Board of Regents, State of Iowa

FY 2012 Budget Presentation
Regent Budget Process

Regents Appropriation Request (September)

Legislature and Governor Negotiate and Finalize State Budget (January - June)

Governor's Budget Proposal (January)

Regents Adopt Final Institutional Budgets (August)

Regents Tuition Proposal (October/December)

Legislature and Governor Negotiate and Finalize State Budget (January - June)

Governor's Budget Proposal (January)

Regents Adopt Final Institutional Budgets (August)

Regents Appropriation Request (September)
REGENT FY 2012 ENTERPRISE PROPOSED BUDGET - $4.26 billion

- **University Gen. Education**, $1,255.5
- **Special School Gen. Education**, $16.9
- **Restricted Functions**, $1,925.7
- **Other State Supported Functions**, $82.8
- **UIHC Operations**, $975.4
GENERAL UNIVERSITY RESOURCES - $1,255 MILLION

- Tuition and Fees, 58.3%
- State Appropriations, 35.7%
- Reimb. Indirect Costs, 5.6%
- Sales and Service/Other, 0.2%
- Interest, 0.2%
State Appropriation Changes since FY 2009

- FY 2009: $701,734,354
- FY 2010: $684,210,945
- FY 2011: $659,324,402
- FY 2012: $598,062,470

Appropriations:
- FY 2009: $701,734,354
- FY 2010: $659,324,402
- FY 2011: $558,258,529
- FY 2012: $528,481,139
State Appropriation Changes to General University Funds

FY 2009 | FY 2010 | FY 2011 | FY 2012

Appropriations | Decreases | Additional Decreases

FY 1997 Appropriations: $592,499,507
FY 2009 Appropriations: $504,260,561
FY 2010 Appropriations: $482,925,187
FY 2011 Appropriations: $474,468,549
FY 2012 Appropriations: $448,817,095
Tuition Increases
FY 1981 to FY 2012

Tuition Increase
FY 2012 Tuition and Fees
Regent Universities and Peer Institutions
Regent Budget Goals

Continue to stabilize and strengthen the Regent institutions' financial model to address future needs.

- Improve productivity and service
- Reduce cost
- Restructure for efficiency and effectiveness
- Defer investments
- Generate reliable sources of recurring revenue
- Discount the cost of education through financial aid
President’s Budget Presentation

FY2012
University Budgets
FY 2012

TOTAL: $3,009.64 (in millions)

General Education Fund, $625.80, 21%
Practice Plans, $213.04, 7%
Health Care/Patient Care, $975.42, 32%
Self-Funded Enterprises, $198.40, 7%
Capital Expense and Debt Service, $358.40, 12%
Direct Research, $345.00, 11%
Other, $293.60, 10%
### FY 2012 GEF Revenue/Source Summary

<table>
<thead>
<tr>
<th>FY 2011 Revised GEF Budget</th>
<th>Changes from FY 2011 to FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 612.4 million</td>
<td>$(12.0) million State Appropriation Reduction</td>
</tr>
<tr>
<td>$ 28.5 million</td>
<td>$ 28.5 million Tuition</td>
</tr>
<tr>
<td>$(3.1) million</td>
<td>$(3.1) million Reimbursed Indirect Costs</td>
</tr>
<tr>
<td>$ 13.4 million</td>
<td>$ 13.4 million Net Revenue Increase</td>
</tr>
<tr>
<td>$ 625.8 million</td>
<td>FY 2012 GEF Budget</td>
</tr>
</tbody>
</table>

- **$20.0 million** Tuition rate revenue
- **$8.5 million** Enrollment increase revenue
- **$28.5 million** Total tuition revenue
<table>
<thead>
<tr>
<th>Access and Enrollment Growth</th>
<th>$11,615,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate Student Success</td>
<td>$4,646,585</td>
</tr>
<tr>
<td>Graduate Student Success</td>
<td>$3,549,429</td>
</tr>
</tbody>
</table>

**Benefits**

- Bargaining: $2,024,000 ($3.0M)
- Non-Bargaining: $4,976,000 ($2.1M)
## Student Financial Aid Set-Aside and Tuition

### 10-year growth

<table>
<thead>
<tr>
<th></th>
<th>FY 2001</th>
<th>FY 2011</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition</td>
<td>$125,729,000</td>
<td>$321,150,000</td>
<td>155%</td>
</tr>
<tr>
<td>Student Financial Aid Set-Aside</td>
<td>$20,117,000</td>
<td>$67,749,000</td>
<td>237%</td>
</tr>
</tbody>
</table>
Cost Saving Measures

Efficiencies and Productivity

- Faculty instructional productivity (SCH/FTE) up 10.5% since FY 2005

- Faculty personnel files migrated into ePersonnel Record system

- E-transactions (Workflow) growing toward 1,000,000 per year

- Inter-institutional initiatives
  - Joint Purchasing Contracts
  - ProTrav Procurement Card/Travel Software
  - Jobs@UNI

- Energy Control Center: $500,000 annual savings

- Energy Hawks: $1.5M annual savings

- Oakdale Hall Razing: $792,000 annual savings
Executive/Administrative to Total Staff Comparison 2010-2011
University of Iowa Distinctions

- Students, Faculty and Alumni of Distinction
- Programs of Distinction
- University of Distinction
- Engaging Iowans with Distinction
University of Iowa Economic Impact

- **Tripp-Umbach Report:**
  - $6 billion/year for Iowa’s economy
  - ROI: $16 for every $1 in state investment
  - 1 out of every 30 jobs in the Iowa economy supported by UI
  - Non-resident students contribute $380M/year to the Iowa economy

- **Construction Impact**
  - 3.5-fold increase in construction activity in next 5 years

- **$456.5 million in grants and contracts awarded, FY 2011**
  - 1,900 FTE engaged in research, grant/contract activity

- **Start-ups/Job Creation**
  - Exemplar Genetics
  - Terpenoid Therapeutics, Inc.
Iowa State University of Science & Technology

• Iowa’s Land-Grant university
  - Unwavering commitment to serving Iowans

• Iowa’s university focused on science & technology

• Member of Association of American Universities (AAU)
  - Top 61 North American universities

• USA Today/Princeton Review 2011 “Top 50 Best Value”
  - Low tuition
  - High-quality educational programs
Our Land-Grant Mission

Dedicated to:

• Providing a superior education to students
  - Record 28,682 students in fall 2010; 64% Iowans

• Making a better Iowa through research
  - $342.3M in external grants & contracts—strong focus on practical research applied to meeting the needs of Iowa
  - An engine for economic development

• Serving Iowa through extension & outreach
  - Nearly 1 million Iowans served in FY2010
  - >1,100 Iowa companies assisted in FY2010
  - >5,000 jobs added or retained in FY2010
Iowa State University of Science & Technology

- Ames Laboratory of U.S. Department of Energy
  - $30.5M funding (FY2010)
- USDA centers
  - Plant Introduction Laboratory
  - Corn Insects & Crop Genetics
- Bioeconomy Institute
- Plant & animal genomics
- Plant, animal & human health
- Virtual Reality Applications Center
- Strong culture of technology transfer throughout the university
FY2012 Budget Development

Revenue factors

• $11.5M reduction in revenues from state appropriations (-5%)
  - $228.1M → $216.6M (same level as FY1996)
  - Since FY2009, appropriations reduced by $67M (-23.6%)

• $20.3M increase in revenues from student tuition
  - $306 increase per Iowa resident undergraduate; $612 increase per non-resident undergraduate
  - Enrollment projected to increase from 28,682 to 29,200 in fall 2011

• $570,000 decrease in indirect costs from external grants & contracts
  - Timing, source of funds, end of ARRA funding
FY2012 Budget Development

Expense factors

• $2.4M for funding AFSCME contracts
  - 5% increase to salary & benefit base
• $6M for salary increases to faculty & staff
  - 2.7% increase to salary & benefit base
• $5.1M increase in student financial aid
  - 23.5% set aside
• $2.6M for strategic faculty hires
• $2M for core facility & safety priorities
• $500K for library acquisitions
ISU’s Incentive Driven Budgeting

• Led by EVPP Hoffman, with campus input & oversight by President’s Budget Cabinet
• Budget reductions were sustained by all budget units as a result of the cuts to our FY2012 appropriations
• Revenues distributed to units that generate revenue, including tuition, with highly differential impact
• Deans & budget leaders develop FY2012 budget plans for their units
• EVPP Hoffman reviews & approves
Budget Priorities
Developed with ISU & Regents Strategic Plans

• Make sure every student has access to the classes & laboratories needed to stay on track to graduation
  – Majority of new students are in laboratory-intensive, science-based disciplines
  – 4- & 6-year graduation rates improving
  – >95% of graduates are employed or in graduate school 6 months after graduation

• Strengthen faculty with strategic hires in engineering, in biosciences with NIH funding potential, and in areas of high student demand

• Consolidate academic & support services
  – School of Education
  – Entomology to combine with natural resources & environmental management
  – Evaluating the combination of political science & anthropology
  – Creating shared business centers for academic & research support
Strengthening Iowa’s Economy

DuPont Danisco

- Cellulosic ethanol production facility to be built in Nevada, Iowa
- Chose Iowa because of ISU’s investments & many strengths in biorenewables, and ISU’s strong partnership with DuPont subsidiary Pioneer Hi-Bred
- $275.5M investment
- Open in 2013 & employ 60 people
- Process 300,000 tons of cellulosic material annually
- Annual economic impact for Iowa of >$30M
Strengthening Iowa’s Economy

Laboratorias Hipra

- Multinational animal health company based in Spain
- North American HQ, R&D, production facility to be in ISU Research Park
- Chose Iowa because of ISU’s strengths in animal health & biologics, infrastructure support, proximity to NADL
- $68M capital investment
- Phase I to have 60 employees; grow to 85 in 3 years
- >$10M annual economic impact for Iowa
Proposed FY 2012 Budget

Benjamin J. Allen
President
August 4, 2011

Dr. Angeleita Floyd giving an applied flute lesson to a student
National Rankings & Distinctions

• U.S. News & World Report Ranking
• Princeton Review Ranking – Business
• Nationally Recognized Jazz Program
• STARS Award
• President’s Higher Education Community Service Honor Roll
• Military Friendly School
Statewide Impact

• We serve Iowa’s students who then serve Iowa
  – 92% of our students are from Iowa
  – 74% of our alumni who graduated in the last decade live in Iowa

• We educate Iowa’s students
  – More than 12,000 alumni educators teach in Iowa
  – About 1/3 of Iowa’s school leaders are UNI alumni

• We support Iowa’s economic development
  – Our efforts reach 100% of Iowa’s counties
Budget Development Context

Source: Board of Regents, State of Iowa Reports
Budgeted Appropriations and Fall Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Budgeted Appr</th>
<th>Fall Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 09</td>
<td>$98.3M</td>
<td>12908</td>
</tr>
<tr>
<td>FY 10</td>
<td>$83.8M</td>
<td>13080</td>
</tr>
<tr>
<td>FY 11</td>
<td>$79.0M</td>
<td>13201</td>
</tr>
<tr>
<td>FY 12</td>
<td>$74.7M</td>
<td>13350</td>
</tr>
</tbody>
</table>

Source: Board of Regents, State of Iowa Reports

State $ Per Student:
- FY 09: $7,615
- FY 10: $6,407
- FY 11: $5,984
- FY 12: $5,596
Efficiencies in Recent Years

• Reorganized academic and non-academic units
• Reduced workforce
• Increased class sizes and teaching loads
• Refinanced bonds to achieve future savings
• Reduced employer paid benefit programs
• Collaborated with Regents institutions in academic affairs, student affairs and financial services
• Partnered with Cedar Falls and Waterloo, and local non-profit organizations
<table>
<thead>
<tr>
<th>Major budget changes from FY 2011</th>
<th>$ Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>State appropriations decrease</td>
<td>(4.3)</td>
</tr>
<tr>
<td>Salary/fringe increase (collective bargaining)</td>
<td>(3.3)</td>
</tr>
<tr>
<td>Indirect cost recovery/interest/sales &amp; services decrease</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Estimated net tuition (after additional $1.2 million set aside for student aid)</td>
<td>4.1</td>
</tr>
<tr>
<td>Net projected shortfall</td>
<td>(3.6)</td>
</tr>
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Guiding Principles for FY 2012 Budget Decisions

1. Maintain affordability and accessibility 
   (increase aid to students with financial need)
2. Ensure program quality and timely graduation
3. Maintain a safe campus
4. Make strategic changes rather than across-the-board cuts
1. Reduction of workforce
2. Reduction in services
3. Reduction of general fund support for auxiliaries
4. Selective outsourcing
5. Mergers or reorganizations of units/functions
6. Consideration of temporary, one-time reductions
7. Expand enrollment
8. Increase revenue
Conclusion

• Challenges moving forward
• We are committed to
  – Being a leading undergraduate public institution
  – Serving the needs of Iowa
IOWA’S EDUCATIONAL SERVICES FOR THE BLIND AND VISUALLY IMPAIRED

Budget Proposal 2011-2012
CORE SERVICES TO STUDENTS WHO ARE BLIND OR VISUALLY IMPAIRED IN IOWA

525 STUDENTS SERVED STATEWIDE

- INDIVIDUALIZED EDUCATION PROGRAMS
- EXPANDED CORE CURRICULUM
State of Iowa General Appropriations for Services to Students who are Blind and Visually Impaired 2003-2012

<table>
<thead>
<tr>
<th>Year</th>
<th>% Change</th>
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<tbody>
<tr>
<td>2003</td>
<td>.01%</td>
</tr>
<tr>
<td>2004</td>
<td>1.63%</td>
</tr>
<tr>
<td>2005</td>
<td>1.84%</td>
</tr>
<tr>
<td>2006</td>
<td>4.07%</td>
</tr>
<tr>
<td>2007</td>
<td>4.00%</td>
</tr>
<tr>
<td>2008</td>
<td>6.41%</td>
</tr>
<tr>
<td>2009</td>
<td>3.37%</td>
</tr>
<tr>
<td>2010</td>
<td>-6.77%</td>
</tr>
<tr>
<td>2011</td>
<td>-1.97%</td>
</tr>
<tr>
<td>2012</td>
<td>-29.70%</td>
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</table>
Recommendation 1 – The Iowa Legislature shall continue to appropriate fiscal resources at or above the current level.

Recommendation 2 – The Statewide System for Vision Services shall provide educational services as near to each student’s home as possible.

Recommendation 3- The Statewide System for Vision Services shall strengthen the availability of intense services in each region of the state through the reallocation of residential costs using three mechanisms:
- Employment of additional Teachers of the Visually Impaired, Orientation and Mobility Specialists, Special Education Consultants and others as appropriate;
- Development and implementation of “Magnet” opportunities in partnership with other providers for the provision of regional intensive expanded core curriculum short term programs;
- Build capacity, expand visibility, and increase understanding of the Statewide System for Vision Services.

Recommendation 4 The Statewide System for Vision Services shall develop and implement a process for determining and meeting the long term residential needs of students who are blind or visually impaired.
Recommendation 5 – The Statewide System for Vision Services shall partner with other providers for the provision of long term residential services for students with additional needs.

Recommendation 6 – The Board of Regents shall continue to operate the Vinton campus for the following operations:

- **Direct Services.** A facility will be needed for short term programs for students, e.g., weekend, weeklong, summer in this region of the state and some statewide student short term services. The site will serve as the center for services such as consultation, assistive technology and low vision. (Appendix 6c Service Fact Sheet)

- **Administrative Services.** The Vinton site will be used as the center for administrative services with the Statewide System for Vision Services. The site will continue to operate in partnership with AmeriCorps NCCC programs with lease revenue to be used to offset a substantial portion of the costs to operate the facility.

Recommendation 7 – The Board of Regents shall recommend to the legislature the change the of the name of the Statewide System for Vision Services and Iowa Braille and Sight Saving School to Iowa Educational Services for the Blind and Visually Impaired.
Strategies to Manage Proposed Budget

- Program
  - Residential services
  - Regional Expanded Core Curriculum services
  - Summer services

- Personnel
  - Reduction in force
    - Early retirements and retirements (17)
    - Lay offs (13+)
  - Not filling open positions
  - Increases to pay – 1.5%
  - Furlough 5 days – I.O.s, Merit and P&S
HIGH QUALITY SERVICES TO STUDENTS WHO ARE BLIND AND VISUALLY IMPAIRED IN IOWA

CORE SERVICES

- INDIVIDUALIZED EDUCATION PROGRAMS
- EXPANDED CORE CURRICULUM
FY 2012

Budget Highlights

August 2011
ISD Budget Status

- FY12 budget 1.3% higher than FY05
- 15.83% reduction total since FY09
  - Fixed costs continued to rise, including:
    - Health insurance
    - Employer contribution to retirement
    - Negotiated salary increases
Effects on ISD Programs FY08-FY11

- Six faculty positions reduced total
  - High school core classes affected
- Reduced careers/vocational program
  - Most through unfilled retirements
- Reduced services to AEA (itinerant teachers)
FY08-FY11 effects continued

- Reduced repairs and maintenance
  - Only critical R&M can be completed
  - Health and safety issues addressed first
- School activities reduced, e.g., field trips
- Delayed vehicle replacement longer
FY12 level appropriation supports:

- Faculty positions to meet Core Curriculum
- Restoration of five faculty positions
- Staff to meet ISD core mission
- Transition program continuation
- Ages 18-21
- Collective bargaining agreement
  - Negotiated costs can be met

- Board-approved salary policies
  - Faculty Average increase - 0.9 can be met
  - Professional and Scientific personnel – flat
Other fixed cost increases can be met

- Health insurance, retirement contribution

Some additional program cuts will occur

- E.g., fewer weekly visits home for students

Referrals to ISD are steady

We thank the Board and the Iowa Legislature for their support