

Contact: Patrice Sayre

FY 2010 OPERATING APPROPRIATIONS REQUESTS

Action Requested:

Based on proposed spending and funding plans, consider approval of the identified operating appropriations requests for FY 2010 totaling \$792.2 million. Funds to support the UIHC IowaCare Program are projected to be \$80.3 million. For the first time, Iowa Public Radio is included in the Board of Regents appropriation request in the amount of \$0.5 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 2010 are due October 1, 2008.

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 2010 Regent appropriation requests have been consolidated into six major functional areas:

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

The proposed spending plans calls for:

- An inflationary increase based on the Higher Education Price Index (4.9%) 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	Total	UIHC/IowaCare Program ^(c)	Iowa Public Radio	Grand Total	
Spending Plan	FY 2009 Budgeted Amounts	1,196,541,842	164,127,623	19,603,105	3,882,904	1,384,155,474	854,652,700	7,106,763	2,245,914,937
	Inflationary Increase over FY 2009 ^(a)	59,906,780	8,047,254	634,694	-	68,588,728	-	25,000	68,613,728
	Strategic Initiatives for Progress	17,561,800	858,674	-	4,650,000	23,070,474	17,000,000	-	40,070,474
	Proposed FY 2010 Spending Plan	1,274,010,422	173,033,551	20,237,799	8,532,904	1,475,814,676	871,652,700	7,131,763	2,354,599,139
Funding Plan	TUITION								
	Continuation of FY 2009 Tuition Revenues	537,064,810	-	-	-	537,064,810	-	-	537,064,810
	Inflationary Increase for FY 2010	22,556,722	-	-	-	22,556,722	-	-	22,556,722
		559,621,532	-	-	-	559,621,532	-	-	559,621,532
	STATE APPROPRIATIONS								
	Continuation of FY 2009 Recurring Appropriations ^(b,c)	592,499,507	113,289,993	15,867,362	3,882,904	725,539,766	27,284,584	500,000	753,324,350
	Inflationary Increase	37,350,058	5,556,210	634,694	-	43,540,962	-	25,000	43,565,962
	UIHC IowaCare Supplemental	-	-	-	-	-	52,969,365	-	52,969,365
	Strategic Initiatives for Progress	17,561,800	858,674	-	4,650,000	23,070,474	-	-	23,070,474
	Subtotal of Increases	54,911,858	6,414,884	634,694	4,650,000	792,151,202	80,253,949	525,000	119,605,801
	Proposed Total Appropriations	647,411,365	119,704,877	16,502,056	8,532,904	792,151,202	80,253,949	525,000	872,930,151
	OTHER (federal, patient revenues, interest, etc.)	66,977,525	53,328,674	3,735,743	-	124,041,942	791,398,751	6,606,763	922,047,456
	Proposed FY 2010 Funding Plan	1,274,010,422	173,033,551	20,237,799	8,532,904	1,475,814,676	871,652,700	7,131,763	2,354,599,139

^(a) Higher Education inflation based on HEPI projections of 4.9% and Special School inflation based on K-12 allowable growth.
^(b) Includes tuition replacement appropriations and UNI's Real Estate Education Program
^(c) Includes FY 2009 supplemental of \$36 million

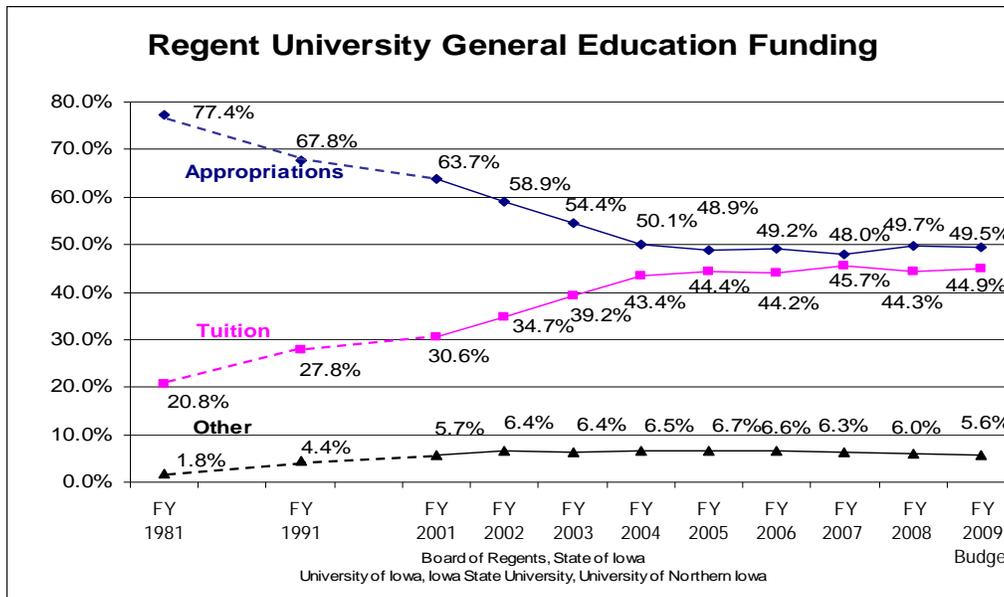
State Appropriations Requests

Higher Education Operating Appropriations Request

\$647.4 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 2009 reflect continued stable support for and commitment to higher education.



The proposed spending plan includes an inflationary increase and funding for strategic initiatives that 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 2009 recurring state appropriation levels.
- Maintain educational excellence by funding inflationary increases.
 - An inflationary budget increase on the FY 2009 budget, which includes salaries, would total \$59.9 million. The Regent funding plan includes new state appropriations of \$37.3 million and new tuition dollars of \$22.6 million.
 - Tuition dollars are projected at the lowest increase within projected inflationary factors to reflect the state's commitment to higher education.
- Enhance quality for new and innovative strategic priorities through new state appropriations of \$17.6 million specifically targeted to:
 - Build upon pilot successes of the Iowa Mathematics & Science Education Partnership launched by Regent universities to improve performance of Iowa students, sustain high-quality teachers in those fields and promote statewide collaboration and cooperation. This partnership includes participation in Project Lead the Way® with the Department of Education. \$2.5 million
 - Support the State of Iowa's goal to become a world center of the emerging bioeconomy through investing in Iowa State University's Bioeconomy Institute research, education, outreach, economic development and technology transfer efforts. \$4 million

- Create the Iowa Institute on Sustainable Water and Energy at the State University of Iowa. Building on SUI's established strengths in areas related to sustainability, the Institute would serve as a state resource for research, dissemination and evaluation of issues and strategies on water resources, renewable energy, Green Engineering, economics and associated issues of climate change and public health. \$4.1 million
- Provide a premier undergraduate education by supporting excellence in teacher and educational leadership preparations at UNI. Marks of a high quality learning environment include faculty qualifications, class size and advising support, particularly in high needs area for the state such as early childhood education, industrial technology, the sciences, finance and accounting. \$2 million
- Improve the health and productivity of older Iowans through the SUI Iowa Center for Elder Health and Productivity by developing innovative and multi-disciplinary programs in clinical geriatric education and geriatric services workforce development, conducting research on preventing and ameliorating the disabling conditions of older people, partnering with community colleges to do statewide outreach and service. \$2 million
- Address the need to bring veterinary diagnostic laboratory services in line with other leading animal agriculture states by supporting the ISU College of Veterinary Medicine with additional Agricultural resources and to restore \$1 million to General University funds. \$2 million
- Enhance access of community college students to UNI bachelor degrees, particularly place-bound students, through course planning, preparation and advisement. \$0.5 million
- Establish an Egg Industry Center at ISU, in partnership with the Iowa Egg Center, to strengthen the egg industry in Iowa. As Iowa is the nation's leading egg producing and processing state, generating nearly \$2.8 billion in sales and value-added economic activity annually, the Center's work will lead to science-based answers on growing existing markets, exploring new uses and new markets, promoting animal health and welfare, developing more efficient and environmentally production practices and enhancing nutrition for the benefit of consumers. \$0.3 million
- Continue emergency management and campus security improvements through extension of voice-capable warning systems, building access controls and counseling services \$0.2 million

Higher Education Legislative Special Purpose Appropriations Request \$119.7 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 nearly 70%), as well as:

- An inflationary increase (HEPI) of \$5.6 million.
- Supplemental funding for the SUI University Hygienic Laboratory of \$0.83 million to provide timely results to mitigate emerging outbreaks, respond to disasters/threats, and begin essential patient treatment via improved sample transport and Ankeny DMACC satellite facility.
- Strategic initiatives of \$30,000 for outreach efforts at the Graduate Study Centers.

Special School Education Operating Appropriations Request

\$ 16.5 million

The funding request for the two special schools (ISD and IBSSS) incorporates an increase in 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

\$ 8.5 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 \$4.6 million to:

- Assist in disaster recovery efforts by expanding the breadth and depth of services offered to the recovery effort in Iowa available through UNI's Business Community Services (BCS) to business owners and rural communities,
- Grow the 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

\$ 80.3 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 at \$27.3 million.

Additional support to the IowaCare program has historically been provided through supplemental appropriations totaling approximately \$72.6 million for FY 2007 through FY 2009. For FY 2010, supplemental support need is projected to be \$53 million.

Iowa Public Radio

\$ 0.5 million

In May 2007, The Board of Regents and Iowa Public Radio (IPR) signed an operating agreement to promote the welfare and growth of the network of public radio stations licensed to the Board of Regents and operated for the public benefit. The 2008 General Assembly appropriated \$0.5 million to IPR for FY 2009 operating purposes. IPR requests an inflationary increase for FY 2010 to continue to inform, enrich and engage Iowans through radio programming and other media.