

Contact: Brad Berg

FY 2021 OPERATING AND OTHER APPROPRIATIONS REQUESTS

Actions Requested: Consider:

- Approval of the identified operating and other appropriations requests for FY 2021 totaling \$642.37 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.

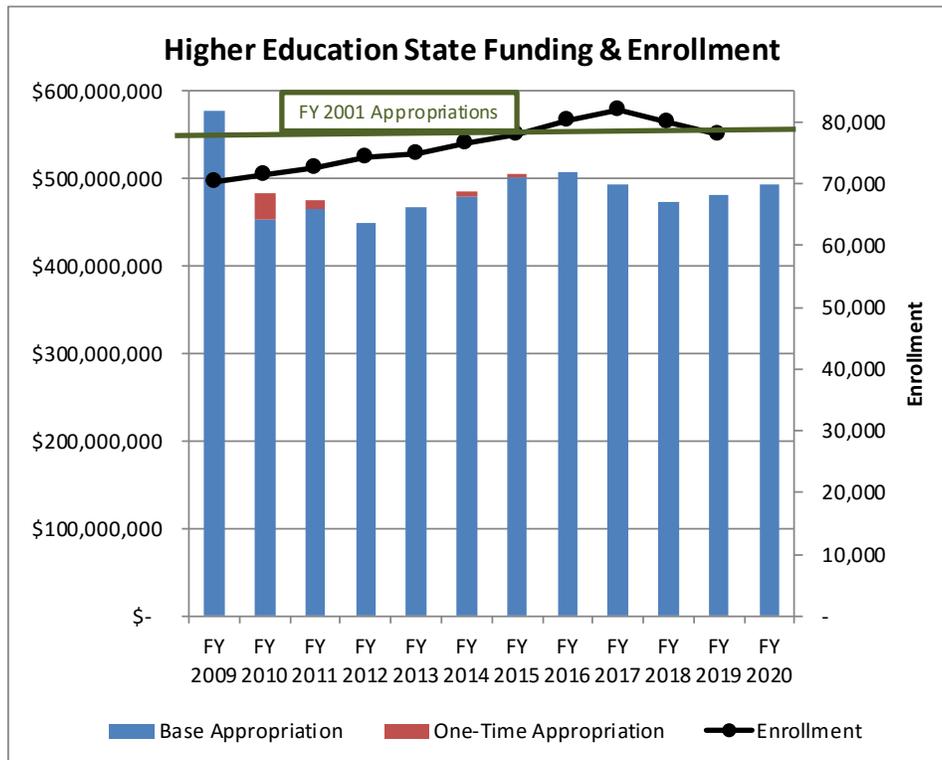
Iowa Code requires state entities to submit the appropriations requests for the ensuing fiscal year to the State on or before October 1. A summary of the proposed appropriations requests is provided below with the individual appropriations listed on the following page.

APPROPRIATIONS REQUESTS SUMMARY			
	<u>FY20 Continuing</u>	<u>Incremental</u>	<u>FY21 Total</u>
HIGHER EDUCATION	493,047,280	18,000,000	511,047,280
SPECIAL PURPOSE UNITS	67,270,485	-	67,270,485
SPECIAL SCHOOLS & OTHER EDUCATION	16,032,510	625,920	16,658,430
ECONOMIC DEVELOPMENT	10,200,000	2,900,000	13,100,000
AGRICULTURE & NATURAL RESOURCES	5,225,000	-	5,225,000
OTHER	28,498,870	569,596	29,068,466
TOTAL	620,274,145	22,095,516	642,369,661

EDUCATION APPROPRIATIONS REQUESTS FY 2021			
HIGHER EDUCATION			
	<u>FY20 Continuing</u>	<u>Incremental</u>	<u>FY21 Total</u>
SUI - GENERAL UNIVERSITY	218,710,793	7,000,000	225,710,793
ISU - GENERAL UNIVERSITY	174,624,125	7,000,000	181,624,125
UNI - GENERAL UNIVERSITY	99,712,362	4,000,000	103,712,362
SUBTOTAL - HIGHER EDUCATION	493,047,280	18,000,000	511,047,280
SPECIAL PURPOSE UNITS			
	<u>FY20 Continuing</u>	<u>Incremental</u>	<u>FY21 Total</u>
UNIVERSITY OF IOWA			
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
UNIVERSITY OF IOWA			
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
UNIVERSITY OF NORTHERN IOWA			
RECYCLING & REUSE	175,256	-	175,256
MATH & SCIENCE (STEM)	6,446,375	-	6,446,375
REAL ESTATE EDUCATION	125,302	-	125,302
SUBTOTAL - SPECIAL PURPOSE	67,270,485	-	67,270,485
SPECIAL SCHOOLS			
	<u>FY20 Continuing</u>	<u>Incremental</u>	<u>FY21 Total</u>
IA SCHOOL FOR THE DEAF	10,299,287	412,000	10,711,287
IA BRAILLE & SIGHT SAVING SCHOOL	4,334,759	173,000	4,507,759
SUBTOTAL - SPECIAL SCHOOLS	14,634,046	585,000	15,219,046
OTHER			
	<u>FY20 Continuing</u>	<u>Incremental</u>	<u>FY21 Total</u>
REGIONAL STUDY CENTER	272,161	-	272,161
BOARD OF REGENTS OFFICE	775,655	-	775,655
IOWA PUBLIC RADIO	350,648	40,920	391,568
SUBTOTAL - OTHER	1,398,464	40,920	1,439,384
TOTAL EDUCATION APPROPRIATIONS	576,350,275	18,625,920	594,976,195
ECONOMIC DEVELOPMENT APPROPRIATIONS			
	<u>FY20 Continuing</u>	<u>Incremental</u>	<u>FY21 Total</u>
SUI - ECONOMIC DEVELOPMENT	209,279	-	209,279
SUI - ENTREPRENEURSHIP	2,000,000	-	2,000,000
SUI - BIOSCIENCES INNOVATION	275,000	725,000	1,000,000
ISU - ECONOMIC DEVELOPMENT	2,424,302	-	2,424,302
ISU - BIOSCIENCES INNOVATION	825,000	2,175,000	3,000,000
UNI - ECONOMIC DEVELOPMENT	1,066,419	-	1,066,419
UNI - ADDITIVE MANUFACTURING	400,000	-	400,000
ALL - INNOVATION FUND	3,000,000	-	3,000,000
TOTAL ECON DEV APPROPRIATIONS	10,200,000	2,900,000	13,100,000
AGRICULTURAL & NATURAL RESOURCE APPROPRIATIONS			
	<u>FY20 Continuing</u>	<u>Incremental</u>	<u>FY21 Total</u>
ISU - VET DIAGNOSTIC LAB	4,400,000	-	4,400,000
SUI - AG SAFETY & HEALTH (I-CASH)	130,000	-	130,000
SUI - GEOGRAPHICAL & WATER SURVEY	200,000	-	200,000
SUI - WATER RESOURCE MGMT	495,000	-	495,000
TOTAL AG APPROPRIATIONS	5,225,000	-	5,225,000
OTHER APPROPRIATIONS			
	<u>FY20 Continuing</u>	<u>Incremental</u>	<u>FY21 Total</u>
ALL - TUITION REPLACEMENT	28,098,870	169,596	28,268,466
SUI - UIHC PYSCH RESIDENCIES (w/ DPH)	400,000	400,000	800,000
TOTAL OTHER APPROPRIATIONS	28,498,870	569,596	29,068,466

HIGHER EDUCATION GENERAL UNIVERSITY APPROPRIATIONS REQUEST.....\$511.05M

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. State appropriations are one of two primary sources of core operating funds supporting higher education. 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 2020 are \$56 million less than in FY 2001.



The FY 2021 higher education requests provided on page 2 totals \$511.05 million and includes:

- Continuation of FY 2020 recurring appropriations totaling \$493.05 million.
- Incremental funding of \$18.0 million.

Driving additional resources to the classroom and overall student experience is critical to improving student outcomes. Student recruitment and retention, in combination with predictable and sustained state support, create an environment where students and families have better information to plan for college. Years of declining state appropriations have resulted in significant resource constraints, and hampered attempts to provide predictability.

Predictable and sustainable funding is essential to ensure an exceptional experience for students. Student success priorities largely focus on access and affordability, recruiting and retaining outstanding faculty/staff, and providing a learning environment conducive to a quality educational experience. Additional resources will support efforts to shorten time to graduation, provide academic intervention for students who may be struggling, financial aid, close retention and graduation achievement gaps for underrepresented and first generation student populations, academic advising efforts, implement technology upgrades, etc.

HIGHER ED. LEGISLATIVE SPECIAL PURPOSE APPROPRIATIONS REQUEST.....\$67.27M

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 Iowans, no incremental funding for FY 2021 is requested. The total special purpose request totaling \$66.27 million equals that appropriated for FY 2020.

SPECIAL SCHOOL EDUCATION OPERATING APPROPRIATIONS REQUEST.....\$15.22M

The funding request for the two special schools, Iowa School for the Deaf (ISD) and Iowa's Educational Services for the Blind and Visually Impaired (IESBVI) 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 IESBVI rely heavily on state funding for their operations. The Special Schools' request includes the continuation of the FY 2020 recurring appropriations totaling \$14.63 million for operations, and incremental funding of \$412,000 for ISD and \$173,000 for IESBVI.

The requested increase will support the core programming for students who are blind or deaf in Iowa through the defined service delivery model currently being used, by ensuring:

- Full implementation of students Individual Education Program in cooperation with the local school districts and Area Education Agencies.
- Achievement of benchmarks for reading in grades K through 3 for students served by IESBVI.
- Measurable growth toward grade level benchmarks in reading and mathematics for students in grades 3 through 11 at ISD.
- Programs and activities that support instruction of the Expanded Core Curriculum
- Access to appropriate transition programming that meets the unique needs of deaf and blind students.
- Operation of safe and efficient facilities for education and residential services on the ISD campus.
- Access to a language rich environment, including American Sign Language and instruction of Braille to meet the communication needs of students who are deaf or blind.

OTHER EDUCATION APPROPRIATIONS.....\$1.44M

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 2021 appropriation request for the Board Office is \$775,655 and remains flat with FY 2020 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 26 stations serve 220,000 listeners per week, delivering News, Classical and Studio One music programming 24-hours a day. After absorbing a \$40,920 cut for FY 2018, FY 2019 and FY 2020 funding levels remained flat with the final FY 2018 amounts. The requested increase of \$40,920 for FY 2021 would restore state support to FY 2017 levels. The additional funding is needed for higher programming fees, utilities, facility costs, and other operating expenses.

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 BioVentures Center (formerly Technology Innovation Center); 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).

In addition to the economic development units described above, the Regents Innovation Fund request includes recurring appropriations of \$3.0 million. The Fund leverages private and federal funds resulting in expanded economic development initiatives and enhanced programming for technology transfer, business incubation, and entrepreneurship at the public universities. State funds are matched by equal university financial commitments to maximize the impact of programs and services supported by this 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 (ISU)
- Precision and digital agriculture (ISU)
- Vaccines and immunotherapeutics (ISU)
- Medical devices (SUI)

The State of Iowa's plan for growing the bioscience sector involved 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.

A year ago, ISU and SUI requested a combined \$4 million in recurring state appropriations to work with IEDA and create an 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. The state partially funded the request at \$1.1 million beginning in FY 2020 (\$875K for ISU; \$275K for SUI). The incremental request for FY 2021 includes the unfunded portion totaling \$2.9 million for the bioscience platforms.

Without the resources from the state, focused on implementing the goals of the TEconomy report, these initiatives would not be moving forward. The universities are confident that continued investment in these strategies will pay off for the State of Iowa.

With the initial funding received a year ago, ISU has:

- Initiated the process of hiring a Chief Technology Officer for the *Biobased Chemicals and Products* platform. The CTO will work with platform researchers to prioritize and accelerate transfer of new platform technologies to the commercial sector, and focus on building strong industry-university partnerships to enable growth and success of the innovation ecosystem.
- Kicked off a *Biobased Chemicals and Products* seed grant program designed to create new industry-university collaborations that are aligned with Iowa economic development, aimed at leveraging follow-on funding from the company or a funding agency, and involves companies that are either headquartered or have a significant footprint within Iowa.
- Funded a smaller seed grant program for the *Vaccines and Immunotherapeutics* platform to test the commercial feasibility of new technologies and a multi-phase study of the *Precision and Digital Agriculture* segment to identify priority companies to target for potential public-private partnerships

In addition, ISU has applied for National Science Foundation funding. The \$20 million application, if awarded, would be invested to support *Biobased Chemicals and Products* technology development and transfer, workforce development, and economic development. The project team involves ISU, SUI, UNI and Dordt University but would also engage private and community colleges, K-12 STEM education and industry partners within the state.

While significant initial progress has been made in the *Biobased Chemicals and Products* platform, additional funding is needed to further build out this initiative, and create similar momentum within the *Vaccines and Immunotherapeutics* and *Precision and Digital Agriculture* economic development programs.

With the additional funding of \$2.175M, ISU could begin establishing innovation ecosystems tailored to the opportunities in *Vaccines and Immunotherapeutics* and *Precision and Digital Agriculture*, and invest in the necessary assets and infrastructure to grow our partnership with the Iowa Innovation Council and Iowa Economic Development Authority in accelerating technology transfer and encouraging third-party investment and partnership for all three platforms.

The *Medical Device* platform at SUI focuses on efforts to accelerate medical device start-ups, licensing of devices and diagnostic technologies, support for entrepreneurs, and workforce development to fill unmet needs in healthcare.

SUI has focused on four key areas of development in FY 2020 with their \$275K appropriation for the *Medical Device* platform.

- Protostudios - Protostudios is a state-of-the-art rapid-prototyping facility currently located in the MERGE co-working labs in downtown Iowa City. Working with faculty, staff, students and the community, Protostudios, contracts with innovators to develop fully functional prototypes, including medical devices as well as printing of human organs and anatomical models to support complex surgical prep and training.
- MADE - The presence of Protostudios has allowed the SUI to create a one of a kind program –MADE, a student managed manufacturing and e-commerce initiative whose mission is to encourage and facilitate innovative, needs based products reaching the market with the twin goals of solving problems and enhancing economic development as an extension of research and scholarship.
- Concierge Service - The primary unmet need for entrepreneurs and innovators was the need for a one stop shop capable of coordinating and connecting the right resources at the right moment in development. In an environment as diverse and multifaceted as the

SUI, a concierge service capable of connecting innovators to technical expertise, regulatory and legal support, industry talent and capital, and like-minded individuals on campus in order to assemble collaborative teams is essential.

- Expert Advisory Council - The SUI is assembling a world class group of medical device executive advisors and venture capitalists to vet, mentor, support and in some cases invest in our entrepreneurs. Core to success is creating a vehicle for industry execs meet with our entrepreneurs and researchers, and to engage their wisdom and experience consistently over time.

With additional funding, SUI could provide gap or seed funding to fill the void between the grant funding development stages and when a start-up is “investment” ready. The Expert Advisory Council and SUI have assembled roughly a dozen medtech venture capital and private equity investors from Silicon Valley to Oxford, UK willing to review and offer guidance to our start-ups and researchers. Future state funding would encourage startups via a systematic vetting, evaluation and performance milestone rich-process by experts to assure the starts-ups are investment ready in order to attract seed or venture capital dollars

AGRICULTURAL & NATURAL RESOURCES APPROPRIATIONS REQUEST\$5.23M

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 \$4.4 million in funding to supplement, sustain, and advance the capabilities and services that the ISU VDL provides.

In addition, the State currently appropriates \$0.8M to SUI for the Geographical and Water Survey, Water Resource Management, and to support the Iowa Center for Agricultural Safety and Health. Flat-funding for these programs is included in the FY 2021 request.

OTHER APPROPRIATIONS REQUESTS\$29.07M

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 is \$28.27 million for FY 2021 and is typically funded from the Rebuild Iowa Infrastructure Fund.

UI Psychiatric Residencies: 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.

A year ago, UI Health Care requested \$400,000 for four new residency training positions to create a Community Psychiatry Track (CPT) within the University of Iowa Psychiatry Residency Program. The CPT residents work in under-served areas of Iowa. The intent is to grow the number of residency positions by four each year for four years and to request an incremental \$400,000 each year until 16 residency positions are established. Year one of the request was funded through the Iowa Department of Public Health and incremental \$400,000 is requested for the second year of the program.

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