

Contacts: Patrice Sayre/ Brad Berg

FY 2009 OPERATING APPROPRIATIONS REQUESTS

Action Requested:

Based on proposed spending and funding plans, consider approval of the identified operating appropriations requests for FY 2009 totaling \$770.6 million.

Executive Summary:

Iowa Code requires state entities to submit appropriations requests for the ensuing fiscal year to the state on or before October 1. The Regent requests for FY 2009 are due October 1, 2007.

The Regent budget policy includes the development of spending plans consistent with the strategic plan and funding plans that maximize available resources to provide high quality public education to Iowans. Spending plans provide an effective tool to evaluate expenditure needs while funding plans consider the approach to maximize available resources to accomplish the spending plans.

The Board's strategic plan calls for adequate support of Regent institutions by optimizing funding from all sources. To fulfill resource needs identified in the spending plan, increases in state appropriations are necessary.

FY 2009 Regent appropriation requests have been consolidated into five major functional areas:

- Higher Education Appropriations
- Higher Education Legislative Special Purpose Appropriations
- Special School Education Appropriations
- Economic Development Appropriations
- UIHC IowaCare Program Appropriations

The proposed spending plans call for:

- An inflationary increase based on the Higher Education Price Index (3.8%) for university units and the state determined allowable growth (4%) for K-12 schools for the special schools.
- An increase for strategic initiatives.

To maintain a stable base for operations, the funding plan incorporates:

- Continuation of recurring state appropriation levels
- An inflationary increase in tuition revenues and state appropriations
- Additional state appropriations for strategic improvements
- Strategic internal institutional efforts to maximize efficiencies through best practices and enterprise-wide collaboration

Board of Regents Proposed Spending/Funding Plan							
Regent Operations by Major Function							
	Higher Education ^(a)	Higher Education Legislative Special Purpose ^(b)	Special School Education	Economic Development	UIHC/IowaCare Program	Total	
Spending Plan	FY 2008 Budgeted Amounts	1,118,162,207	152,194,136	17,690,722	3,627,439	741,961,400	2,033,635,904
	Inflationary Increase over FY 2008 ^(a)	55,619,584	5,777,297	606,429	-	-	62,003,311
	Strategic Initiatives for Progress	7,871,600	11,000	-	4,400,000	-	12,282,600
	Proposed FY 2009 Spending Plan	1,181,653,391	157,982,433	18,297,151	8,027,439	741,961,400	2,107,921,815
Funding Plan	TUITION						
	Continuation of FY 2008 Tuition Revenues	495,958,627	-	-	-	-	495,958,627
	Inflationary Increase for FY 2009	15,870,676	-	-	-	-	15,870,676
		511,829,303	-	-	-	-	511,829,303
	STATE APPROPRIATIONS						
	Continuation of FY 2008 Recurring Appropriations ^(b)	555,652,838	112,005,170	15,160,734	3,627,439	27,284,584	713,730,765
	Inflationary Increase	39,748,908	4,250,116	606,429	-	-	44,605,454
	Strategic Initiatives for Progress	7,871,600	11,000	-	4,400,000	-	12,282,600
	Subtotal of Increases	47,620,508	4,261,116	606,429	4,400,000	-	56,888,054
	Proposed Total Appropriations	603,273,346	116,266,286	15,767,163	8,027,439	27,284,584	770,618,819
	OTHER (federal, patient revenues, interest, etc.)	66,550,742	41,716,147	2,529,988	-	714,676,816	825,473,693
	Proposed FY 2009 Funding Plan	1,181,653,391	157,982,433	18,297,151	8,027,439	741,961,400	2,107,921,815

^(a) Higher Education inflation based on HEPI projections of 3.8% and Special School inflation based on K-12 allowable growth.

^(b) Includes tuition replacement appropriations and UNI's Real Estate Education Program

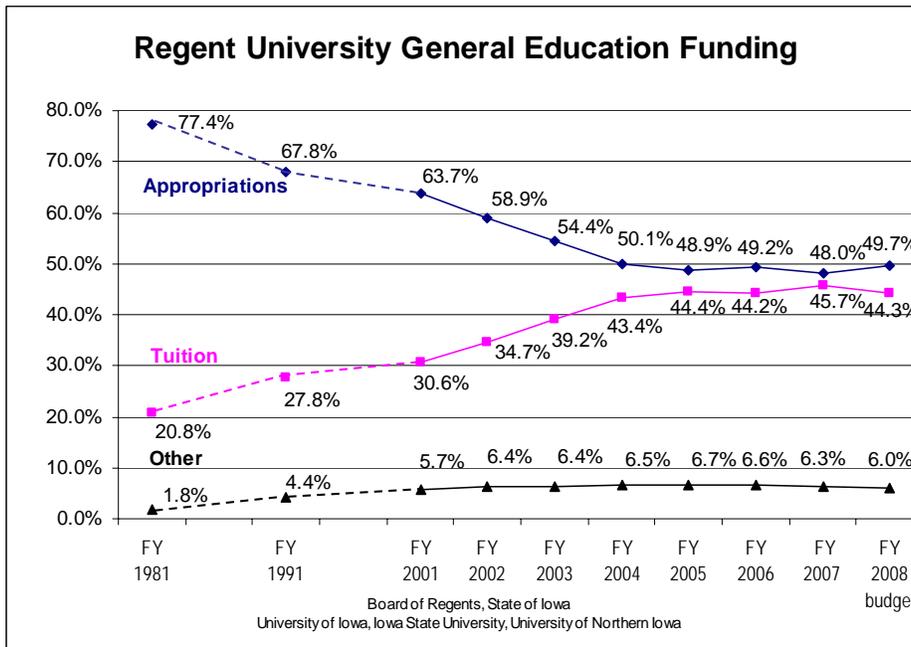
State Appropriations Requests

Higher Education Operating Appropriations Request

\$603.3 million

This functional area combines the general education units of the three universities.

State operating appropriations have historically provided the core operating funds for the Regent institutions. However, dynamic changes in state funding patterns significantly altered the proportion of revenue sources for higher education. The state operating funding levels received by the Regent universities in FY 2008 reflect an upward trend in support.



The proposed spending plan includes an inflationary increase and funding for strategic initiatives and would allow the Board and the universities to:

- Build on dynamic efforts to offer nationally competitive salaries so the universities recruit and retain faculty members who are among the very best in their fields of study, thus maintaining educational excellence in areas important to Iowa's future.
- Salaries comprise 73% of the universities' general education expenditures.
 - The Board and its institutions enhance the quality of life for Iowans through a strong, dedicated, and professional workforce.
 - The best faculty and staff are essential to providing exceptional learning opportunities, widely disseminating knowledge, stimulating economic growth in Iowa, and delivering valued public services that Iowans expect from its Regent universities.
 - The Board, in its commitment to Iowans and its students, must also be committed to its employees.
- Focus the hiring of new faculty in key strategic academic disciplines with a high impact in Iowa and in growth potential for the state.
- Preserve the quality of statewide research and outreach services inherent in the missions of the three Regent universities.
- Enrich the educational experience for students and provide more student access to faculty who produce research and scholarship.
- Effectively manage appropriate class sizes.
- Improve student progress toward graduation.

The two key resource components requiring specific Board action are requesting state appropriations and determining tuition rates. The first tuition rate discussion is scheduled to take place at the next Board meeting in October. This Regent request for state appropriations seeks to:

- Continue FY 2008 recurring state appropriation levels.
- Maintain educational excellence by funding inflationary increases.
 - An inflationary budget increase on the FY 2008 budget would total \$55.6 million. The Regent funding plan includes new state appropriations of \$39.7 million and new tuition dollars of \$15.9 million.
 - Tuition dollars are projected at the lowest increase in fifteen years to reflect the state's commitment to higher education.
- Enhance quality for new and innovative strategic priorities through new state appropriations of \$7.9 million specifically targeted to:
 - Launch a Math and Science Collaborative Initiative among the three universities to improve performance of Iowa students, sustain high-quality teachers in those fields and promote statewide collaboration and cooperation. Initiative includes participation in Project Lead the Way™ with the Department of Education.
 - Enhance the security environment for universities through emergency communications, early warning systems and public safety response.

Higher Education Legislative Special Purpose Appropriations Request

\$116.3 million

These appropriations are for specific programs at each institution which provide services to Iowa. Examples of these appropriations are the Hygienic Laboratory at the University of Iowa, the Cooperative Extension Service and Agriculture Experiment Station at Iowa State University, and the Recycling and Reuse Program at the University of Northern Iowa.

This request continues base operational funding for the special purpose appropriations at the three universities (salaries comprise 70%), as well as:

- An inflationary increase (HEPI) of \$4.3 million.
- Strategic initiatives totaling \$11,000 for outreach efforts at the Graduate Study Centers.

Special School Education Operating Appropriations Request

\$15.8 million

The funding request for the two special schools (ISD and IBSSS) incorporates an increase on state operating appropriations of \$0.6 million, equivalent to the legislative FY 2009 allowable growth percentage of 4% for the other public K-12 schools in the state. The funding would allow the Board of Regents to continue to provide high quality, individualized instructional opportunities to children and youth who are deaf or hard-of-hearing and to those who are blind or visually impaired, including those with additional disabilities.

Economic Development Operating Appropriations Request

\$ 8.0 million

Economic development improves the quality of life in Iowa through educational outreach programs as well as exceptional and accessible valued public services in response to the needs of Iowans.

Regent universities provide world-class expertise through technology transfer, research, and development; contribute to science advancement; bring life science-based companies to Iowa; develop/maintain partnerships; nurture entrepreneurial ventures, and much more. The Regent institutions attract investment in Iowa; grow a variety of business opportunities in the state; build on their research strengths and capabilities; and increase technology transfer to commercial entities.

The Regent institutions transform Iowa's economy by:

- Graduating an educated, productive workforce
- Providing a supportive business climate
- Enhancing an infrastructure for the new economy

This functional area includes operating funds for SUI - Advanced Drug Development, Oakdale Research Park, and Technology Innovation Center; ISU - Institute for Physical Research and Technology, Small Business Development Centers, and ISU Research Park; UNI - Institute for Decision Making and Metal Casting Center.

This request provides the operational funds for the universities' economic development activities, including strategic initiative funds of \$4.4 million to:

- Expand Small Business Development Centers' direct service to Iowa entrepreneurs,
- Increase, substantially, the number of projects the Institute for Physical Research and Technology supports.
- Assist startup companies through the Oakdale Research Park and Technology Innovation Center to commercialize the growing number of technology discoveries generated by faculty and researchers in university laboratories, and
- Increase job creation and retention in rural communities through the Institute for Decision Making.

UIHC IowaCare Program Appropriations Request

\$ 27.3 million

The Iowa Department of Human Services initiated the IowaCare Program on July 1, 2005, to provide certain health care benefits to qualified Iowans. The UIHC is one of a very limited number of providers within the state of Iowa that is eligible to provide IowaCare services.

The request maintains the funding for the University of Iowa Hospitals and Clinics to provide care under the requirements of the IowaCare program.

The 2006 and 2007 General Assemblies provided additional support to the IowaCare program with supplemental appropriations totaling approximately \$30 million for FY 2006 through FY 2008.