000	40,000
Advertising	750	750
Communications	45,000	50,000
Outside Services & Repairs	35,000	45,000
State Audit	13,660	14,500
IT Services	65,000	70,000
Office Equipment & Furnishings	10,000	10,000
Office Space	115,435	115,000
Educational/Training Expense	48,000	65,000
Special Services	<u>477,510</u>	<u>545,000</u>
TOTAL EXPENDITURES	4,281,415	4,112,080