

Contact: Brad Berg

FY 2020 OPERATING AND OTHER APPROPRIATIONS REQUESTS

Actions Requested: Consider:

- Approval of the identified operating and other appropriations requests for FY 2020 totaling \$628.42 million.
- Authorizing actions by designated Regent staff to seek collaboration and partnerships between Regent institutions and other sectors of state government. The Regent legislative efforts are an integral part in successfully receiving requested funding.

Executive Summary: Consistent with the Board’s strategic plan, determining and fulfilling appropriate resource needs are essential in providing high quality public education, cutting-edge research, and needed public services. Predictability, transparency and long-term planning strategies are woven throughout the plan. To maximize benefits to Iowans and other citizens, the Board of Regents advocates for adequate support for Regent institutions from all sources for high-quality educational opportunities accessible to Iowans, research and scholarship, service activities, and economic development efforts. The Board’s strategic plan also calls for adequate support of Regent institutions from all sources and promoting the effective use of resources to meet institutional missions. The two key resource components are state appropriations and tuition revenue.

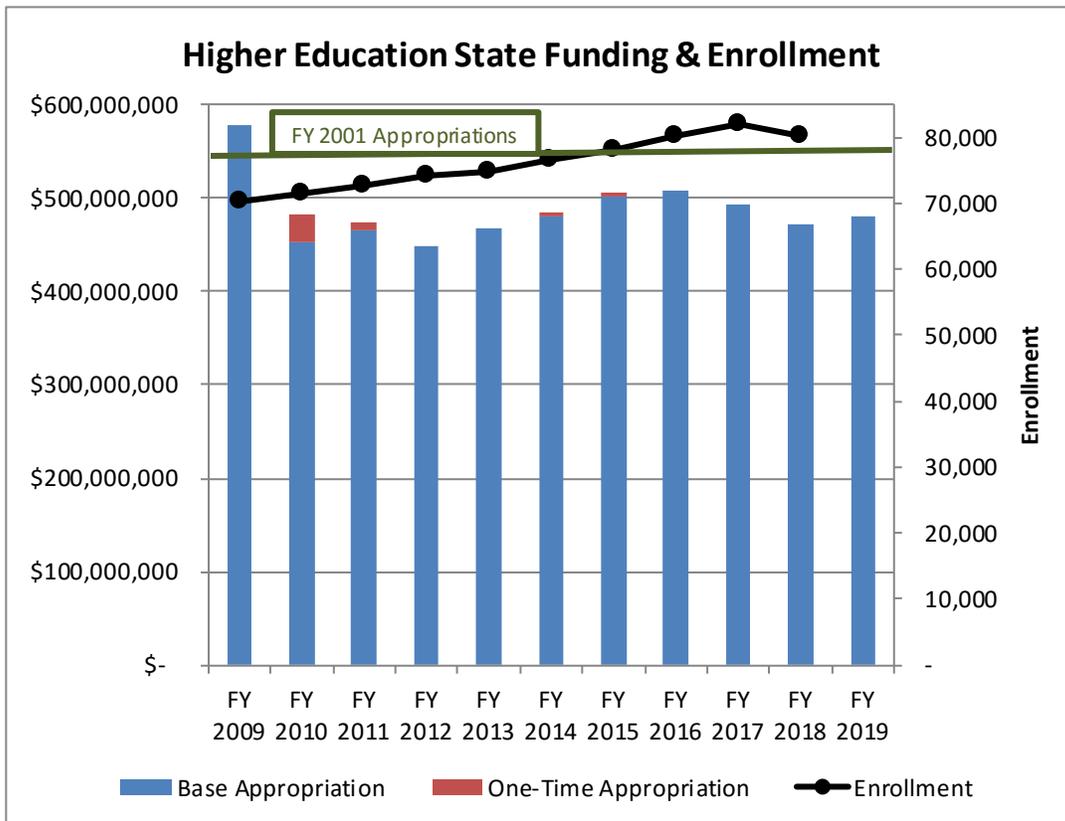
Iowa Code requires state entities to submit the appropriations requests for the ensuing fiscal year to the State on or before October 1. A summary of the proposed appropriations requests is provided below with the individual appropriations listed on the following page.

APPROPRIATIONS REQUESTS SUMMARY			
	<u>FY19 Continuing</u>	<u>Incremental</u>	<u>FY20 Total</u>
HIGHER EDUCATION	481,047,280	18,000,000	499,047,280
SPECIAL PURPOSE UNITS	66,270,485	-	66,270,485
SPECIAL SCHOOLS & OTHER EDUCATION	15,562,548	581,000	16,143,548
ECONOMIC DEVELOPMENT	8,700,000	4,400,000	13,100,000
AGRICULTURE & NATURAL RESOURCES	4,795,000	410,000	5,205,000
OTHER	31,471,292	(2,822,422)	28,648,870
TOTAL	607,846,605	20,568,578	628,415,183

EDUCATION APPROPRIATIONS REQUESTS FY 2020			
HIGHER EDUCATION			
	<u>FY19 Continuing</u>	<u>Incremental</u>	<u>FY20 Total</u>
SUI - GENERAL UNIVERSITY	214,710,793	7,000,000	221,710,793
ISU - GENERAL UNIVERSITY	170,624,125	7,000,000	177,624,125
UNI - GENERAL UNIVERSITY	95,712,362	4,000,000	99,712,362
SUBTOTAL - HIGHER EDUCATION	481,047,280	18,000,000	499,047,280
SPECIAL PURPOSE UNITS			
<u>UNIVERSITY OF IOWA</u>	<u>FY19 Continuing</u>	<u>Incremental</u>	<u>FY20 Total</u>
OAKDALE CAMPUS	2,134,120	-	2,134,120
HYGIENIC LABORATORY	4,297,032	-	4,297,032
FAMILY PRACTICE	1,745,379	-	1,745,379
SPECIALIZED CHILDREN'S HEALTH	643,641	-	643,641
PRIMARY HEALTH CARE	633,367	-	633,367
STATE OF IOWA CANCER REGISTRY	145,476	-	145,476
SUBSTANCE ABUSE CONSORTIUM	54,197	-	54,197
BIOCATALYSIS	706,371	-	706,371
BIRTH DEFECTS REGISTRY	37,370	-	37,370
ONLINE PLACEMENT ACADEMY	470,293	-	470,293
FLOOD CENTER	1,171,222	-	1,171,222
WATERMAN NONROFIT RES CENTER	158,641	-	158,641
<u>IOWA STATE UNIVERSITY</u>			
AG. EXPERIMENT. STATION	29,886,877	-	29,886,877
COOP. EXTENSION SERVICE	18,266,722	-	18,266,722
LIVESTOCK DISEASE RESEARCH	172,844	-	172,844
<u>UNIVERSITY OF NORTHERN IOWA</u>			
RECYCLING & REUSE	175,256	-	175,256
MATH & SCIENCE (STEM)	5,446,375	-	5,446,375
REAL ESTATE EDUCATION	125,302	-	125,302
SUBTOTAL - SPECIAL PURPOSE	66,270,485	-	66,270,485
SPECIAL SCHOOLS			
	<u>FY19 Continuing</u>	<u>Incremental</u>	<u>FY20 Total</u>
IA SCHOOL FOR THE DEAF	9,996,325	400,000	10,396,325
IA BRAILLE & SIGHT SAVING SCHOOL	4,167,759	167,000	4,334,759
SUBTOTAL - SPECIAL SCHOOLS	14,164,084	567,000	14,731,084
OTHER			
	<u>FY19 Continuing</u>	<u>Incremental</u>	<u>FY20 Total</u>
REGIONAL STUDY CENTER	272,161	-	272,161
BOARD OF REGENTS OFFICE	775,655	-	775,655
IOWA PUBLIC RADIO	350,648	14,000	364,648
SUBTOTAL - OTHER	1,398,464	14,000	1,412,464
TOTAL EDUCATION APPROPRIATIONS	562,880,313	18,581,000	581,461,313
ECONOMIC DEVELOPMENT APPROPRIATIONS			
	<u>FY19 Continuing</u>	<u>Incremental</u>	<u>FY20 Total</u>
SUI - ECONOMIC DEVELOPMENT	209,279	-	209,279
SUI - ENTREPRENEURSHIP	2,000,000	-	2,000,000
ISU - ECONOMIC DEVELOPMENT	2,424,302	-	2,424,302
UNI - ECONOMIC DEVELOPMENT	1,066,419	400,000	1,466,419
ALL - INNOVATION FUND	3,000,000	-	3,000,000
NEW - INNOVATION ECOSYSTEM		4,000,000	4,000,000
TOTAL ECON DEV APPROPRIATIONS	8,700,000	4,400,000	13,100,000
AGRICULTURAL & NATURAL RESOURCE APPROPRIATIONS			
	<u>FY19 Continuing</u>	<u>Incremental</u>	<u>FY20 Total</u>
ISU - VET DIAGNOSTIC LAB	4,100,000	410,000	4,510,000
SUI - GEOGRAPHICAL & WATER SURVEY	200,000	-	200,000
SUI - WATER RESOURCE MGMT	495,000	-	495,000
TOTAL AG APPROPRIATIONS	4,795,000	410,000	5,205,000
OTHER APPROPRIATIONS			
	<u>FY19 Continuing</u>	<u>Incremental</u>	<u>FY20 Total</u>
ALL - TUITION REPLACEMENT	31,471,292	(3,372,422)	28,098,870
NEW - UIHC PYSCHIATRIC TRAINING	-	150,000	150,000
NEW - UIHC RURAL PSYCH RESIDENCIES	-	400,000	400,000
TOTAL OTHER APPROPRIATIONS	31,471,292	(2,822,422)	28,648,870

HIGHER EDUCATION GENERAL UNIVERSITY APPROPRIATIONS REQUEST \$499.05M

State funding levels for higher education remain significantly less than FY 2009 amounts while enrollment has grown significantly during this same period. Looking farther back, higher education appropriations for FY 2019 are \$68 million less than in FY 2001.



The FY 2020 higher education requests provided on page 2 totals \$499.05 million and includes:

- Continuation of FY 2019 recurring appropriations totaling \$481.05 million.
- Incremental funding of \$18.0 million for student financial aid.

The State of Iowa has no financial aid funding designated solely for students attending Iowa’s public universities. Currently, students attending one of the Regent universities may apply for aid through programs available to all sectors, including the All Iowa Opportunity Scholarship (total FY19 appropriation of \$3.1 million), and the Iowa National Guard Educational Assistance Program (total FY19 appropriation of \$4.7 million). The appropriations request for financial aid to undergraduate students from Iowa would be available solely to students attending one of Iowa’s public universities.

When comparing states by the percent of need-based aid awarded to students at public institutions, Iowa is last in the country. Moving up one spot would require more than \$20 million dedicated to the students attending Iowa’s public universities.

HIGHER EDUCATION LEGISLATIVE SPECIAL PURPOSE APPROPRIATIONS REQUEST... \$66.27M

These appropriations support specific units/programs at each institution that provide services statewide. The appropriation requests for each individual special purpose unit is provided on page 2. State funding for most of these units continues to be 14%-20% less than FY 2009 amounts. While these units have a far reaching impact and additional funding is needed to maintain the quality work they do for lowans, no incremental funding for FY 2020 is requested. The total special purpose request totaling \$66.27 million equals that appropriated for FY 2019.

SPECIAL SCHOOL EDUCATION OPERATING APPROPRIATIONS REQUEST \$14.73M

The funding request for the two special schools, Iowa School for the Deaf (ISD) and the Iowa Braille and Sight Saving School (IBSSS) allows 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.

ISD and IBSSS primary rely heavily on state funding for their operations. The Special Schools' request includes the continuation of the FY 2019 recurring appropriations of \$14.16 million for operations, and incremental funding of \$400,000 for ISD and \$167,000 for IBSSS. These funds will support standards based instruction and assessment to increase the number of students meeting or exceeding grade level benchmarks for reading and math, programs. They will also support extended-learning of the Expanded Core Curriculum, critical access to a language rich environment and early language development for students enrolled at the Iowa School for the Deaf, and improve faculty recruitment/retention. Faculty members at the Special Schools have highly specialized training and licensure with multiple endorsements for special education and grade level or content area. The Schools must recruit and compete for teachers on a national level.

OTHER EDUCATION APPROPRIATIONS \$1.41M

Regional Study Center – Flat funding of \$272,161 is requested for the continued operation and outreach efforts to students across the state at the Western Iowa Regents Resource Center

Board of Regents Office –The FY 2020 appropriation request for the Board Office is \$775,655 and remains flat with FY 2019 funding levels.

Iowa Public Radio -. IPR was created by the Board of Regents in 2004 to manage the public radio stations licensed to Iowa State University, the University of Northern Iowa and the University of Iowa. IPR's 25 stations serve 250,000 listeners per week, delivering News, Classical and Studio One music programming 24-hours a day. After absorbing a \$40,000 cut during FY 2018, FY 2019 funding levels remained flat with the final FY 2018 amounts. The requested 4.0% increase for FY 2020 equates to \$14,000. IPR will use the additional funds to continue to invest in its fundraising capacity, helping IPR to create a sustainable funding model.

ECONOMIC DEVELOPMENT APPROPRIATIONS REQUEST \$13.10M

The economic development funding provided by the State of Iowa for the Regent institutions over the years has been critical to efforts in supporting the formation and growth of entrepreneurship educational activities, assistance to startup and existing Iowa companies, and faculty and student awareness of entrepreneurship and economic development. The translation of university innovations and technologies has proven to be critical and a driving force for innovation and job creation. More importantly, it is essential for the long-term growth of a sustainable, innovative economy that will position Iowa to be competitive in a global market.

Economic Development units included in the funding request include the SUI's Entrepreneurship and Economic Growth Initiative, the Center for Advanced Drug Development (CADD), the University of Iowa Research Park (UIRP) and the Technology Innovation Center (TIC); ISU's Center for Industrial Research and Service Technology Assistance Program (formerly Institute for Physical Research and Technology), the Research Park, and the Small Business Development Centers; UNI's Institute for Decision Making, Metal Casting Center, MyEntreNet, and Advance Iowa (Economic Gardening).

UNI's Metal Casting Center requests an additional \$0.4 million to support an Additive Manufacturing expansion. Equipment, space, and staffing are needed to meet growing demand and further position Iowa as the national leader in metal casting additive manufacturing. In addition, more funding will accelerate advancements in new technologies, such as investment casting 3D printing. The Metal Casting Center will leverage funding from the Legislature by attracting more fee-based projects, seeking grants, and expanding industry partnerships.

In addition to the economic development units described above, the Regents Innovation Fund request includes recurring appropriations of \$3.0 million. The Fund has helped leverage private and federal funds resulting in expanded economic development initiatives and enhanced programming for technology transfer, business incubation, and entrepreneurship at the public universities. Incremental funds will be matched by equal university financial commitments to maximize the impact of programs and services supported by this request.

New Economic Development Request: Biosciences are critical to Iowa's economy and are vital to the state's future economic development and growth. In the TEConomy report released by the Governor, four bioscience platforms were identified where Iowa has the greatest likelihood of achieving a differentiated leadership position to grow and diversify the state's economy:

- Biobased chemicals
- Precision and digital agriculture
- Vaccines and immunotherapeutics
- Medical devices

The State of Iowa's plan for growing the bioscience sector involves the Iowa Economic Development Authority (IEDA) establishing the Iowa Biosciences Development Center (IBDC) for coordinating activities, combined with a strategy to minimize ecosystem costs by leveraging existing assets for technology transfer at ISU and SUI. To establish the IBDC, IEDA will submit legislation to repurpose the Iowa Innovation Corporation to coordinate bioscience platform initiatives and accelerate public-private partnerships for economic growth.

As a companion request, ISU and SUI request \$4 million in recurring state appropriations to work with IEDA and create this innovation ecosystem for the four Iowa bioscience platforms (\$1 million per platform), leveraging their research strengths and leadership in the field to enable accelerated technology transfer and workforce development in these four platform areas.

- **Facilitating technology transfer.** To grow in the bioscience platform areas, Iowa companies need to be able to draw upon and translate cutting-edge technological developments at ISU and SUI. An experienced chief technology officer (CTO) for each platform will have extensive knowledge of the research in the platform, as well as business experience and strong connections with industry.
- **Attracting external funding and providing innovation ecosystem services.** To leverage state, industry, and university investments to attract funds to the state, each platform will pursue significant federal funding opportunities for advancing research and innovation in partnership with industry from major research funding agencies and commercializing research discoveries. ISU and SUI will utilize a lean central hub model, where existing services can be efficiently leveraged and expanded to provide direct support of platform development.

- **Incubating start-ups and accelerating technology transfer.** A seed funding program will be established to support platform technology start-up companies, as well as collaborative research between industry and the universities to de-risk early stage research deemed to have high potential for commercialization.
- **Developing a skilled workforce.** Growth in the bioscience platforms will require a highly educated workforce, skilled in newly emerging interdisciplinary technologies. ISU has established multiple interdisciplinary graduate programs that can positively impact the bioscience platform areas. Notably, biosciences are among the Regent's Universities' fastest growing fields with a 57% enrollment growth at ISU since 2005. In alignment with the TEconomy report, establishing a program to attract young innovators to Iowa who have recently completed their PhDs on technologies aligned with the bioscience platforms is a critical expansion strategy.

AGRICULTURAL & NATURAL RESOURCES APPROPRIATIONS REQUEST \$5.21M

Iowa agriculture is highly dependent on trade. A highly capable veterinary diagnostic laboratory is critical to documenting disease status to qualify animals and animal products for export and to keep diseases from entering the United States.

Iowa State's Veterinary Diagnostic Laboratory (VDL) processes over 80,000 cases from livestock and poultry producers and pet owners in Iowa and from across the country, and conducts about 1.5 million tests each year. The laboratory is essential in providing the diagnostic testing and information to continue current exports and develop new export markets for Iowa livestock and animal protein products.

The Iowa Legislature currently provides \$4.1 million in funding to supplement, sustain, and advance the capabilities and services that the ISU VDL provides. ISU requests an increase of \$410,000 to bring the VDL state appropriated funding to \$4,510,000 in FY2020.

- ISU VDL's caseload has doubled since 2010.
- State support of the ISU VDL is extremely important to enable the adoption and use of the latest diagnostic technologies and to keep diagnostic testing affordable.
- When producers have access to timely and affordable diagnostics, they test their animals earlier and more frequently; thus diseases are detected earlier, preventing the spread to neighbors' animals.
- Approximately 75-80% of ISU VDL's current operational costs are derived from user fees. This level of dependence on user fees (as a percentage of its annual budget) is among the highest in the United States.
- This additional funding will be used to:
 - purchase equipment and on-board technologies to advance diagnostic testing capabilities for Iowa livestock and poultry producers;
 - recruit and retain technical staff in a highly competitive job market; and
 - upgrade information technology capabilities for reporting results to clients and improving the response to disease introduction.

In addition, the State currently appropriates \$0.7M from the Environment First Fund to SUI for the Geographical and Water Survey and for Water Resource Management. Flat-funding for these programs is included in the FY 2020 request.

OTHER APPROPRIATIONS REQUESTS.....\$28.65M

Tuition Replacement - The 1969 General Assembly passed legislation (Iowa Code 262A) permitting the issuance of Academic Building Revenue bonds to fund capital projects at the Regent universities. The bonding program has enabled the Regents to finance critical academic construction needs at Iowa's public universities through the public sale of long-term bonds. The issuance of these bonds requires approval of the General Assembly and the Governor. Tuition revenue is pledged to pay the principal and interest on the bonds and the tuition replacement appropriation replaces that revenue. Tuition replacement appropriations represent an ongoing commitment of the state to meet the debt service cost of Academic Building Revenue bonds.

The tuition replacement request of \$28.1 million for FY 2020 reflects a decrease from FY 2019 due to the 2019 maturity of a bond issue and from savings realized from refunding issues in prior years. The tuition replacement appropriation has historically been funded primarily from the Rebuild Iowa Infrastructure Fund.

New UI Health Care Requests: The state of Iowa is currently working to address the mental health crisis. Key to the effort is increasing access to mental health professionals. However, practicing psychiatrists in Iowa are down 3.5% since 2007. In recent years, several Iowa hospitals have closed their mental health units due to a lack of qualified staff, including psychiatrists. Nationally, Iowa consistently ranks near the bottom in the numbers of psychiatrists per capita with 40% fewer psychiatrists than the national average. There is a need to increase the number of psychiatry residency program positions. UI Health Care is requesting \$400,000 to offer four additional residency training positions to create a Community Psychiatry Track (CPT) within the University of Iowa Psychiatry Residency Program. The four CPT residents will work in under-served areas of Iowa. Currently, 73 Iowa counties (predominantly rural) are without access to a psychiatrist. The intent is to grow the number of residency positions by four each year for four years. The intent is to request an incremental \$400,000 each year until the end of the fourth year when 16 residency positions have been established.

Prior to State FY 2018, UI Health Care Psychiatry Department and the College of Nursing received funding from the State to create a unique program designed to increase the mental health workforce in Iowa. This program provided specialized training to two Advanced Practice Providers (APP) a year. This program created nine mental health APP's with eight of them still in Iowa. The funding was cut this past year. UI Health Care requests \$150,000 to expand the Iowa mental health workforce via training of physician's assistants and nurse practitioners.

NON-APPROPRIATIONS REQUEST

The Board of Regents strongly encourages Regent institutions to seek collaboration and partnerships between Regent institutions and other sectors of state government that result in improved productivity, more effective stewardship of state resources and enhanced economic development opportunities for Iowa's citizens. The Board also seeks relief from statutory and administrative state mandates that demonstrably impede the Regents' flexibility in governance, require unnecessary staff work or require significant reporting which no longer serves a critical state or Regent strategic purpose.

Salary Funding

Should the State develop a plan for supporting salaries for all employees, it is important the Regent institutions participate in the salary pool.

The dollar amounts for incremental salary funding are not included in the Regent appropriations. Historically, a separate appropriations bill provides funding for new salary increases to all state agencies. This legislation typically requires that Regent institutions provide comparable salary increases for non-contract employees as provided for contract-covered employees. The Regent institutions request to participate in the salary bill.

Full funding of salary needs for Regent institutions is key to keeping the Regent institutions the premier institutions of their type by:

- Allowing the universities to be competitive with their peers in recruiting and retaining top faculty in a global marketplace;
- Implementing institutional strategic plans;
- Providing exceptional learning opportunities for students;
- Stimulating economic development by supporting new evolving technologies;
- Disseminating knowledge; and
- Delivering valued public service that Iowans expect from the Regent universities

FY 2021 Appropriations Request – The Governor has requested all state-funded programs make a two-year appropriations request. While the Board will formally consider the request for FY 2021 appropriations at its September 2019 meeting, the current higher education request is for an additional \$18 million.