

Contact: Brad Berg

FY 2015 BUDGETS – UNIVERSITIES, IOWA PUBLIC RADIO, BOARD OFFICE

Actions Requested: Consider approval of the:

1. Regent university FY 2015 budgets as presented on pages 5-8 and in the attachments.
2. Iowa Public Radio FY 2015 budget as presented in Attachment D on page 27.
3. Board Office FY 2015 budget as shown in Attachment E on page 28.

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 and fee revenues, reimbursed indirect costs, and sales and services revenues. Some appropriations are designated for specific operating uses and cannot be used for other purposes.
- 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, 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 which 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 2015 Regent Enterprise consolidated budget exceeds \$5.1 billion as 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 2015 REGENT ENTERPRISE BUDGET
(in millions)

| | SUI* | ISU | UNI | ISD | IBSSS | Total |
|-------------------|---------|---------|-------|------|-------|---------|
| General Operating | 1,861.1 | 655.6 | 179.2 | 10.4 | 8.6 | 2,714.9 |
| Restricted | 1,618.6 | 670.1 | 166.7 | 1.0 | 0.3 | 2,456.7 |
| Total | 3,479.7 | 1,325.7 | 345.9 | 11.4 | 8.9 | 5,171.6 |

*includes UIHC

University Operating Budgets

The primary revenue sources providing FY 2015 general operating funds for Iowa’s public universities are state appropriations and tuition revenues.

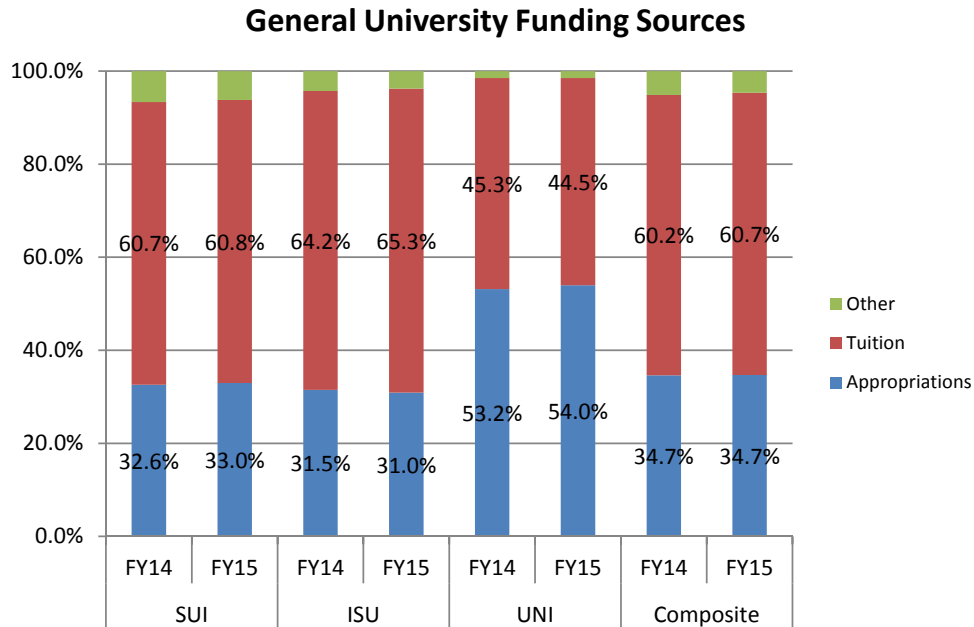
The 2014 General Assembly approved a 4% increase to each general university operating appropriation for FY 2015 and UNI received an additional \$2.625 million. The 2013 General Assembly approved \$10 million in one-time funding available in FY 2014 and FY 2015 for UNI. The University’s FY 2014 budget included \$6 million of these one-time funds with the remaining \$4 million budgeted for FY 2015. (None of the one-time funds will be available for FY 2016.)

General University Operating Appropriations

| | FY 2014 | FY 2015 | FY15 Less FY14 | % Change |
|-------|-------------|-------------|----------------|----------|
| SUI | 222,041,351 | 230,923,005 | 8,881,654 | 4.0% |
| ISU | 173,986,353 | 180,945,807 | 6,959,454 | 4.0% |
| UNI* | 89,222,819 | 93,176,732 | 3,953,913 | 4.4% |
| Total | 485,250,523 | 505,045,544 | 19,795,021 | 4.1% |

*UNI amounts include one-time funds of \$6 million for FY14 & \$4 million for FY15

The following chart compares estimated FY 2014 funding sources with the FY 2015 budget for each university. UNI is slightly more reliant on state appropriations than tuition revenue for its general fund operations while SUI and ISU state funding levels are approximately one-third of total general fund operating revenues.



Last December, the Board approved the second consecutive freeze on resident undergraduate tuition (0% increase) for the 2014-15 academic year. Non-resident undergraduate tuition increases of 1.8% at SUI, 1.7% at ISU, and 2.5% at UNI were also approved at the December 2013 meeting. In addition to the tuition rates, enrollment fluctuations also impact tuition revenue and the subsequent demands for academic and student support services, which also directly impact the budget.

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 (NACUBO). General fund expenses related to instruction, academic support, scholarships and fellowships, and plant operations and maintenance comprise approximately 86% of the combined general university expenses.

- Instruction
- Public Service
- Student Services
- Scholarships & fellowships
- Research
- Academic Support
- Institutional Support
- Operation and Maintenance of Plant

Appropriation changes for special purpose units include an incremental \$1.78 million for ISU's Agriculture Experiment Station, \$0.24 million for the Veterinary Diagnostic Laboratory, \$0.1 million for the Small Business Development Centers, and a \$0.175 million reduction to the Nutrient Management Center established in FY 2014. All other existing special purpose units were flat-funded compared to FY 2014.

Reflective of the service nature of the universities, salaries and related benefit costs comprise 67% of the university operating budgets. The universities must adhere to the terms of the AFSCME collective bargaining agreement for merit staff. Approximately 6,500 of the 6,900 Regent Merit System employees are in AFSCME bargaining units with the remainder being supervisory or confidential employees. The statewide collective bargaining agreement with AFSCME provides for no increase on July 1, 2014. However, eligible employees (those not at the maximum of their pay grade) will receive a 4.5% step increase on their eligibility dates throughout the year.

Restricted Budgets

The university FY 2015 restricted fund budgets include the final year of capital funding previously approved by the General Assembly for the following capital projects.

- SUI – Dental Science Building Renovation \$ 8.00 million
- ISU - Agricultural and Biosystems Engineering Building \$18.60 million
- UNI – Bartlett Hall Renovation \$ 1.95 million

In addition, the university restricted fund budgets include an allocation of the \$29.7 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. It is anticipated the universities will be updating the Board on their Innovation Fund projects at the September meeting.

Athletic Budgets

Each of the Regent universities hosts a multitude of intercollegiate athletic events that attract many alumni and friends to the campus each year. The athletic departments are independent entities included in the restricted fund budgets. The proposed FY 2015 athletic revenue budgets total \$165.4 million. Details pertaining to each university’s proposed FY 2015 athletic budget are included in the attachments.

| Athletic Revenues | | | |
|-------------------|--------------------|--------------------|-------------------|
| | FY 2014 | FY 2015 | |
| | <u>Estimates</u> | <u>Budget</u> | <u>Difference</u> |
| SUI | 85,744,950 | 89,652,446 | 3,907,496 |
| ISU | 60,301,852 | 62,671,969 | 2,370,117 |
| UNI | 13,151,177 | 13,069,616 | (81,561) |
| Total | 159,197,979 | 165,394,031 | 6,196,052 |

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 2015 revenue budgets total approximately \$206 million for the three universities.

The Board received the FY 2015 residence system preliminary budgets as part of the residence system governance report presented in March. The final proposed FY 2015 residence system budget for ISU remains identical to the preliminary budget previously received by the Board. The final proposed residence system budgets for SUI and UNI have been updated to reflect current revenue and expense projections. The proposed detailed budgets for each university residence system are provided in the attachments.

| University Residence Systems FY 2015 Budgets | | | | | |
|---|--------------------|---------------|---------------|--------------------------------|--------------------|
| | SUI | | ISU | UNI | |
| | <u>Preliminary</u> | <u>Final</u> | | <u>Preliminary & Final</u> | <u>Preliminary</u> |
| Revenues | \$ 68,920,197 | \$ 69,076,331 | \$ 98,428,687 | \$ 38,365,271 | \$ 38,621,165 |
| Expenditures for Operations | 52,038,457 | 51,714,593 | 73,446,455 | 26,706,577 | 26,706,577 |
| Debt Service and Mandatory Transfers | 9,180,555 | 9,180,555 | 13,073,218 | 7,079,590 | 7,079,590 |
| Net Revenues after Debt Service and Mandatory Transfers | \$ 7,701,185 | \$ 8,181,183 | \$ 11,909,014 | \$ 4,579,104 | \$ 4,834,998 |

Special Schools

The Board approved the following FY 2015 budgets for the Iowa School for the Deaf, and the Iowa Braille and Sight Saving School at its June 2014 meeting. Each of the special schools received a 4% increase in state operating funding for FY 2015.

FY 2015 Special School Budgets

| | <u>Operating</u> | <u>Restricted</u> | <u>Total</u> |
|-------|------------------|-------------------|---------------|
| ISD | \$ 10,398,918 | \$ 1,000,526 | \$ 11,399,444 |
| IBSSS | 8,628,077 | 338,680 | 8,966,757 |

Iowa Public Radio

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 at 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.

For FY 2015, the General Assembly appropriated \$391,568 for IPR operations resulting in flat-funding (0% increase) when compared to FY 2014. At the June 2014 meeting, the Board approved IPR's request to restore university support for FY 2015 to the FY 2013 funding level (\$944,800). The additional support from the universities will allow it to develop a sustainable model resulting in IPR achieving its future financial goals. Iowa Public Radio intends to review its strategic plan with its Board of Directors and provide a revised university support funding plan to the Board of Regents at a future meeting. The proposed FY 2015 budget for Iowa Public Radio is contained in Attachment D on page 27.

BOARD OF REGENTS, STATE OF IOWA
FY 2015 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 Supplemental-Nonrecurring RESOURCES | \$230,923,005 | | | | \$2,186,558 | \$4,402,615 | \$1,788,265 | \$659,456 | \$5,969,192 | \$245,929,091 |
| Federal Support Interest | 1,867,995 | 16,683,379 | 11,120 | 200,000 | 5,000 | | 7,500 | | | 18,774,994 |
| Tuition and Fees | 425,231,000 | 3,920,001 | 1,722,632 | 156,535 | 990,000 | 151,361 | | | | 425,231,000 |
| Reimb. Indirect Costs | 41,448,000 | 1,080,948,061 | 24,891,289 | 8,553,620 | 90,000 | 2,624,944 | | 93,755 | | 48,388,529 |
| Sales and Service Other Income | 125,000 | 5,186,418 | 255,402 | | | | | | | 1,117,201,669 |
| Subtotal - Inst. Income | 468,671,995 | 1,106,737,859 | 26,880,443 | 8,910,155 | 1,085,000 | 2,776,305 | 7,500 | 93,755 | - | 1,615,163,012 |
| TOTAL REVENUES | \$699,595,000 | \$1,106,737,859 | \$26,880,443 | \$8,910,155 | \$3,271,558 | \$7,178,920 | \$1,795,765 | \$753,211 | \$5,969,192 | \$1,861,092,103 |
| EXPENDITURES | | | | | | | | | | |
| Fac. & Inst. Off. Salaries | \$271,020,662 | \$82,823,974 | \$147,737 | \$578,807 | | \$264,110 | | \$222,165 | \$1,086,486 | \$356,143,941 |
| Prof. & Sci. Staff Salaries | 138,800,204 | 437,427,117 | 14,814,136 | 5,240,813 | 103,068 | 4,238,325 | 199,696 | 527,407 | 2,025,070 | 603,375,836 |
| General Service Staff Sal. | 59,746,103 | 155,208,416 | 6,637,208 | 1,698,646 | 1,961,240 | 1,669,786 | 44,077 | | 227,336 | 227,192,812 |
| Hourly Wages | 4,698,000 | 8,274,843 | 236,701 | 151,483 | | | 5,000 | | 62,537 | 13,428,564 |
| Subtotal - Salaries | 474,264,969 | 683,734,350 | 21,835,782 | 7,669,749 | 2,064,308 | 6,172,221 | 248,773 | 749,572 | 3,401,429 | 1,200,141,153 |
| Supplies and Services | 49,743,111 | 386,307,624 | 3,498,550 | 850,294 | 168,500 | 869,009 | 1,546,992 | 3,639 | 2,312,860 | 445,300,579 |
| Library Acquisitions | 18,415,920 | | | | | | | | | 18,415,920 |
| Rentals | 4,900,000 | 6,390,616 | 19,460 | 525 | | 37,690 | | | 128,445 | 11,476,736 |
| Utilities | 34,373,000 | 28,601,834 | 1,519,600 | 304,480 | 1,034,750 | | | | | 65,833,664 |
| Bldg. Repairs | 22,496,000 | 1,703,435 | 7,051 | 85,107 | | | | | | 24,291,593 |
| Auditor of State Reimb. | 630,000 | | | | | | | | | 630,000 |
| Equipment | 2,400,000 | | | | 4,000 | 100,000 | | | 60,442 | 2,564,442 |
| Aid to Individuals | 92,372,000 | | | | | | | | 66,016 | 92,438,016 |
| Subtotal - Other Expenses | 225,330,031 | 423,003,509 | 5,044,661 | 1,240,406 | 1,207,250 | 1,006,699 | 1,546,992 | 3,639 | 2,567,763 | 660,950,950 |
| TOTAL EXPENDITURES | \$699,595,000 | \$1,106,737,859 | \$26,880,443 | \$8,910,155 | \$3,271,558 | \$7,178,920 | \$1,795,765 | \$753,211 | \$5,969,192 | \$1,861,092,103 |

BOARD OF REGENTS, STATE OF IOWA
FY 2015 GENERAL FUND OPERATING BUDGETS (continued)

| | Iowa State University | | | | University of Northern Iowa | | | | FY 2015 Operating Total | | |
|-----------------------------|-----------------------|--------------|--------------|-----------------|-----------------------------|---------------|-----------------|---------------|-------------------------|-------------|-----------------|
| | Gen. Univ. | Exp. Station | Coop. Ext. | Special Purpose | Subtotal | Gen. Univ. | Special Purpose | Subtotal | | ISD | IBSSS |
| APPROPRIATIONS | | | | | | | | | | | |
| General | \$180,945,807 | \$29,886,877 | \$18,266,722 | \$8,420,563 | \$237,519,969 | \$89,176,732 | \$6,566,977 | \$95,743,709 | \$9,473,908 | \$3,915,741 | \$592,582,418 |
| Supplemental-Nonrecurring | | | | | - | 4,000,000 | | 4,000,000 | | | 4,000,000 |
| RESOURCES | | | | | | | | | | | |
| Federal Support | | | | | 14,405,000 | | | 14,405,000 | | | 14,405,000 |
| Interest | 2,750,000 | | 9,000,000 | | 2,750,000 | | | 2,750,000 | | | 14,873,321 |
| Tuition and Fees | 381,740,000 | | | | 381,740,000 | | | 381,740,000 | | | 22,325,994 |
| Reimb. Indirect Costs | 17,775,000 | | | | 17,775,000 | | | 17,775,000 | | | 883,861,226 |
| Sales and Service | | | | | | 1,316,649 | | 1,316,649 | | | 67,521,448 |
| Other Income | 1,375,850 | | | | 1,375,850 | | | 1,375,850 | | | 1,122,751,297 |
| Subtotal - Inst. Income | 403,640,850 | 5,405,000 | 9,000,000 | - | 418,045,850 | 79,490,268 | | 79,490,268 | 925,010 | 4,712,336 | 2,118,336,476 |
| TOTAL REVENUES | \$584,586,657 | \$35,291,877 | \$27,266,722 | \$8,420,563 | \$655,565,819 | \$172,667,000 | \$6,566,977 | \$179,233,977 | \$10,398,918 | \$8,628,077 | \$2,714,918,894 |
| EXPENDITURES | | | | | | | | | | | |
| Fac. & Inst. Off. Salaries | \$220,925,000 | \$20,700,000 | \$6,500,000 | \$2,238,000 | \$250,363,000 | \$75,657,832 | \$329,973 | \$75,987,805 | \$3,483,036 | \$5,095,148 | 691,072,930 |
| Prof. & Sci. Staff Salaries | 104,000,000 | 8,200,000 | 16,500,000 | 3,050,300 | 131,750,300 | 33,348,286 | 1,075,715 | 34,424,001 | 2,069,212 | 342,610 | 771,961,959 |
| General Service Staff Sal. | 42,600,000 | 2,300,000 | 1,000,000 | 235,000 | 46,135,000 | 25,175,797 | 125,114 | 25,300,911 | 2,451,933 | 1,278,154 | 302,358,810 |
| Hourly Wages | 5,400,000 | 200,000 | 105,000 | 0 | 5,705,000 | 1,747,622 | 51,870 | 1,799,492 | | | 20,933,056 |
| Subtotal - Salaries | 372,925,000 | 31,400,000 | 24,105,000 | 5,523,300 | 433,953,300 | 135,929,537 | 1,582,672 | 137,512,209 | 8,004,181 | 6,715,912 | 1,786,326,755 |
| Supplies and Services | 58,379,457 | 2,564,677 | 3,085,222 | 2,897,263 | 66,926,619 | 12,241,044 | 4,984,305 | 17,225,349 | 1,171,501 | 1,155,545 | 531,779,593 |
| Library Acquisitions | 12,000,000 | | | | 12,000,000 | 1,992,009 | | 1,992,009 | 8,400 | 8,700 | 32,425,029 |
| Rentals | 1,400,000 | 22,000 | 50,000 | | 1,472,000 | 822,421 | | 822,421 | | | 13,771,157 |
| Utilities | 28,000,000 | 15,200 | 6,500 | | 28,021,700 | 5,799,257 | | 5,799,257 | 388,250 | 304,750 | 100,347,621 |
| Bldg. Repairs | 20,100,000 | 40,000 | | | 20,140,000 | 1,400,000 | | 1,400,000 | 712,286 | 320,670 | 46,864,549 |
| Auditor of State Reimb. | 572,200 | | | | 572,200 | 285,100 | | 285,100 | 36,000 | 30,000 | 1,553,300 |
| Equipment | 5,000,000 | 600,000 | | | 5,600,000 | 496,467 | | 496,467 | 78,300 | 92,500 | 8,831,709 |
| Aid to Individuals | 86,210,000 | 650,000 | 20,000 | | 86,880,000 | 13,701,165 | | 13,701,165 | | | 193,019,181 |
| Subtotal - Other Expenses | 211,661,657 | 3,891,877 | 3,161,722 | 2,897,263 | 221,612,519 | 36,737,463 | 4,984,305 | 41,721,768 | 2,394,737 | 1,912,165 | 928,592,139 |
| TOTAL EXPENDITURES | \$584,586,657 | \$35,291,877 | \$27,266,722 | \$8,420,563 | \$655,565,819 | \$172,667,000 | \$6,566,977 | \$179,233,977 | \$10,398,918 | \$8,628,077 | \$2,714,918,894 |

BOARD OF REGENTS
STATE OF IOWA
FY 2015 RESTRICTED FUNDS BUDGETS

| | SUI | ISU | UNI | ISD | IBSSS | FY 2015 Restricted Total |
|--------------------------------|-----------------|---------------|---------------|-------------|-----------|--------------------------------|
| APPROPRIATIONS | | | | | | |
| Innovation Fund | \$1,050,000 | \$1,050,000 | \$900,000 | | | \$3,000,000 |
| Tuition Replacement | 10,534,067 | 12,919,834 | 6,281,522 | | | 29,735,423 |
| Capital | 8,000,000 | 18,600,000 | 1,947,000 | | | 28,547,000 |
| Other | 278,848 | 288,000 | | | | 566,848 |
| RESOURCES | | | | | | |
| Federal Support | 319,876,000 | 173,000,000 | 24,029,279 | \$287,026 | \$249,280 | 517,441,585 |
| Interest | 30,214,000 | 200,000 | 1,723,000 | 500 | | 32,137,500 |
| Tuition and Fees | 60,170,000 | 16,000,000 | 20,161,884 | | | 96,331,884 |
| Reimbursed Indirect Costs | 25,133,000 | 10,000,000 | | | | 35,133,000 |
| Sales and Service | 660,583,000 | 55,000,000 | 85,060,938 | 710,000 | | 801,353,938 |
| Other Income | 502,762,933 | 383,000,000 | 26,633,728 | 3,000 | 89,400 | 912,489,061 |
| Subtotal - Inst. Income | 1,598,738,933 | 637,200,000 | 157,608,829 | 1,000,526 | 338,680 | 2,394,886,968 |
| TOTAL REVENUES | \$1,618,601,848 | \$670,057,834 | \$166,737,351 | \$1,000,526 | \$338,680 | \$2,456,736,239 |
| EXPENDITURES | | | | | | |
| Fac. & Inst. Off. Salaries | \$303,542,113 | \$69,000,000 | \$7,357,012 | \$388,138 | \$47,545 | \$380,334,808 |
| Prof & Sci. Staff Salaries | 250,333,000 | 102,000,000 | 21,987,928 | 62,030 | | 374,382,958 |
| General Service Staff Salaries | 56,333,000 | 43,000,000 | 12,292,218 | 152,999 | | 111,778,217 |
| Hourly Wages | 28,326,000 | 24,000,000 | 7,078,109 | | | 59,404,109 |
| Subtotal - Salaries | 638,534,113 | 238,000,000 | 48,715,267 | 603,167 | 47,545 | 925,900,092 |
| Prof. and Scientific Supplies | 373,151,480 | 225,857,834 | 48,881,866 | 273,886 | 233,735 | 648,398,801 |
| Library Acquisitions | 117,000 | | 35,000 | 600 | 1,000 | 153,600 |
| Rentals | 10,366,255 | | 928,306 | | | 11,294,561 |
| Utilities | 15,013,000 | 13,200,000 | 2,925,874 | 52,273 | 30,000 | 31,221,147 |
| Building Repairs | 7,993,000 | 6,000,000 | 4,026,911 | 37,500 | | 18,057,411 |
| Auditor of State | | | | 3,100 | | 3,100 |
| Equipment | 57,839,000 | 15,000,000 | 1,725,783 | 30,000 | 26,400 | 74,621,183 |
| Student Aid | 65,747,000 | 57,000,000 | 21,460,344 | | | 144,207,344 |
| Debt Service | 99,845,000 | 40,000,000 | 27,772,000 | | | 167,617,000 |
| Plant Capital | 349,996,000 | 75,000,000 | 10,266,000 | | | 435,262,000 |
| Subtotal - Other Expenses | 980,067,735 | 432,057,834 | 118,022,084 | 397,359 | 291,135 | 1,530,836,147 |
| TOTAL EXPENDITURES | \$1,618,601,848 | \$670,057,834 | \$166,737,351 | \$1,000,526 | \$338,680 | \$2,456,736,239 |

BOARD OF REGENTS
STATE OF IOWA
FY 2015 ALL FUNDS BUDGETS

| | SUI | ISU | UNI | ISD | IBSSS | FY 2015 All Funds Total |
|-----------------------------|------------------------|------------------------|----------------------|---------------------|--------------------|-------------------------------|
| APPROPRIATIONS | | | | | | |
| General | \$245,929,091 | \$237,519,969 | \$95,743,709 | \$9,473,908 | \$3,915,741 | \$592,582,418 |
| Supplemental-Nonrecurring | - | - | 4,000,000 | - | - | 4,000,000 |
| Innovation | 1,050,000 | 1,050,000 | 900,000 | - | - | 3,000,000 |
| Tuition Replacement | 10,534,067 | 12,919,834 | 6,281,522 | - | - | 29,735,423 |
| Capital | 8,000,000 | 18,600,000 | 1,947,000 | - | - | 28,547,000 |
| Other | 278,848 | 288,000 | - | - | - | 566,848 |
| RESOURCES | | | | | | |
| Federal Support | 319,876,000 | 187,405,000 | 24,029,279 | 343,996 | 660,631 | 532,314,906 |
| Interest | 48,988,994 | 2,950,000 | 2,523,000 | 1,500 | - | 54,463,494 |
| Tuition and Fees | 485,401,000 | 397,740,000 | 97,052,110 | - | - | 980,193,110 |
| Reimb. Indirect Costs | 73,521,529 | 27,775,000 | 1,316,649 | - | 41,270 | 102,654,448 |
| Sales and Service | 1,777,784,669 | 55,000,000 | 85,544,331 | 1,516,520 | 4,259,715 | 1,924,105,235 |
| Other Income | 508,329,753 | 384,375,850 | 26,633,728 | 63,520 | 89,400 | 919,492,251 |
| Subtotal - Inst. Income | 3,213,901,945 | 1,055,245,850 | 237,099,097 | 1,925,536 | 5,051,016 | 4,513,223,444 |
| TOTAL REVENUES | \$3,479,693,951 | 1,325,623,653 | 345,971,328 | \$11,399,444 | \$8,966,757 | \$5,171,655,133 |
| EXPENDITURES | | | | | | |
| Fac. & Inst. Off. Salaries | \$659,686,054 | \$319,363,000 | \$83,344,817 | \$3,871,174 | \$5,142,693 | \$1,071,407,738 |
| Prof. & Sci. Staff Salaries | 853,708,836 | 233,750,300 | 56,411,929 | 2,131,242 | 342,610 | 1,146,344,917 |
| General Service Staff Sal. | 283,525,812 | 89,135,000 | 37,593,129 | 2,604,932 | 1,278,154 | 414,137,027 |
| Hourly Wages | 41,754,564 | 29,705,000 | 8,877,601 | - | - | 80,337,165 |
| Subtotal - Salaries | 1,838,675,266 | 671,953,300 | 186,227,476 | 8,607,348 | 6,763,457 | 2,712,226,847 |
| Prof. and Scientific Supp. | 818,452,059 | 292,784,453 | 66,107,215 | 1,445,387 | 1,389,280 | 1,180,178,394 |
| Library Acquisitions | 18,532,920 | 12,000,000 | 2,027,009 | 9,000 | 9,700 | 32,578,629 |
| Rentals | 21,842,991 | 1,472,000 | 1,750,727 | - | - | 25,065,718 |
| Utilities | 80,846,664 | 41,221,700 | 8,725,131 | 440,523 | 334,750 | 131,568,768 |
| Bldg. Repairs | 32,284,593 | 26,140,000 | 5,426,911 | 749,786 | 320,670 | 64,921,960 |
| Auditor of State Reimb. | 630,000 | 572,200 | 285,100 | 39,100 | 30,000 | 1,556,400 |
| Equipment | 60,403,442 | 20,600,000 | 2,222,250 | 108,300 | 118,900 | 83,452,892 |
| Aid to Individuals | 158,185,016 | 143,880,000 | 35,161,509 | - | - | 337,226,525 |
| Debt Service | 99,845,000 | 40,000,000 | 27,772,000 | - | - | 167,617,000 |
| Plant Capital | 349,996,000 | 75,000,000 | 10,266,000 | - | - | 435,262,000 |
| Subtotal - Other Expenses | 1,641,018,685 | 653,670,353 | 159,743,852 | 2,792,096 | 2,203,300 | 2,459,428,286 |
| TOTAL EXPENDITURES | \$3,479,693,951 | \$1,325,623,653 | \$345,971,328 | \$11,399,444 | \$8,966,757 | \$5,171,655,133 |

FY 2015 BUDGETS – UNIVERSITY OF IOWA

The FY 2015 General University budget has been developed based on the most current information available regarding revenue projections and an expenditure plan guided by the University’s strategic plan – Renewing the Iowa Promise: Great Opportunities – Bold Expectations. The FY 2015 budget supports four complementary, mutually supporting areas identified in the strategic plan. All other SUI budgets were developed under similar or identical policies and budget guidelines.

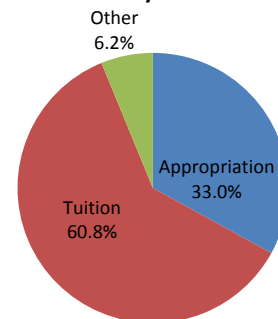
1. Student Success – The University’s goal for enrollment growth is to increase new resident undergraduate students over the next five years. SUI will make selected investments in faculty and student support services to ensure that progress in increasing the four-year graduation and placement rates continues. Additional investment will be made to effectively manage applications, registration, financial aid, and other student data.
2. Knowledge and Practice – SUI is committed to advancing knowledge and education through discovery, application, and creative work. New tenure track faculty will be hired in areas of demand to bring unique educational experiences to the classroom.
3. New Frontiers in the Arts – In addition to rebuilding the arts facilities from the destruction caused by the 2008 flood, SUI will bring together the full range of the art programs in innovative ways that will generate educational opportunities and stimulate creative work among students, faculty, and staff.
4. Better Futures for Iowans – The University will expand its public engagement to contribute to economic and cultural vitality and to the quality of life of Iowans. The University has aligned resources with important state needs including economic development initiatives, providing more Iowa resident graduates, and outreach.

SUI FY 2015 General University Operating Budget

Tuition revenues comprise approximately 61% of the \$699.6 million General University revenue budget with 33% coming from state appropriations. Projected changes in these revenue sources, as well as indirect cost recoveries and interest income, result in \$19.2 million in incremental revenue when compared to the FY 2014 budget.

| | |
|-----------------------------------|------------------|
| FY 2014 Budget | \$ 680.4 million |
| Revenue Changes: | |
| Appropriation | 8.9 million |
| Tuition | 12.3 million |
| Indirect Cost Recoveries/Interest | (2.0) million |
| Revenue Increase | 19.2 million |
| FY 2015 Budget | \$ 699.6 million |

SUI General University FY15 Revenue Budget



The General University’s FY 2015 operating appropriation of \$230.9 million is 4.0% greater (\$8.9 million) than FY 2014.

In December 2013, the Board froze tuition (0% increase) for FY 2015 for undergraduate resident students and approved a 1.8% increase for nonresident undergraduates and for most graduate and professional students (College of Law’s Juris Doctor tuition was reduced by 16.4%). The University anticipates an incoming freshman class larger than Fall 2013 and projects increased first year enrollments in the College of Law and a higher number of Iowa resident students. Graduate student enrollment is expected to remain lower than previous years. The University projects \$12.3 million in additional FY 2015 tuition revenue when compared to the FY 2014.

Current projections indicate FY 2015 indirect cost recoveries will decrease 4% (\$1.7 million) from the FY 2014 budget. Federal budget cutbacks continue to affect indirect cost recoveries although gains in research funding from gifts, corporate, and non-profit organizations are expected to continue. Interest income is expected to decrease \$0.3 million in FY 2015.

In addition to the \$19.2 million in incremental revenues previously described, the University plans to internally reallocate \$13.4 million from collegiate and administrative units to support strategic initiatives. The University's FY 2015 reallocation policy was guided by the overall operational plan coupled with final determination of available resources and the need to fund unavoidable and essential cost increases. The majority of the new or reallocated funds are budgeted to support Student Success initiatives (undergraduate, graduate, professional) including new faculty hires in high-demand areas, reducing time to degree, living-learning community expansion, research opportunities, classroom improvements, career advisement and placement, and graduate program alignment to market demand. The following summarizes the uses of the incremental and reallocated revenues.

| | |
|---------------------------------|------------------------|
| Access and Enrollment Growth | \$ 3.3 million |
| Student Success | 25.2 million |
| Scholarly Inquiry/Creative Work | 0.3 million |
| Arts Synergies | 0.8 million |
| Outreach/Civic Engagement | 0.1 million |
| Efficiency & Effectiveness | 1.1 million |
| Strategic Priorities | 1.8 million |
| Total | <u>\$ 32.6 million</u> |

The University implemented the terms of all collective bargaining agreements, the salary policy approved by the Board, and charges fringe benefits consistent with federally approved rate structures. The General Education Fund portion of the bargained salary cost increases is estimated at \$1.2 million. The cost increase includes annualization from the previous year and current year contract costs.

In April 2014, the University completed negotiations with the federal government establishing the FY 2015 fringe benefit rates for each employee category. Annual changes in the approved rates are attributable to cumulative historic costs of covered benefits, salary changes, University driven cost saving measures, and employee utilization of benefits. For FY 2015, the General University benefit costs related to merit staff, faculty, and P&S employees will decrease by \$2.1 million.

The University expects utility costs to remain flat for FY 2015. These expenses include the General University's share of renewal and improvement costs for expanded plant and distribution systems serving the campus, energy conservation investments, and general inflationary increases for supplies, services, fuel and purchased electricity.

The projected cost of custodial services, information technology, utilities, and general maintenance for new or improved General University supported buildings for FY 2015 is expected to be \$1.7 million. This amount includes funds for the Pappajohn Biomedical Discovery Building, the Indoor Turf Facility for Student Recreation (Athletics contribution is excluded), and the Library Learning Commons.

The \$699.6 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 2015</u> | <u>% Total</u> |
|-----------------------------------|----------------|----------------|
| Instruction | 298,762 | 42.7% |
| Research | 17,142 | 2.5% |
| Public Service | 2,814 | 0.4% |
| Academic Support | 103,325 | 14.8% |
| Student Services | 24,404 | 3.5% |
| Institutional Support | 55,706 | 8.0% |
| Operations & Maintenance of Plant | 105,070 | 15.0% |
| Scholarships & Fellowships | 92,372 | 13.2% |
| Total | <u>699,595</u> | 100.0% |

SUI FY 2015 Special Purpose Appropriations

The proposed operating budgets for SUI's special purpose units are provided on page 5. The consolidated special purpose budget (\$6.0 million) includes Primary Health Care, State Cancer Registry, Online Advanced Placement Academy, Substance Abuse Consortium, Biocatalysis, Iowa Registry for Congenital and Inherited Disorders, Non-Profit Resource Center, Iowa Flood Center, Entrepreneurship Initiative, and Economic Development. All special purpose units were flat-funded (0% increase) when compared to FY 2014.

The chart provided below lists SUI's special purpose units that received state operating funding for FY 2015. The final FY 2009 appropriation amounts for each unit are also provided (where applicable) for comparison purposes. Funding for most special purpose units has remained flat the last three years and continues to be approximately 20% less than FY 2009 amounts.

The State Hygienic Laboratory appropriation was increased \$866,000 for FY 2014 to support State mandated and related public health activities, restoring it to approximate FY 2009 levels. Funding for the Online Placement Academy began in FY 2012, the Iowa Flood Center in FY 2013, and the Entrepreneurship Initiative in FY 2014.

| <u>SUI SPECIAL PURPOSE UNITS</u> | <u>FINAL FY 2009</u> | <u>FY 2015</u> | <u>FY 2015 LESS</u> | |
|---|-----------------------|-----------------------|---------------------|-----------------|
| | <u>APPROPRIATIONS</u> | <u>APPROPRIATIONS</u> | <u>FY 2009</u> | <u>% CHANGE</u> |
| OAKDALE CAMPUS | 2,721,464 | 2,186,558 | (534,906) | -19.7% |
| HYGIENIC LABORATORY | 4,401,916 | 4,402,615 | 699 | 0.0% |
| FAMILY PRACTICE | 2,225,735 | 1,788,265 | (437,470) | -19.7% |
| SCHS - CANCER, HEMOPHILIA, HIGH RISK INFANT | 820,780 | 659,456 | (161,324) | -19.7% |
| PRIMARY HEALTH CARE | 807,680 | 648,930 | (158,750) | -19.7% |
| STATE OF IOWA CANCER REGISTRY | 185,514 | 149,051 | (36,463) | -19.7% |
| SUB ABUSE CONSORTIUM | 69,113 | 55,529 | (13,584) | -19.7% |
| BIOCATALYSIS | 900,775 | 723,727 | (177,048) | -19.7% |
| BIRTH DEFECTS REGISTRY | 47,656 | 38,288 | (9,368) | -19.7% |
| ECONOMIC DEVELOPMENT | 264,325 | 209,279 | (55,046) | -20.8% |
| ONLINE PLACEMENT ACADEMY | - | 481,849 | 481,849 | |
| IOWA FLOOD CENTER | - | 1,500,000 | 1,500,000 | |
| ENTREPRENEURSHIP | - | 2,000,000 | 2,000,000 | |
| WATERMAN NONROFIT RESOURCE CENTER | 202,301 | 162,539 | (39,762) | -19.7% |

University of Iowa Hospitals and Clinics (UIHC)

The proposed FY 2015 UIHC budget of \$1.11 billion (page 5) represents a 4.4% increase when compared to the FY 2014 budget.

In FY 2015, the strategic focus for UIHC will continue to center on offering a broad spectrum of clinical services to all patients, serving as the primary teaching hospital for the state, 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 2015 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.

Revenue challenges faced in FY 2015 include the potential impacts of healthcare reform and cost control measures on Medicare/Medicaid payment rates and the continuing challenge related to Iowa Medicaid rates. The healthcare exchanges and the Healthy Iowa (Medicaid Expansion) programs still have many unknowns and expect significant changes in determining which populations are eligible for coverage, enrollment timeframes, and identifying where covered services may be obtained.

Additional net revenues are required in FY 2015 to achieve the budgeted 3% 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 2014. Market data indicate that UIHC continues to have lower rate adjustments when compared to academic medical center peers and other Midwest healthcare institutions. UIHC projects increasing demand for its services for FY 2015. Inpatient acute admissions are forecast to increase 0.7% with outpatient activity anticipated to grow 3.4%.

UIHC reports that the healthcare industry is experiencing ever-increasing challenges to maintain funding sources while keeping operating expenses manageable. An average salary increase of approximately 2.1% is projected for FY 2015 due to conservative base salary increases and moderate changes in the fringe benefit pool rates. While UIHC continues to standardize product utilization and implement supply chain savings initiatives, medical and surgical supply costs are estimated to rise 2.5% due to price increases and changes in technology. Pharmaceutical cost increases of 6% are anticipated in FY 2015. Utilities and other administrative services purchased from the University of Iowa will increase 3% and 3.6%, respectively.

Other UIHC units include the Psychiatric Hospital, the Center for Disabilities and Development, and Specialized Child Health Services. The proposed combined FY 2015 budget of these units is \$36.5 million and they are provided on page 5.

SUI FY 2015 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 2015 Restricted Fund Budget includes the following state appropriations:

- | | |
|--------------------------------------|-----------------|
| • Tuition Replacement | \$10.53 million |
| • Dental Science Building Renovation | \$ 8.00 million |
| • Innovation Fund | \$ 1.05 million |
| • Regent Study Centers | \$ 0.28 million |

Athletics

The SUI Athletic Department is a self-sustaining auxiliary enterprise and receives no general university support. The University of Iowa's \$89.7 million FY 2015 athletic budget is provided on the following page. The overall revenue and expense budgets are 4.6% higher (\$3.9 million) than FY 2014 estimates and 6.4% greater (\$5.4 million) than the FY 2014 budget.

The expected increase in men's sports income is due to football season ticket price increases and the game guarantee from the football game at the University of Pittsburgh. Men's basketball revenue is also expected to exceed the FY 2014 budget, but slightly less than FY 2014 estimates.

Athletic conference revenue is expected to increase from additional television distribution funds and a greater distribution from the football bowls and the new playoff format.

Student fees reported in the athletic budget fund the debt service on Student Recreation Services facilities financed through Athletics and remain flat when compared to FY 2014.

The Athletic Department is responsible for paying tuition on the scholarships it awards. SUI Athletics awards the equivalent of approximately 300 scholarships at a cost of approximately \$11.0 million, which are included in the applicable sports expense lines.

Men's basketball and football expenses are expected to increase in FY 2015 primarily from higher coaching staff salaries and scholarship expenses. Other Sports' expenses are also budgeted higher from team travel cost increases and scholarship expenses. Administrative and General expenses are also projected to rise due to the NCAA's deregulation of food costs and increased salary expenses.

The Athletic Department purchases services that benefit numerous entities within the University including, Public Safety, UIHC, parking, scholarships, utilities, and residence services. The projected total FY 2015 cost to Athletics for these services is \$20.2 million.

The University of Iowa
Athletics Operating Budget

| | FY 2014 Budget | FY 2014 Estimate | FY 2015 Budget |
|---------------------------------------|----------------------|----------------------|----------------------|
| <u>INCOME</u> | | | |
| Men's Sports | | | |
| Football | \$ 21,363,371 | \$ 21,401,113 | \$ 22,136,467 |
| Basketball | 3,210,935 | 4,113,336 | 3,887,264 |
| Wrestling | 475,000 | 670,479 | 500,000 |
| All Other | 12,000 | 22,781 | 12,000 |
| Total Men's Sports | \$ 25,061,306 | \$ 26,207,710 | \$ 26,535,731 |
| Women's Sports | | | |
| Basketball | \$ 185,000 | \$ 198,096 | \$ 210,000 |
| Volleyball | 13,000 | 18,917 | 13,000 |
| All Other | 13,000 | 15,883 | 13,000 |
| Total Women's Sports | \$ 211,000 | \$ 232,896 | \$ 236,000 |
| Other Income | | | |
| Facility Debt Service/Student Fees | \$ 650,000 | \$ 650,000 | \$ 650,000 |
| Learfield Multi Media Contract Income | 5,707,000 | 5,707,000 | 6,007,000 |
| Athletic Conference | 25,455,000 | 26,305,317 | 30,742,000 |
| Interest | 500,000 | 500,000 | 500,000 |
| Foundation Support | 12,888,090 | 11,802,922 | 10,706,100 |
| Foundation Premium Seat Revenue | 8,038,500 | 8,386,829 | 8,206,905 |
| Novelties--Bookstore | 3,090,000 | 3,100,000 | 3,200,000 |
| General Income | 2,692,436 | 2,852,275 | 2,868,710 |
| Total Other Income | \$ 59,021,026 | \$ 59,304,343 | \$ 62,880,715 |
| TOTAL INCOME | \$ 84,293,331 | \$ 85,744,950 | \$ 89,652,446 |
| <u>EXPENSES</u> | | | |
| Men's Sports | | | |
| Football | \$ 18,327,693 | \$ 19,157,394 | \$ 19,750,855 |
| Basketball | 5,108,665 | 5,259,952 | 5,699,088 |
| Wrestling | 1,278,639 | 1,282,715 | 1,385,309 |
| All Other | 4,392,744 | 4,437,653 | 4,901,536 |
| Total Men's Sports | \$ 29,107,741 | \$ 30,137,714 | \$ 31,736,788 |
| Women's Sports | | | |
| Basketball | \$ 3,629,530 | \$ 3,541,016 | \$ 3,876,643 |
| Volleyball | 1,277,035 | 1,254,473 | 1,525,805 |
| All Other | 8,489,052 | 8,623,595 | 9,245,240 |
| Total Women's Sports | \$ 13,395,617 | \$ 13,419,084 | \$ 14,647,688 |
| Other Expenses | | | |
| Training Services | \$ 1,645,126 | \$ 1,645,127 | \$ 1,817,001 |
| Sports Information | 655,674 | 655,675 | 663,088 |
| Admin. & General Expenses | 10,498,064 | 10,580,485 | 11,927,241 |
| Facility Debt Service | 16,380,966 | 16,337,756 | 15,796,163 |
| Transfer-New Facility Costs/Reserves | 1,000,000 | 1,000,000 | 1,000,000 |
| Academic & Counseling | 1,868,055 | 1,845,664 | 1,999,164 |
| Buildings & Grounds | 9,742,088 | 10,123,444 | 10,065,313 |
| Total Other Expenses | \$ 41,789,973 | \$ 42,188,151 | \$ 43,267,970 |
| TOTAL OPERATING EXPENSE | \$ 84,293,331 | \$ 85,744,950 | \$ 89,652,446 |

University Housing & Dining

The proposed FY 2015 residence system budget reflects a slight increase in net revenues compared to the preliminary budget received by the Board in March 2014. The increase is due primarily to higher projected non-contract dining sales and lower than expected cost increases in salaries/benefits and food. Occupancy projections have not changed significantly from the preliminary budget with residence hall occupancy again being at or above capacity.

Voluntary reserve balances at June 30, 2015 are projected to be \$2.2 million higher than projected in March due to the increase in projected net revenues from operations for FY 2014 and FY 2015 and a decrease in projected capital spending over the two fiscal years. Over the last several months, approximately \$1.4 million of capital project costs have either been reduced by favorable bid amounts compared to budgeted costs, or have been deferred to future years as the capital project funding schedule has been adjusted.

**University of Iowa
University Housing & Dining Proposed Budget 2014-15**

| | Estimates 2013-14 | Preliminary Budget 2014-15 | Proposed Budget 2014-15 |
|--|----------------------|----------------------------------|-------------------------------|
| OPERATIONS | | | |
| Revenues | \$ 68,635,473 | \$ 68,920,197 | \$ 69,076,331 |
| Expenditures for Operations | 52,214,684 | 52,038,457 | 51,714,593 |
| Net Revenues | 16,420,789 | 16,881,740 | 17,361,738 |
| % of Revenues | 23.9% | 24.5% | 25.1% |
| Debt Service (due July 1) | 7,000,377 | 8,580,555 | 8,580,555 |
| Mandatory Transfers | 600,000 | 600,000 | 600,000 |
| Net After Debt Service & Mandatory Transfers | \$ 8,820,412 | \$ 7,701,185 | \$ 8,181,183 |
| % of Revenues | 12.9% | 11.2% | 11.8% |
| Debt Service Coverage Ratio | 235% | 197% | 202% |
| University Overhead Payment | \$ 524,700 | \$ 623,286 | \$ 623,700 |
| FUND BALANCES (June 30) | | | |
| Operation & Maintenance Fund | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| Improvement Fund | 10,448,763 | 9,999,000 | 10,360,000 |
| System Fund | 4,723,712 | 703,533 | 2,521,195 |
| Subtotal--Voluntary Reserves | 16,172,475 | 11,702,533 | 13,881,195 |
| Bond Reserve Fund | 8,067,450 | 8,069,098 | 8,067,450 |
| Bond Construction Fund | 24,000,000 | 10,000,000 | 10,000,000 |
| Subtotal--Mandatory Reserves | 32,067,450 | 18,069,098 | 18,067,450 |
| Total Fund Balances (June 30) | \$ 48,239,925 | \$ 29,771,631 | \$ 31,948,645 |
| REVENUES AND EXPENDITURES DETAIL | | | |
| Revenues | | | |
| Contracts | \$ 55,807,734 | \$ 56,160,884 | \$ 56,200,663 |
| Interest | 713,111 | 779,227 | 732,242 |
| Other Income | 12,114,628 | 11,980,086 | 12,143,426 |
| Total Revenues | \$ 68,635,473 | \$ 68,920,197 | \$ 69,076,331 |
| Expenditures for Operations | | | |
| Salaries, Wages & Benefits | \$ 23,376,749 | \$ 23,739,708 | \$ 23,529,464 |
| Cost of Food or Goods Sold | 9,120,229 | 9,542,274 | 9,332,461 |
| Other Operating Expense | 10,506,974 | 9,606,583 | 9,569,923 |
| Utilities | 6,163,227 | 6,248,192 | 6,255,245 |
| Repairs & Maintenance | 3,047,505 | 2,901,700 | 3,027,500 |
| Total Expenditures | \$ 52,214,684 | \$ 52,038,457 | \$ 51,714,593 |

FY 2015 BUDGETS – IOWA STATE UNIVERSITY

Iowa State University’s strategic plan, Meeting the Challenges of the 21st Century, reinforces the University’s commitment to 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 over the next several years.

- **Maintain Academic Excellence** – This priority includes additional student advising, supplemental instruction, internship support, classroom improvements, academic support services, financial aid, learning community enhancements, and faculty recruitment and retention in high demand disciplines.
- **Enhance Basic and Applied Research Footprint** – The University is committing new internal funding in areas that enhance research support services and infrastructure. This includes graduate student recruitment/retention, formation of a graduate student writing center, research farm operations, and career services.
- **Promote Economic Development** – ISU is dedicated to connecting faculty, staff, and student resources with industry, communities, educational institutions, businesses, and economic development agencies and has allocated additional support for these areas.
- **Improve Campus Environment** – This priority is to ensure a clean, safe, and secure campus environment and includes additional funding for deferred maintenance projects, public safety staff, facility services staff, and employee professional development programs.

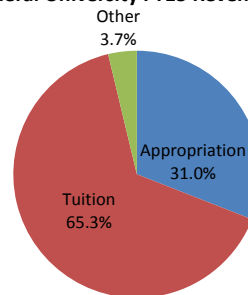
ISU utilizes a responsibility-centered approach to financial management to support its financial planning and budget development. The Resource Management Model provides revenue and growth incentives to units and rewards efficiency by attributing revenues and allocating costs to the major administrative units.

ISU FY 2015 General University Operating Budget

Tuition revenues comprise approximately 65% of the \$584.6 million General University revenue budget with 31% coming from state appropriations. Projected changes in these revenue sources as well as indirect cost recoveries and interest income result in \$32.5 million in incremental revenue when compared to FY 2014.

| | |
|--------------------------------|-----------------|
| FY 2014 Budget | \$552.1 million |
| Revenue Changes: | |
| Appropriation | 7.0 million |
| Tuition | 27.3 million |
| Indirect Cost Recoveries/Other | (1.8) million |
| Revenue Increase | 32.5 million |
| FY 2015 Budget | \$584.6 million |

ISU General University FY15 Revenue Budget



The General University’s FY 2015 operating appropriation of \$180.9 million is 4.0% greater (\$7.0 million) than the FY 2014 state funding amount.

In December 2013, the Board froze tuition (0% increase) for FY 2015 for undergraduate resident students and approved a 1.74% increase for nonresident undergraduates. Increases of 1.81% for graduate resident student tuition and 3.2% for graduate nonresidents were also approved. The University expects another record year for enrollment. The approved tuition rates and the most recent enrollment projections are expected to generate an additional \$27.3 million in tuition revenue when compared to FY 2014.

Indirect cost recoveries and other income are budgeted to decrease by approximately \$1.8 million, reflective of the federal budget reductions and anticipated increase in competition for federally sponsored funding.

Reallocating resources toward institutional priorities is a continuing part of the financial planning and budget development process. In addition to the incremental revenues, the University budget includes redirected resources of \$24.7 million to support the University priorities and initiatives. The majority of these funds will support maintaining academic excellence, which includes additional student advising, supplemental instruction, support services, financial aid, faculty recruitment and retention in high demand areas, and competitive compensation plans for faculty and staff. The following summarizes the uses of the incremental and reallocated revenues.

| | | |
|---------------------------------------|---------|---------|
| Maintain Academic Excellence | \$ 41.1 | million |
| Enhance Basic & Applied Research | 4.7 | million |
| Promote Economic Development | 3.7 | million |
| Improve Campus Environment | 1.6 | million |
| Infrastructure & Other Cost Increases | 6.1 | million |
| Total | \$ 57.2 | million |

Expense budget preparation included the salary policies approved by the Board in June. Performance based salary adjustments for faculty and P&S staff increased the General University's salary base by \$5.4 million (2.44%). Market, retention, and promotional adjustments totaled \$2.2 million, or a 1.0% increase of the faculty and P&S staff salary base. Employer costs associated with the insurance plans offered to faculty and P&S staff are projected to remain flat in FY 2015.

Approximately \$1.0 million was committed to implement the AFSCME contract for merit personnel, including supervisory and confidential employees. This includes annual step increases for eligible employees, the annualization cost of step increases received during FY 2014, and an estimated 8% increase in the cost of insurance benefits.

Other FY 2015 cost increases include the commitment of \$2.6 million to fund the opening (operations and maintenance costs) of Elings Hall and Sukup Hall (Department of Agriculture and Biosystems Engineering buildings), the Agriculture Student Learning Center, and to replace core IT equipment.

The \$584.6 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 2015</u> | <u>% Total</u> |
|-----------------------------------|----------------|----------------|
| Instruction | 211,286 | 36.1% |
| Research | 17,067 | 2.9% |
| Public Service | 4,708 | 0.8% |
| Academic Support | 102,050 | 17.5% |
| Student Services | 33,364 | 5.7% |
| Institutional Support | 38,861 | 6.6% |
| Operations & Maintenance of Plant | 70,853 | 12.1% |
| Scholarships & Fellowships | 106,398 | 18.2% |
| Total | <u>584,587</u> | <u>100.0%</u> |

ISU FY 2015 Special Purpose Operating Budgets

The proposed budgets for the Agricultural Experiment Station and Cooperative Extension Services are provided on page 6. ISU's consolidated special purpose budget (\$8.4 million) on page 6 includes the Leopold Center, Livestock Disease Research, the Veterinary Diagnostic Lab, the Iowa Nutrient Research Center, and Economic Development.

In comparison to FY 2014, the Agricultural Experiment Station and the Veterinary Diagnostic Laboratory each received a 6.3% increase, the Economic Development appropriation rose 4.2%, while the Nutrient Research Center funding was reduced 11.7% (\$175,000). The remaining units were flat-funded (0%) when compared to FY 2014.

The chart provided below lists ISU's special purpose units that received state operating funding for FY 2015. The final FY 2009 appropriation amounts for each unit are also provided (where applicable) for comparison purposes. With the exception of the Veterinary Diagnostic Laboratory and the Nutrient Research Center (established in FY 2014), funding for the remaining special purpose units ranges from 14%-20% less than FY 2009 amounts.

| <u>ISU SPECIAL PURPOSE UNITS</u> | <u>FINAL FY 2009 APPROPRIATIONS</u> | <u>FY 2015 APPROPRIATIONS</u> | <u>FY 2015 LESS FY 2009</u> | <u>% CHANGE</u> |
|----------------------------------|---|-----------------------------------|---------------------------------|-----------------|
| AG. EXP. STATION | 34,989,170 | 29,886,877 | (5,102,293) | -14.6% |
| COOP. EXT SERVICE | 22,324,765 | 18,266,722 | (4,058,043) | -18.2% |
| LEOPOLD CENTER | 494,642 | 397,417 | (97,225) | -19.7% |
| LIVESTOCK DISEASE RESEARCH | 215,129 | 172,844 | (42,285) | -19.7% |
| VET DIAGNOSTIC LAB | 3,080,159 | 4,000,000 | 919,841 | 29.9% |
| NUTRIENT RESEARCH CENTER | - | 1,325,000 | 1,325,000 | |
| ECONOMIC DEVELOPMENT | 2,943,124 | 2,525,302 | (417,822) | -14.2% |

ISU FY 2015 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 2015 Restricted Fund Budget also includes the following state appropriations;

- Tuition Replacement \$ 12.92 million
- Biorenewables Complex - Ag & Biosystems Engineering Building \$ 18.60 million
- Innovation Fund \$ 1.05 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 2015 athletic budget totals \$62 million and is provided on the following page.

FY 2015 ticket revenue projections are conservatively budgeted to be less than FY 2014, which realized record-breaking football ticket sales. Men's basketball ticket revenue projections include season ticket price increases ranging from \$36-\$60.

Conference revenues are budgeted to increase for FY 2015 and are reflective of additional television and football bowl distributions.

Due to increased generated revenues in FY 2014, fewer fundraising resources were distributed to athletics to support operations.

FY 2015 salary projections are approximately \$1.5 million higher than FY 2014 due to staff salary increases in accordance with salary policies approved by the Board and contractual coaching obligations.

Team travel costs (reported in Sports Program Operations) continue to increase due to rising fuel costs. However, football has one less road game requiring travel in FY 2015, and two of these are by bus. Men's basketball has foreign team travel budgeted for FY 2015.

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 \$6.4 million as reflected in the budget.

Capital Projects and deferred maintenance expenses will decline significantly in FY 2015 due to the completion of several repurposing projects that resulted from football's move to the new Bergstrom Football Complex.

The Athletic Department purchases services that benefit 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 \$19.7 million.

IOWA STATE UNIVERSITY ATHLETICS

| | FY 2014 Budget | FY 2014 Estimates | FY 2015 Proposed |
|--------------------------------------|----------------------|----------------------|----------------------|
| REVENUES | | | |
| Ticket Sales: | | | |
| Football | \$ 10,107,205 | \$ 9,999,985 | \$ 9,392,279 |
| Men's Basketball | 3,100,000 | 3,381,222 | 3,600,000 |
| Women's Basketball | 500,000 | 512,102 | 470,000 |
| Wrestling | 115,000 | 150,110 | 115,000 |
| Other Sports | 340,000 | 374,886 | 340,000 |
| Ticket Sales: | 14,162,205 | 14,418,305 | 13,917,279 |
| Foundation Support | 12,926,393 | 11,516,754 | 11,868,915 |
| Conference & NCAA Revenue | 22,348,861 | 23,503,851 | 25,831,108 |
| Multi-Media Rights | 3,462,325 | 3,691,351 | 3,553,000 |
| Post Season Revenue | 1,300,000 | 430,953 | 1,300,000 |
| Student Fees | 1,900,000 | 1,947,697 | 1,950,000 |
| Licensing | 750,000 | 862,547 | 900,000 |
| Game guarantees | 250,000 | 300,507 | 120,000 |
| Auxillary Revenue | 1,250,000 | 1,581,259 | 1,361,667 |
| Other Revenue | 1,706,000 | 2,048,628 | 1,870,000 |
| TOTAL REVENUES | \$ 60,055,784 | \$ 60,301,852 | \$ 62,671,969 |
| EXPENSES | | | |
| Sports Programs - Operations: | | | |
| Football | \$ 3,222,335 | \$ 3,204,821 | \$ 3,074,678 |
| Men's Basketball | 1,318,350 | 1,342,500 | 1,585,210 |
| Women's Basketball | 957,000 | 995,000 | 983,774 |
| Wrestling | 255,000 | 275,000 | 300,000 |
| Other Sports | 2,343,243 | 2,414,585 | 2,617,241 |
| Sports Programs - Operations: | 8,095,928 | 8,231,906 | 8,560,903 |
| Sports Program Support Units: | | | |
| Medical | 400,000 | 380,000 | 400,000 |
| Video Operations | 174,411 | 175,412 | 169,060 |
| Athletic Training | 303,255 | 370,000 | 348,450 |
| Academic Services | 300,000 | 315,000 | 310,050 |
| Other | 447,505 | 431,000 | 505,505 |
| Sports Program Support Units: | 1,625,171 | 1,671,412 | 1,733,065 |
| Internal Operations: | | | |
| Admin Operations | 600,000 | 837,000 | 650,000 |
| Big 12 Expenses | 1,586,000 | 1,610,000 | 1,725,000 |
| Airplane Support | 175,000 | 140,915 | 175,000 |
| IT Operations | 433,500 | 522,000 | 535,000 |
| Other | 235,500 | 291,735 | 245,615 |
| Internal Operations: | 3,030,000 | 3,401,650 | 3,330,615 |
| Salaries & Benefits | 20,485,997 | 20,413,760 | 21,992,090 |
| Scholarships | 5,780,742 | 5,637,409 | 6,435,771 |
| External Operations | 2,379,683 | 2,376,965 | 2,564,677 |
| Facilities & Events | 5,621,808 | 6,028,429 | 6,481,492 |
| Postseason | 2,430,000 | 1,365,000 | 2,725,000 |
| Debt Service | 6,137,511 | 6,316,452 | 6,836,812 |
| Capital Projects/Def Maint | 4,404,447 | 4,780,891 | 1,942,001 |
| TOTAL EXPENSES | \$ 59,991,287 | \$ 60,223,874 | \$ 62,602,426 |

ISU Residence System

The proposed Residence System budget remains unchanged from that presented to the Board at the March 2014 meeting and is provided below. FY 2015 budgeted revenues and expenses exceed FY 2014 largely due to the leasing of additional spaces to meet the increased occupancy demand. In addition, all 720 new apartment beds in Frederiksen Court will be available for all of FY 2015 (compared to 240 beds available in fall 2013 – remainder were available for spring semester).

**Iowa State University
Residence System Proposed Budget 2014-15**

| | Estimates 2013-14 | Proposed Budget 2014-15 |
|--|------------------------------|--|
| OPERATIONS | | |
| Revenues | \$ 92,343,551 | \$ 98,428,687 |
| Expenditures for Operations | 66,706,609 | 73,446,455 |
| Net Revenues | 25,636,942 | 24,982,232 |
| % of Revenues | 27.8% | 25.4% |
| Debt Service (due July 1) | 12,484,419 | 12,573,218 |
| Mandatory Transfers | 500,000 | 500,000 |
| Net After Debt Service & Mandatory Transfers | \$ 12,652,523 | \$ 11,909,014 |
| % of Revenues | 13.7% | 12.1% |
| Debt Service Coverage Ratio | 205% | 199% |
| University Overhead Payment | \$ 2,107,538 | \$ 2,138,032 |
| FUND BALANCES (June 30) | | |
| Improvement Fund | 14,065,386 | 11,742,577 |
| System Fund | 15,401,577 | 14,898,409 |
| Subtotal--Voluntary Reserves | 29,466,963 | 26,640,986 |
| Bond Reserve Fund | 12,573,218 | 12,573,218 |
| Bond Construction Fund | 400,000 | |
| Subtotal--Mandatory Reserves | 12,973,218 | 12,573,218 |
| Total Fund Balances (June 30) | \$ 42,440,181 | \$ 39,214,204 |
| REVENUES AND EXPENDITURES DETAIL | | |
| Revenues | | |
| Contracts | \$ 72,035,747 | \$ 79,337,344 |
| Interest | 167,381 | 176,000 |
| Other Income | 20,140,423 | 18,915,343 |
| Total Revenues | \$ 92,343,551 | \$ 98,428,687 |
| Expenditures for Operations | | |
| Salaries, Wages & Benefits | \$ 31,164,478 | \$ 33,892,067 |
| Cost of Food or Goods Sold | 11,985,670 | 12,766,341 |
| Other Operating Expense | 13,284,149 | 15,616,951 |
| Utilities | 7,206,754 | 8,011,471 |
| Repairs & Maintenance | 3,065,558 | 3,159,625 |
| Total Expenditures | \$ 66,706,609 | \$ 73,446,455 |

FY 2015 BUDGETS – UNIVERSITY OF NORTHERN IOWA

During the FY 2015 budget development process, operational decisions were made with a strong focus on University goals and priorities as identified in the strategic plan: Leadership and Innovation for the Future: Transforming Opportunities into Reality. UNI’s primary goals are to provide a premier undergraduate educational experience, provide a premier teacher-education program, and increase services to the citizens of the State of Iowa. In addition, the following guiding principles were applied to the process:

- Maintain affordability and accessibility
- Maintain the academic mission to ensure program quality and timely graduation
- Provide a safe campus for students and staff
- Make strategic operational changes rather than across-the-board cuts

The University operating budget will support the following goals as identified in the strategic plan:

- Be a leading undergraduate public university that provides a strong liberal arts foundation,
- Provide rigorous and relevant graduate education that meets the needs of graduate students, the university, and the community,
- Be a state and national leader in pre K-12 education,
- Create and maintain an inclusive educational environment that prepares students to thrive in a diverse global environment,
- Enhance the economic, social, cultural, and sustainable development of the state, and
- Ensure accountability, affordability, and access.

The University of Northern Iowa plans to maintain a strong focus on University goals and priorities while maximizing the efficient use of resources, reducing costs, and actively pursuing enrollment strategies.

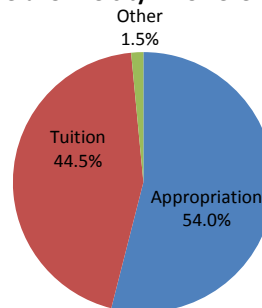
UNI FY 2015 General University Operating Budget

State appropriations comprise more than half of UNI’s proposed FY 2015 General University operating revenue budget with tuition revenue comprising 44.5% of budgeted revenues. Projected changes in these revenue sources result in \$4.9 million in incremental revenue (2.9% increase) when compared to FY 2014.

| | |
|-------------------------|------------------|
| FY 2014 Estimates | \$ 167.8 million |
| Revenue Changes: | |
| Base Appropriation | 6.0 million |
| One-Time Appropriation* | (2.0) million |
| Tuition | 0.9 million |
| Revenue Increase | 4.9 million |
| FY 2015 Budget | \$ 172.7 million |

*see one-time appropriation explanation below

UNI General University FY15 Revenue Budget



As shown in the table on the following page, the General University’s FY 2015 base operating appropriation of \$89.2 million is approximately \$6.0 million more (7.2%) than state funding received for FY 2014. Also, the 2013 General Assembly appropriated a total of \$10 million in one-time funds available in FY 2014 and FY 2015. With \$6 million of this one-time appropriation budgeted for FY 2014, it is important to note the FY 2015 budget was balanced with the remaining \$4 million of the one-time funding. In total, UNI’s general university appropriations (base and one-time) for FY 2015 exceed FY 2014 amounts by slightly less than \$4.0 million. Note: None of the one-time funds will be available for FY 2016.

| <u>UNI - General University</u> | <u>FY 2014</u> | <u>FY 2015</u> | <u>Difference</u> |
|---------------------------------|------------------|------------------|--------------------|
| Appropriation-Base | 83,222,819 | 89,176,732 | 5,953,913 |
| Appropriation-One Time | <u>6,000,000</u> | <u>4,000,000</u> | <u>(2,000,000)</u> |
| Total | 89,222,819 | 93,176,732 | 3,953,913 |

In December 2013, the Board froze tuition (0% increase) for FY 2015 for undergraduate resident students and approved a 2.0% increase for resident graduate students. All nonresident tuition rates were increased 2.5%. Based on the projected enrollment and approved tuition rates, the University currently projects FY 2015 tuition revenue to be \$0.9 million more than FY 2014 amounts.

Other revenues are projected to increase a total of approximately \$50,000.

The budget also includes reallocated resources of approximately \$0.8 million that will be used to fund faculty positions in high-demand programs in departments across the University. These faculty positions will help those programs maintain their high quality while allowing them to attract additional students.

Mandatory salary and related benefit increases from faculty and merit employee bargaining are included in the proposed FY 2015 budget. United Faculty salaries increased 2.25% on July 1, 2014, and eligible AFSCME employees will receive a 4.5% step increase on their employment anniversary dates. Salary increases for non-bargained P&S staff averaged 2.25% comparable to United Faculty. Health costs for AFSCME employees and faculty/P&S staff are projected to increase by 4%. The FY 2015 General University budget includes a total salary and fringe cost increase of \$2.3 million when compared to last year.

Utility expenses are projected to increase \$0.2 million (3.2%). Other costs expected to moderately increase include equipment and student aid. Limited resources were available to fully meet the needs of some initiatives including marketing, admissions counselors, academic advisors, and student aid.

The \$172.7 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 74% of all general university expenses.

General University Spending By Function
(\$ in thousands)

| | <u>FY 2015</u> | <u>% Total</u> |
|-----------------------------------|----------------|----------------|
| Instruction | 73,590 | 42.6% |
| Research | 257 | 0.1% |
| Public Service | 1,664 | 1.0% |
| Academic Support | 21,174 | 12.3% |
| Student Services | 8,081 | 4.7% |
| Institutional Support | 34,198 | 19.8% |
| Operations & Maintenance of Plant | 20,002 | 11.6% |
| Scholarships & Fellowships | <u>13,701</u> | <u>7.9%</u> |
| Total | 172,667 | 100.0% |

UNI FY 2015 Special Purpose Operating Budgets

UNI's consolidated special purpose budget (\$6.6 million) on page 6 includes the Iowa Mathematics and Science Education Partnership Program (IMSEP), Recycling and Reuse Center, Real Estate Education, and Economic Development. All special purpose units were flat-funded (0% increase) when compared to FY 2014.

The table provided on the following page lists UNI's special purpose units that received state operating funding for FY 2015. The final FY 2009 appropriation amounts for each unit are provided for comparison purposes. The Recycling and Reuse Center and Real Estate Education funding levels are 20.5% less than FY 2009 amounts.

Special purpose funding for IMSEP and Economic Development has grown in recent years. UNI's Economic Development appropriation was increased for FY 2014 to expand UNI's role in serving small Iowa businesses by investing in Economic Gardening to provide extensive assistance with advanced market research and tailored growth strategies. IMSEP is a collaboration of the University of Iowa, Iowa State University, and the University of Northern Iowa. UNI administers the program which promotes Science, Technology, Engineering, and Math (STEM) education in Iowa. In addition to implementing and sustaining successful STEM programs, the Partnership is also aligned with the goals and priorities of the Governor's STEM Advisory Council.

| <u>UNI SPECIAL PURPOSE UNITS</u> | <u>FINAL FY 2009</u> | <u>FY 2015</u> | <u>FY 2015 LESS</u> | |
|----------------------------------|-----------------------|-----------------------|---------------------|-----------------|
| | <u>APPROPRIATIONS</u> | <u>APPROPRIATIONS</u> | <u>FY 2009</u> | <u>% CHANGE</u> |
| RECYCLING & REUSE | 220,430 | 175,256 | (45,174) | -20.5% |
| MATH & SCIENCE | 3,940,000 | 5,200,000 | 1,260,000 | 32.0% |
| REAL ESTATE EDUCATION | 157,600 | 125,302 | (32,298) | -20.5% |
| ECONOMIC DEVELOPMENT | 583,393 | 1,066,419 | 483,026 | 82.8% |

UNI FY 2015 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), Gallagher-Bluedorn Performing Arts Center, Wellness Recreation Center, and the Student Health System.

The proposed FY 2015 Restricted Fund Budget includes the following state appropriations:

- Tuition Replacement \$ 6.28 million
- Bartlett Hall Renovation \$ 1.95 million
- Innovation Fund \$ 0.90 million

UNI Athletics

The University of Northern Iowa's FY 2015 athletic budget provided on the following page reflects revenue projections of \$13.1 million; slightly less than FY 2014 estimates.

General university funds for athletics provide support for scholarships, operations, and the graduate assistant program. FY 2015 is the final year of a three-year plan to reduce support for Athletics by \$500,000. As a part of the University support reduction plan, the Student Fee Committee recommended and the Board approved a higher allocation of the student services fee for Athletics in FY 2015 that offsets a \$250,000 reduction in general university support for Athletics.

Football income is budgeted to increase from game guarantee revenue from two opponents in FY 2015 when compared to FY 2014, which had one such opponent on the schedule.

NCAA distributions to the conference for Men's Basketball will increase in FY 2015.

Additional foundation support was needed to support operations for FY 2014 due to lower ticket revenue and some expense increases. Foundation support for FY 2015 is budgeted at approximately \$1.6 million.

The athletic department is responsible for paying tuition for awarded scholarships. Scholarship costs of approximately \$3.8 million for the equivalent of 189 scholarships are included in the applicable sports expense lines.

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. The projected total cost to Athletics for these services in FY 2015 is \$4.1 million.

University of Northern Iowa
FY 2015 Proposed Athletic Budget

| | <u>FY 2014 Budget</u> | <u>FY 2014 Estimates</u> | <u>FY 2015 Proposed Budget</u> |
|----------------------------------|---------------------------|------------------------------|--|
| INCOME | | | |
| Football | 999,500 | 786,579 | 1,380,500 |
| Men's Basketball | 986,200 | 761,993 | 871,200 |
| Men - All Other Sports | 68,325 | 66,255 | 103,000 |
| Women - All Sports | <u>228,822</u> | <u>237,387</u> | <u>169,100</u> |
| Subtotal - Sports | <u>2,282,847</u> | <u>1,852,214</u> | <u>2,523,800</u> |
| Other Income | | | |
| Student Activity Fee | 1,749,975 | 1,749,440 | 1,996,475 |
| University Support for: | | | |
| General Athletics Operations | 2,914,533 | 2,914,533 | 2,707,860 |
| Scholarships | 1,283,481 | 1,283,481 | 1,283,481 |
| Alumni/Foundation Support | 1,632,361 | 2,611,159 | 1,565,000 |
| Athletic Marketing | 1,151,000 | 1,146,000 | 1,171,000 |
| Athletic Conf/NCAA Support | 985,000 | 818,000 | 1,070,000 |
| Novelties - Outings | 275,000 | 240,000 | 300,000 |
| General | <u>647,000</u> | <u>536,350</u> | <u>452,000</u> |
| Subtotal - Other | <u>10,638,350</u> | <u>11,298,963</u> | <u>10,545,816</u> |
| TOTAL INCOME | <u>12,921,197</u> | <u>13,151,177</u> | <u>13,069,616</u> |
| EXPENSES | | | |
| Men's Sports | | | |
| Football | 3,053,049 | 2,976,153 | 2,989,562 |
| Basketball | 1,946,260 | 2,018,619 | 2,003,322 |
| All Other Men's Sports | <u>1,169,692</u> | <u>1,258,867</u> | <u>1,197,008</u> |
| Subtotal - Men's Sports | <u>6,169,001</u> | <u>6,253,639</u> | <u>6,189,892</u> |
| Women's Sports | | | |
| Basketball | 1,011,298 | 1,033,763 | 1,024,641 |
| Volleyball | 804,314 | 781,365 | 772,996 |
| All Other Women's Sports | <u>2,263,362</u> | <u>2,281,302</u> | <u>2,214,292</u> |
| Subtotal - Women's Sports | <u>4,078,974</u> | <u>4,096,430</u> | <u>4,011,929</u> |
| Other Expenses | | | |
| Athletic Training | 215,542 | 224,757 | 285,744 |
| Administration & General | 2,166,221 | 2,343,285 | 2,244,039 |
| Athletic Marketing | 216,459 | 233,066 | 233,012 |
| Contingency | <u>75,000</u> | <u>-</u> | <u>105,000</u> |
| Subtotal - Other Expenses | <u>2,673,222</u> | <u>2,801,108</u> | <u>2,867,795</u> |
| TOTAL EXPENSES | <u>12,921,197</u> | <u>13,151,177</u> | <u>13,069,616</u> |

UNI Residence System

The Board received a preliminary FY 2015 residence system budget as a part of the governance report at its March 2014 meeting. The proposed FY 2015 budget includes updated interest income and system fund balance projections. The fund balance is expected to increase from higher net revenues in FY 2014 and FY 2015 than had been previously projected. All other revenue and expense categories remain consistent with the preliminary budget.

**University of Northern Iowa
Residence System Proposed Budget 2014-15**

| | Estimates 2013-14 | Preliminary Budget 2014-15 | Proposed Budget 2014-15 |
|--|----------------------|----------------------------------|-------------------------------|
| OPERATIONS | | | |
| Revenues | \$ 37,716,042 | \$ 38,365,271 | \$ 38,621,165 |
| Expenditures for Operations | 25,943,042 | 26,706,577 | 26,706,577 |
| Net Revenues | 11,773,000 | 11,658,694 | 11,914,588 |
| % of Revenues | 31.2% | 30.4% | 30.8% |
| Debt Service (due July 1) | 6,769,415 | 6,749,590 | 6,749,590 |
| Mandatory Transfers | 330,000 | 330,000 | 330,000 |
| Net After Debt Service & Mandatory Transfers | \$ 4,673,585 | \$ 4,579,104 | \$ 4,834,998 |
| % of Revenues | 12.4% | 11.9% | 12.5% |
| Debt Service Coverage Ratio | 174% | 173% | 177% |
| University Overhead Payment | \$ 698,576 | \$ 717,664 | \$ 717,664 |
| FUND BALANCES (June 30) | | | |
| Improvement Fund | \$ 3,960,575 | \$ 3,290,575 | \$ 3,290,575 |
| System Fund | 8,895,497 | 9,261,383 | 10,012,829 |
| Subtotal--Voluntary Reserves | 12,856,072 | 12,551,958 | 13,303,404 |
| Bond Reserve Fund | 6,115,951 | 6,115,951 | 6,115,951 |
| Subtotal--Mandatory Reserves | 6,115,951 | 6,115,951 | 6,115,951 |
| Total Fund Balances (June 30) | \$ 18,972,023 | \$ 18,667,909 | \$ 19,419,355 |
| REVENUES AND EXPENDITURES DETAIL | | | |
| Revenues | | | |
| Contracts | \$ 31,426,735 | \$ 32,452,710 | \$ 32,452,710 |
| Interest | 720,552 | 200,000 | 455,894 |
| Other Income | 5,568,755 | 5,712,561 | 5,712,561 |
| Total Revenues | \$ 37,716,042 | \$ 38,365,271 | \$ 38,621,165 |
| Expenditures for Operations | | | |
| Salaries, Wages & Benefits | \$ 14,291,968 | \$ 14,466,673 | \$ 14,466,673 |
| Cost of Food or Goods Sold | 4,513,720 | 4,710,335 | 4,710,335 |
| Other Operating Expense | 2,771,698 | 2,854,598 | 2,854,598 |
| Utilities | 2,640,853 | 2,854,054 | 2,854,054 |
| Repairs & Maintenance | 1,724,803 | 1,820,917 | 1,820,917 |
| Total Expenditures | \$ 25,943,042 | \$ 26,706,577 | \$ 26,706,577 |

FY 2015 BUDGET – IOWA PUBLIC RADIO

The FY 2015 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 lowans. The proposed FY 2015 budget was approved by IPR's Board of Directors on June 25, 2014.

- In April 2014, the Board of Regents approved IPR's request to restore university support to FY 2013 levels resulting in an increase of \$118,100 from FY 2014 support.
- Federal support is estimated to decrease in FY 2015 based on the grant calculation factors provided by the Corporation for Public Broadcasting (CPB).
- Revenue generated by fundraising efforts in FY 2015 is estimated to increase primarily due to the timing of the hiring of a Director of Development (1/1/15 projected hire date).
- Salary expenses are estimated to decrease primarily due to unfilled positions, hiring delays, and eliminated positions. The FY 2015 budget does include an average salary increase of approximately 1.0% for staff.
- Generally, the remaining operating expenses are estimated to increase primarily from higher programming fees, facility lease costs, and utilities. In addition, professional and other services costs are budgeted to increase from higher insurance, consultant costs for revenue generation projects, and industry membership expenses.

| | FY14 BUDGET | FY15 BUDGET | DIFFERENCE |
|---|---------------------|---------------------|--------------------|
| OPERATING INCOME | | | |
| University Support | \$ 826,700 | \$ 944,800 | \$ 118,100 |
| State of Iowa Appropriation | 391,568 | 391,568 | - |
| Federal Support - CPB | 859,061 | 631,845 | (227,216) |
| Fundraising | 4,909,057 | 5,166,427 | 257,370 |
| Transfer from reserves | 575,018 | 336,276 | (238,742) |
| TOTAL OPERATING INCOME | \$ 7,561,404 | \$ 7,470,916 | \$ (90,488) |
| OPERATING EXPENSES | | | |
| Compensation | \$ 4,333,334 | \$ 3,992,969 | \$ (340,365) |
| Programming Fees | 1,025,658 | 1,098,602 | 72,943 |
| Facilities | 496,614 | 553,042 | 56,428 |
| Professional/Other Services | 586,071 | 673,640 | 87,568 |
| Telecommunications | 218,183 | 222,442 | 4,259 |
| Depreciation Expense | 470,181 | 501,130 | 30,949 |
| Printing | 72,800 | 77,800 | 5,000 |
| Supplies | 94,401 | 118,204 | 23,803 |
| Travel | 89,040 | 86,730 | (2,310) |
| Other | 167,005 | 137,374 | (29,631) |
| TOTAL OPERATING EXPENSES | \$ 7,553,287 | \$ 7,461,932 | \$ (91,355) |
| NET OPERATING INCOME (LOSS) | \$ 8,117 | \$ 8,984 | \$ 867 |
| NON-OPERATING INCOME (EXPENSE): | | | |
| Rental Revenue | \$ 115,535 | \$ 118,566 | \$ 3,030 |
| Investment Earnings | 25,150 | 25,150 | - |
| Equipment, Capitalized | (104,000) | (120,600) | (16,600) |
| Equipment, Non-Capitalized | (33,200) | (24,000) | 9,200 |
| Debt Service | (11,602) | (8,100) | 3,503 |
| TOTAL NON-OPERATING INCOME (EXPENSE) | \$ (8,117) | \$ (8,984) | \$ (867) |
| NET ALL ACTIVITY | \$ - | \$ - | \$ - |

FY 2015 BUDGET – BOARD OFFICE

The Board Office operating budget is supported mainly by state appropriations and institutional support. The proposed FY 2015 operating budget of the Board Office shows a 5% increase over the FY 2014 budget. State appropriations are at the FY 2014 level.

Reflecting the service nature of the Board Office, personnel costs are approximately 76% of the FY 2015 budget. Salary increases within the range of 2–3% were approved by the Board of Regents at the June 4, 2014 meeting; individual adjustments were made for equity and competitive market factors. FY 2015 Personnel costs also include a deferred compensation distribution and bonus for the Executive Director.

The Board’s staff costs and expenses funded through Federal grants for a student longitudinal data study and administration of Title II are included and account for most of the increase in Special Services. Workers Compensation is no longer a separate item, but part of fringe benefits. Costs were lowered for Office Equipment and Furnishing following the conclusion of an office remodel last year.

| FY 2015 Board Office Budget | | | |
|------------------------------------|-------------------|-------------------------------|-----------------------------|
| | Budget FY 2014 | Proposed Budget FY 2015 | % Change from FY 2014 |
| Revenues | | | |
| State Appropriations | 1,094,714 | 1,094,714 | 0.0% |
| Institutional Reimbursements | 2,553,601 | 2,679,460 | 4.9% |
| Federal Support | 176,931 | 240,712 | 36.0% |
| Non-institutional | 1,500 | 1,500 | 0.0% |
| Principal Demutualization | 2,500 | 3,000 | 20.0% |
| TOTAL REVENUE | 3,829,246 | 4,019,386 | 5.0% |
| Expenditures | | | |
| Personnel and Board per diem | 2,907,359 | 3,044,387 | 4.7% |
| Travel | 74,550 | 74,200 | -0.5% |
| Office Supplies & Printing | 35,000 | 35,000 | 0.0% |
| Dues | 60,000 | 60,000 | 0.0% |
| Advertising | 2,000 | 2,000 | 0.0% |
| Communications | 50,000 | 52,500 | 5.0% |
| Outside Services & Repairs | 55,000 | 45,000 | -18.2% |
| State Audit | 13,500 | 14,500 | 7.4% |
| Workers Comp | 6,000 | - | -100.0% |
| IT Services | 42,500 | 43,500 | 2.4% |
| Office Equipment & Furnishings | 33,000 | 28,000 | -15.2% |
| Office Space | 103,271 | 106,667 | 3.3% |
| Educational/Training Expense | 20,500 | 20,500 | 0.0% |
| Special Services | 426,566 | 493,132 | 15.6% |
| TOTAL EXPENDITURES | 3,829,246 | 4,019,386 | 5.0% |