

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Approval of Revised FY 2004 Budgets  
**Date:** February 9, 2004

**Recommended Action:**

Approve the revised FY 2004 General Fund Operating Budgets for the Regent institutions and the Board Office.

**Executive Summary:**

**Budget Reductions** On Friday, October 10<sup>th</sup>, Governor Vilsack ordered a 2.5% across-the-board cut in state spending based on reduced state revenue estimates as forecasted by the Revenue Estimating Conference.

In November 2003, the Regent institutions and Board Office proposed plans to address total budget reductions of \$18.9 million due to state appropriations reductions of \$15.5 million and other revenue reductions of \$3.4 million.

This month, the institutions and the Board Office are presenting detailed budgets for approval. The proposed reductions are consistent with plans presented to the Board in November.

**Changes from November** The Special Schools revenues for FY 2004 are lower than previously anticipated. ISD revenues are expected to be \$9,108 lower and IBSSS are lower by \$9,044.

The universities budgeted revenues are unchanged from November. However, the University of Iowa anticipates further revenue reductions in tuition and indirect cost recoveries. The University is monitoring its revenue sources and will report to the Board any additional short-term measures that will need to be implemented in FY 2004 at a later time.

**Expenditure Reductions** The actions to address the shortfalls vary by institution and include a combination of one-time and permanent reductions. The institutions have attempted to protect students by implementing larger percentage reductions to non-academic areas.

The universities have all exempted student financial aid from any reductions and have implemented processes to strategically reshape the institutions following multiple years of cuts in state appropriations.

The reductions were guided by the strategic planning goals of the Board and the institutions. Budget data are summarized in Attachments A – F.

**Background:**

Board Budget Process The revised Regent budgets were presented to the Board in two phases.

- In November, the Board was provided with the institutions adjustments to revenues and plans for addressing the budget shortfall.
- This month, the Board is presented detailed revised general fund budgets including specific expenditure reductions for approval.

Budget Reductions The following table shows the original FY 2004 budget and the revised FY 2004 budget that is being presented for approval.

	Original FY 2004 <u>Budget</u>	Revised FY 2004 <u>Budget</u>
University of Iowa	\$1,123,348,710	\$1,115,574,616
Iowa State University	426,278,344	417,957,926
University of Northern Iowa	139,287,339	137,277,656
Iowa School for the Deaf	8,897,748	8,682,663
Iowa Braille & Sight Saving School	<u>5,109,681</u>	<u>4,927,609</u>
Subtotal: Institutions	1,702,921,822	1,684,420,470
Board Office	<u>2,489,077</u>	<u>2,459,323</u>
<b>Total Operating</b>	<b>\$1,705,410,899</b>	<b>\$1,686,879,793</b>
Tuition Replacement	<u>24,303,459</u>	<u>23,969,883</u>
<b>Total</b>	<b>\$1,729,714,358</b>	<b>\$1,710,849,676</b>

Deappropriations In October, the Governor announced an across-the-board 2.5% reduction in FY 2004 appropriations. These cuts for the Regents total \$15.5 million and represent a mid-year budget reduction.

	FY 2004 Original General Fund <u>Appropriations</u>	2.5% Reductions	FY 2004 Revised General Fund <u>Appropriations</u>
SUI	\$278,963,722	\$6,974,094	\$271,989,628
ISU	232,816,705	5,820,417	226,996,288
UNI	80,387,339	2,009,684	78,377,655
ISD	8,305,689	205,977	8,099,712
IBSSS	<u>4,646,740</u>	<u>115,248</u>	<u>4,531,492</u>
Subtotal: Institutions	605,120,195	15,125,420	589,994,775
Regional Study Centers	349,786	8,745	341,041
Board Office	1,190,152	29,754	1,160,398
Clothing / Transportation	<u>15,103</u>	<u>378</u>	<u>14,725</u>
<b>Total Operating</b>	<b>606,675,236</b>	<b>15,164,297</b>	<b>591,510,939</b>
Tuition Replacement	<u>24,303,459</u>	<u>333,576</u>	<u>23,969,883</u>
<b>Total</b>	<b>\$630,978,695</b>	<b>\$15,497,873</b>	<b>\$615,480,822</b>

Other Reductions In addition to appropriation reductions:

- Budgeted tuition revenues are reduced by \$2.3 million from earlier projections due to lower enrollment.
- Indirect cost recovery projections are reduced by \$1 million for costs associated with large research contracts.

Tuition Replacement

The tuition replacement appropriation of \$24.3 million is funded from three sources:

- \$13.3 million from the state general fund;
- \$10.6 million from tobacco securitization bond proceeds; and
- \$0.4 million from the Rebuild Iowa Infrastructure Fund (RIIF).

Only the State general fund portion of the tuition replacement appropriation was directly affected by the gubernatorial across-the-board reductions.

In addition to this, the Department of Management held back 60% of all appropriations from the Rebuild Iowa Infrastructure Fund (RIIF) pending the decision of the Iowa Supreme Court on the two-tiered gaming tax system and potential fund shortfalls in that account (see G.D. 10 for more information).

Refunding bonds throughout the year has helped to mitigate the impact of these reductions.

  
\_\_\_\_\_  
Deb A. Hendrickson

Approved:   
\_\_\_\_\_  
Gregory S. Nichols

**BOARD OF REGENTS  
STATE OF IOWA  
FY 2004 REVISED GENERAL FUND OPERATING BUDGETS**

University of Iowa

RESOURCES	Univ.	Univ. Hosp.	Psych. Hosp.	CDD	Oakdale Campus	Hyg. Lab	Family Prac.	SCHS	Special Purpose	Subtotal
<b>APPROPRIATIONS</b>										
General	\$219,937,344	\$27,284,584	\$7,043,056	\$6,363,265	\$2,657,335	\$3,802,520	\$2,075,948	\$649,066	\$2,176,510	\$271,989,628
Other	-	-	-	-	-	-	-	-	-	-
<b>RESOURCES</b>										
Federal Support	900,000	-	-	-	6,000	-	28,000	2,749,293	-	2,749,293
Interest	198,291,993	-	-	-	-	-	-	-	-	934,000
Tuition and Fees	41,926,244	2,594,000	911,400	152,900	325,000	82,056	-	-	-	198,291,993
Reimb. Indirect Costs	-	577,661,111	10,670,753	2,191,574	75,000	2,827,566	-	250,707	-	45,991,600
Sales and Service	125,000	407,500	-	-	-	-	-	1,408,891	-	593,601,711
Other Income	241,243,237	580,662,611	11,582,153	2,344,474	406,000	2,909,622	28,000	4,408,891	-	2,016,391
Subtotal - Inst. Income										843,584,988
<b>TOTAL RESOURCE BUDGET</b>	\$461,180,581	\$607,947,195	\$18,625,209	\$8,707,739	\$3,063,335	\$6,712,142	\$2,103,948	\$5,057,957	\$2,176,510	\$1,115,574,616
<b>EXPENDITURES</b>										
Fac. & Inst. Off. Salaries	201,111,466	23,459,400	3,207,100	671,200	-	-	1,660,758	576,563	679,563	231,366,050
Prof. & Sci. Staff Salaries	73,685,072	225,847,100	7,729,200	4,318,979	79,841	4,047,485	311,654	2,723,421	756,724	319,499,476
General Service Staff Sal.	72,093,735	107,410,300	4,296,800	2,454,260	1,445,474	2,046,639	81,785	942,603	171,822	190,943,418
Hourly Wages	3,048,196	6,076,700	127,300	192,100	-	16,752	9,355	94,600	3,316	9,568,319
Subtotal - Salaries	349,938,469	362,793,500	15,360,400	7,636,539	1,525,315	6,110,876	2,063,552	4,337,187	1,611,425	751,377,263
Prof. and Scientific Supp.	32,991,793	210,151,395	2,319,109	854,700	347,893	592,266	40,396	707,770	541,843	248,547,165
Library Acquisitions	10,872,574	-	-	-	-	-	-	-	-	10,872,574
Rentals	1,500,000	4,725,700	3,300	27,000	-	9,000	-	-	-	6,265,000
Utilities	18,928,738	14,082,200	942,400	189,500	1,177,514	-	-	-	-	35,320,352
Bldg. Repairs	6,104,692	7,376,500	-	-	-	-	-	-	-	13,481,192
Auditor of State Reimb.	471,016	-	-	-	-	-	-	-	-	471,016
Equipment	6,557,189	8,817,900	-	-	12,613	-	-	13,000	23,242	15,423,944
Aid to Individuals	33,816,110	-	-	-	-	-	-	-	-	33,816,110
Subtotal - Other Expenses	111,242,112	245,153,695	3,264,809	1,071,200	1,538,020	601,266	40,396	720,770	565,085	364,197,353
<b>TOTAL EXPENDITURES</b>	\$461,180,581	\$607,947,195	\$18,625,209	\$8,707,739	\$3,063,335	\$6,712,142	\$2,103,948	\$5,057,957	\$2,176,510	\$1,115,574,616

BOARD OF REGENTS  
STATE OF IOWA  
FY 2004 REVISED GENERAL FUND OPERATING BUDGETS

RESOURCES	Iowa State University						Univ. of Northern Iowa	ISD	IBSSS	FY 2004 General Fund Total
	Gen. Univ.	Exp. Station	Coop. Ext.	Special Purpose	Subtotal					
<b>APPROPRIATIONS</b>										
General	\$173,189,751	\$31,019,520	\$19,738,432	\$3,048,584	\$226,996,287	\$78,377,656	\$8,099,712	\$4,531,492	\$589,994,775	
Other	-	-	-	-	-	-	169,342	88,643	257,985	
<b>RESOURCES</b>										
Federal Support	-	4,125,373	8,400,000	-	12,525,373	-	54,000	190,452	15,519,118	
Interest	1,370,000	-	-	-	1,370,000	600,000	25,000	3,500	2,932,500	
Tuition and Fees	159,809,266	-	-	-	159,809,266	56,100,000	-	-	414,201,259	
Reimb. Indirect Costs	15,000,000	-	-	-	15,000,000	1,575,000	-	69,734	62,636,334	
Sales and Service	290,000	-	-	-	290,000	625,000	322,693	24,638	594,864,042	
Other Income	1,957,000	5,000	5,000	-	1,967,000	-	11,916	19,150	4,014,457	
Subtotal - Inst. Income	178,426,266	4,130,373	8,405,000	-	190,961,639	58,900,000	413,609	307,474	1,094,167,710	
<b>TOTAL RESOURCE BUDGET</b>	<b>\$351,616,017</b>	<b>\$35,149,893</b>	<b>\$28,143,432</b>	<b>\$3,048,584</b>	<b>\$417,957,926</b>	<b>\$137,277,656</b>	<b>\$8,682,663</b>	<b>\$4,927,609</b>	<b>\$1,684,420,470</b>	
<b>EXPENDITURES</b>										
Fac. & Inst. Off. Salaries	143,689,299	19,698,566	6,518,501	524,749	170,431,115	61,858,793	3,464,953	1,591,189	468,712,100	
Prof. & Sci. Staff Salaries	58,349,689	7,477,301	14,929,518	1,360,072	82,116,580	23,484,471	1,717,952	480,640	427,299,119	
General Service Staff Sal.	43,635,213	3,349,648	2,528,063	300,141	49,813,065	21,032,706	1,976,648	1,998,172	265,764,009	
Hourly Wages	4,172,000	400,000	310,000	159,092	5,041,092	1,870,939	-	-	16,480,350	
Subtotal - Salaries	249,846,201	30,925,515	24,286,082	2,344,054	307,401,852	108,246,909	7,159,553	4,070,001	1,178,255,578	
Prof. and Scientific Supp.	24,106,123	3,862,395	3,348,350	613,230	31,930,098	10,942,221	980,641	576,474	292,976,599	
Library Acquisitions	8,474,019	-	-	-	8,474,019	1,891,520	8,226	7,212	21,253,551	
Rentals	694,307	-	160,000	-	854,307	911,200	-	-	8,030,507	
Utilities	20,014,648	61,983	13,000	-	20,089,631	3,308,345	317,997	125,165	59,161,490	
Bldg. Repairs	6,634,432	50,000	-	-	6,684,432	900,000	98,000	87,257	21,250,881	
Auditor of State Reimb.	431,682	-	-	-	431,682	225,000	57,000	26,000	1,210,698	
Equipment	6,105,000	250,000	336,000	91,300	6,782,300	752,461	61,246	35,500	23,055,451	
Aid to Individuals	35,309,605	-	-	-	35,309,605	10,100,000	-	-	79,225,715	
Subtotal - Other Expenses	101,769,816	4,224,378	3,857,350	704,530	110,556,074	29,030,747	1,523,110	857,608	506,164,892	
<b>TOTAL EXPENDITURES</b>	<b>\$351,616,017</b>	<b>\$35,149,893</b>	<b>\$28,143,432</b>	<b>\$3,048,584</b>	<b>\$417,957,926</b>	<b>\$137,277,656</b>	<b>\$8,682,663</b>	<b>\$4,927,609</b>	<b>\$1,684,420,470</b>	

**UNIVERSITY OF IOWA  
FY 2004  
General Operating Fund**

	Original Budget*	Reductions	Revised Budget
<b>REVENUES</b>			
General Appropriations	\$278,963,722	\$(6,974,094)	\$271,989,628
Federal Support	2,749,293	-	2,749,293
Interest	934,000	-	934,000
Tuition and Fees	199,091,993	(800,000)	198,291,993
Reimbursed Indirect Costs	45,991,600	-	45,991,600
Sales and Services	593,601,711	-	593,601,711
Other Income	2,016,391	-	2,016,391
<b>TOTAL REVENUES</b>	<b>\$1,123,348,710</b>	<b>\$(7,774,094)</b>	<b>\$1,115,574,616</b>
<b>EXPENDITURES</b>			
Salaries	\$756,041,186	\$(4,663,923)	\$751,377,263
Professional/Scientific Supplies	250,712,350	(2,165,185)	248,547,165
Library Acquisitions	10,872,574		10,872,574
Rentals	6,265,000		6,265,000
Utilities	35,935,393	(615,041)	35,320,352
Building Repairs	13,638,371	(157,179)	13,481,192
Auditor of State Reimb.	471,016		471,016
Equipment	15,596,710	(172,766)	15,423,944
Aid to Individuals	33,816,110		33,816,110
<b>TOTAL EXPENDITURES</b>	<b>\$1,123,348,710</b>	<b>\$(7,774,094)</b>	<b>\$1,115,574,616</b>

\*Included \$2.1 million in unidentified revenues or expenditure reductions

**Budget Reductions** The University reduced its budget by \$7.8 million as indicated to the Board in November. The revenue reductions include:

- \$7.0 million in state appropriations.
- \$800,000 less in tuition revenue due to lower than expected enrollment and a slight reduction in the percentage of non-resident students.

Additionally, in the July 2003 final budget submission for the General Education Fund, the University reported a \$2.1 million needed future budget adjustment that would be funded by either revenue in excess of budget or additional expenditure reductions. Given the current revenue expectations, the University is reducing planned expenditures an additional \$2.1 million at this time.

**Potential Reductions**

The University believes that potential further reductions in tuition revenues and indirect cost recoveries of approximately \$5 million may be necessary for FY 2004. These potential reductions are not included in this revised budget.

- The University anticipated an increase in enrollment of 500 students; actual fall enrollment was up only 48 students. The most recent data indicate tuition will be approximately \$4 million under the revised budget.
- The University's budget for indirect cost recoveries on grants and contracts was based on experience of the past several years. The most recent data indicate a potential shortfall of approximately \$1 million.

The University has undertaken an initiative to increase revenue, reorganize activities, and generate additional expenditure reductions across the campus. This initiative is expected to address the potential \$5 million additional revenue shortfall for FY 2004 as well as the anticipated FY 2005 budget challenges. The University is focusing this effort in response to the budget planning resolution approved by the Board in December.

Through joint actions of the deans and vice presidents and a selected group of faculty, staff and student leaders, President Skorton has instructed that \$12 million in permanent General University base budget reductions be identified no later than April 15. The implementation of these reductions would be accomplished over a period of time.

**General University  
 FY 2004**

	<u>Original Budget</u>	<u>Reduction</u>	<u>Revised Budget</u>
General University	\$467,620,000	\$(6,439,419 )	\$461,180,581

Reductions

The majority of the University's current budget reduction is from the General University appropriation unit, which includes:

- Appropriation reductions of \$5.6 million
- Tuition reductions of \$800,000

Reductions not delineated in the original budget of \$2.1 million have also been addressed at this time.

The University shielded student financial aid and library acquisitions from reductions.

In the University's revised budget, salaries are reduced by \$6.4 million, general expense by \$1.1 million, utilities by \$0.6 million, building renewal by \$0.2 million, and equipment by \$0.2 million.

The University has reallocated an additional \$720,000 from administrative units to academic units to mitigate the impact on undergraduate education.

Actions Taken /  
 Impact

Colleges and administrative units continue to work on the details of how each unit will manage the required budget cuts.

- There will be a significant reduction in the number of positions with the need to redistribute workload to those who remain. The current projection is the loss of 82 positions of which 37 would be faculty, 19 professional and scientific, and 26 merit.
- Layoffs could be required in some areas although that is not yet certain. Early retirements scheduled for June 30, 2004 may reduce the need for layoffs, although this will create a challenge in rebalancing the workforce.

- Activities in support of creating a diverse workforce and student body will be protected to the greatest degree possible.
- The College of Liberal Arts and Sciences reduced 50 course sections and 54 discussion or laboratory sections, resulting in larger class sizes and reduction in access to classes.
- The College of Nursing reduced the number of academic departments from four to three.
- The College of Engineering reorganized its Student Development Center. Course offerings will also be reduced.
- The College of Education has reduced course sections and increased class sizes.
- The College of Medicine reports that reductions will continue to weaken its ability to be competitive in the retention and recruitment of productive faculty.
- Colleges cancelled searches for tenured and tenure track faculty.
- Digital initiatives for libraries will be delayed.
- The commitment to the four-year graduation plan could be compromised if the University cannot produce the number and breadth of course credit hours required.
- Summer Session will eliminate 15 course sections.
- The Office of the Provost reduced the equipment and classroom technology components of nTITLE (a program for faculty to learn ways to incorporate information technology in the curriculum).
- The conversion to oat hulls fuel at the power plant provides some relief in the utility budget, but does not offset the deep cuts already assigned to that budget.
- The Campus Planning Framework Process, required by the Board once every four years, is being delayed.
- Risk Management is examining options for reduced coverage levels and increased deductibles for property/casualty insurance.
- In many areas, the University is being more aggressive in mandating a no paper option for more of the information and reports currently provided in paper form.
- The frequency of certain custodial services has been reduced, but these are not sustainable.
- Public Safety reduced the number of security guards by two and provide fewer evening services (e.g. checking doors and turning out lights.) Police numbers will not be reduced.
- General Fund support of intercollegiate athletics has been reduced \$170,000 (7.1%).

**Other Appropriation Units  
 FY 2004**

	<b><u>Original Budget</u></b>	<b><u>Reductions</u></b>	<b><u>Revised Budget</u></b>
University Hospital	\$608,646,800	\$(699,605)	\$607,947,195
Psychiatric Hospital	18,805,800	(180,591)	18,625,209
Disabilities & Dev.	8,870,900	(163,161)	8,707,739
Oakdale Campus	3,131,472	(68,137)	3,063,335
Hygienic Laboratory	6,809,643	(97,501)	6,712,142
Family Practice	2,157,177	(53,229)	2,103,948
SCHS	5,074,600	(16,643)	5,057,957
Special Purpose	<u>2,232,318</u>	<u>(55,808)</u>	<u>2,176,510</u>
	<u>\$655,728,710</u>	<u>\$(1,334,675)</u>	<u>\$654,394,035</u>

Other  
 Appropriation Units

The reductions in other appropriation units total \$1.3 million and include the following:

The University of Iowa Hospitals and Clinics plan for the \$699,605 reduction focuses on curtailing certain services to the indigent patient care program while continuing to serve the same number of patients.

- Accelerated verification and curtailment of services for patients who do not have verified state papers at time of service.
- Continued use of pharmaceutical generics, enhanced pharmacy benefit management such as a preferred drug list, additional quantity limitation, prior authorization requirement for select therapeutic categories, and additional therapeutic interchange protocols.
- Reduced number of days of home going supplies and formula given to indigent patients upon discharge.
- Limited services and items such as eyeglasses and prosthetic devices, only as medically necessary.
- Decreased number of non-urgent or routine outpatient appointments and overnight boarding.
- Curtailed primary care services to Department of Corrections Population.

The Psychiatric Hospital has reduced costs of \$180,591 by monitoring the most effective treatment options for the Psychiatric patient population through increased case management efforts.

The Center for Disabilities and Development has reduced and/or indefinitely suspended patient care programs in the areas of behavior disorders, assistive technology, clinical outreach, tele-consultation, patient intake and care coordination functions by \$163,161.

The reduction to the Oakdale Campus budget of \$68,137 will eliminate a Motor Vehicle Operator II position, which currently provides dispatch services to occupants of the campus, and a painter position, which will be open due to a retirement.

The Hygienic Laboratory budget reduction of \$97,501 is being addressed through a temporary reduction. With the likely return of SARS, this budget will need to be restored as soon as attrition provides the opportunity for the elimination of at least one position.

The Statewide Family Practice Training Program budget reduction of \$53,229 requires reductions to faculty salary support at community-based training sites.

Reductions to the Special Purpose Units total \$55,808. The units are working to identify both temporary and longer term solutions. All units report that the reductions will necessitate a reduction in the services they provide. In some cases, appropriations represent matching funds which have been committed to external sponsors. In those instances, the University will have no options but to replace the lost funds.

**IOWA STATE UNIVERSITY**  
**FY 2004**  
**General Operating Fund**

	Original Budget	Reductions	Revised Budget
<b>REVENUES</b>			
General Appropriations	\$232,816,705	\$(5,820,418)	\$226,996,287
Federal Support	12,525,373	-	12,525,373
Interest	1,370,000	-	1,370,000
Tuition and Fees	161,309,266	(1,500,000)	159,809,266
Reimbursed Indirect Costs	16,000,000	(1,000,000)	15,000,000
Sales and Services	290,000	-	290,000
Other Income	1,967,000	-	1,967,000
<b>TOTAL REVENUES</b>	<b>\$426,278,344</b>	<b>\$(8,320,417)</b>	<b>\$417,957,926</b>
<b>EXPENDITURES</b>			
Salaries	\$311,660,441	\$(4,258,589)	\$307,401,852
Professional/Scientific Supplies	35,961,927	(4,031,829)	31,930,098
Library Acquisitions	8,474,019	0	8,474,019
Rentals	854,307	0	854,307
Utilities	20,089,631	0	20,089,631
Building Repairs	6,694,432	(10,000)	6,684,432
Auditor of State Reimb.	431,682	0	431,682
Equipment	6,802,300	(20,000)	6,782,300
Aid to Individuals	35,309,605	0	35,309,605
<b>TOTAL EXPENDITURES</b>	<b>\$426,278,344</b>	<b>\$(8,320,418)</b>	<b>\$417,957,926</b>

Budget Reductions The University's \$8.3 million budget reduction is necessary due to revenue reductions in the following areas:

- \$5.8 million in state appropriations;
- Budgeted tuition revenue of \$1.5 million to account for lower than expected enrollment; and
- Indirect cost recoveries of \$1.0 million primarily due to lower spending on some large federal awards.

This is the same information that was presented to the Board in November.

**General University  
 FY 2004**

	<u>Original Budget</u>	<u>Reduction</u>	<u>Revised Budget</u>
General University	\$358,556,780	\$(6,940,763)	\$351,616,017

**Exemptions** The University protected student financial aid, Office of Admissions, and fuel and utilities from any budget reductions.

**Reductions** The majority of the budget reduction is from the General University appropriation unit with \$3.2 million reduced in salaries and \$3.7 million in professional and scientific supplies.

The University distributed this unit's reductions across the four major administrative areas in a differential manner.

President	\$1,267,742	8.1% of budget
Academic Affairs	4,197,921	1.8% of budget
Student Affairs	245,691	1.9% of budget
Business and Finance	<u>1,229,409</u>	3.5% of budget
Total	<u>\$6,940,763</u>	

**President** The cuts made to units reporting to the President total \$1.3 million and include the following:

- Intercollegiate Athletics was allocated a reduction of \$560,000.
- Funding for Strategic Initiatives was reduced \$425,000. These funds would have supported five to eight new faculty positions.
- Education Retention was reduced by \$90,000 which reduces funds available to recruit and retain faculty.
- Reductions were also made to Governmental Relations, University Relations, University Marketing, Institutional Research, presidential visits to Iowa communities, and off-campus alumni events.

**Academic Affairs** The reductions to Academic Affairs total \$4.2 million and have required the following actions:

- Increased section sizes in many departments diminishes the learning experience; limits teaching methods and tools; reduces individual attention to students; and impedes a students' ability to graduate in a timely manner.
- Delayed equipment for teaching labs in the Department of Food Science and Human Nutrition limits the full use of those spaces.
- Reduced national merit scholarship offers and mandated higher grade point average threshold for retaining scholarships.
- Fewer resources to maintain the computer technology (hardware and software).
- Dropped sections of courses that are electives for non-majors, which shrink the options for students to meet general education and arts and humanities requirements.

- Eliminated staff position for agronomy research.
- Delayed replacement of faculty members in the College of Veterinary Medicine delaying responses to referring veterinarians.

Student Affairs The reductions in Student Affairs total \$245,691 (1.9%) and include cuts to Enrollment Services, the Registrar's Office, Student Counseling Services, and other departmental cuts.

Business & Finance The Business and Finance units cuts total \$1.2 million (3.5%) and include reduced external operations and support functions, lower levels of services, and eliminated staff positions.

General University support to WOI Radio, Iowa State Center, and University Museums was reduced significantly (\$584,285). The remaining reductions were to Asset Recovery, Printing Services, Facilities Planning and Management, Risk Management, Treasurer's Office, and Accounts Receivable Office.

**Other Appropriation Units  
 FY 2004**

	<b>Original Budget</b>	<b>Reductions</b>	<b>Revised Budget</b>
Ag. Exp. Station	\$35,945,265	\$(795,372)	\$35,149,893
Coop. Ext. Service	28,649,546	(506,114)	28,143,432
Special Purpose	<u>3,126,753</u>	<u>(78,169)</u>	<u>3,048,584</u>
	\$67,721,564	\$(1,379,655)	\$66,341,909

Other Appropriation Units The Special Purpose units include the Leopold Center (\$11,905), Livestock Disease Research (\$5,659), and Economic Development (\$60,604).

The majority of the reductions are salaries of \$1.0 million and supplies and services of \$0.3 million.

- Fewer funds for research in sustainable agriculture mean fewer opportunities for Iowa farmers and businesses to adopt new options for enhancing the environment and improving profitability.
- Reductions in the budget of the Small Business Development Center will further limit the center's ability to provide counseling and advice to Iowa's small business community.
- With fewer extension staff, one third of the state is without expert assistance in the rapidly developing area of commercial horticulture and the needs of Northwest Iowa livestock producers for timely information will affect their profitability and environment protection.

**UNIVERSITY OF NORTHERN IOWA  
FY 2004  
General Operating Fund**

	Original Budget	Reductions	Revised Budget
<b>REVENUES</b>			
General Appropriations	\$80,387,339	\$(2,009,683)	\$78,377,656
Interest	600,000	-	600,000
Tuition and Fees	56,100,000	-	56,100,000
Reimbursed Indirect Costs	1,575,000	-	1,575,000
Sales and Services	625,000	-	625,000
<b>TOTAL REVENUES</b>	<b>\$139,287,339</b>	<b>\$(2,009,683)</b>	<b>\$137,277,656</b>
<b>EXPENDITURES</b>			
Salaries	\$109,628,730	\$(1,381,821)	\$108,246,909
Professional/Scientific Supplies	11,395,079	(452,858)	10,942,221
Library Acquisitions	1,891,520	0	1,891,520
Rentals	911,200	0	911,200
Utilities	3,308,345	0	3,308,345
Building Repairs	1,000,000	(100,000)	900,000
Auditor of State Reimb.	225,000	0	225,000
Equipment	827,465	(75,004)	752,461
Aid to Individuals	10,100,000	0	10,100,000
<b>TOTAL EXPENDITURES</b>	<b>\$139,287,339</b>	<b>\$(2,009,683)</b>	<b>\$137,277,656</b>

The University's budget reductions are due to a total of \$2.0 million in state appropriations revenue reduction. Since the reductions are being implemented mid-year, the University used short-term solutions. The University believes the use of one-time funds provides more planning time to identify permanent base reductions.

The University's long-term strategy is to maintain its quality of education. The University states that further reductions in the size of the University may be required should state support continue to diminish.

**General University  
FY 2004**

	<u>Original Budget</u>	<u>Reduction</u>	<u>Revised Budget</u>
General University	\$138,699,494	\$(1,994,987)	\$136,704,507

**General University  
Reductions**

The University:

- Allocated \$800,000 in reductions to divisions as follows:
  - \$576,000 to Academic Affairs
    - The largest reductions were made by not filling open faculty positions in the colleges of Business, Education, and the Humanities and Fine Arts which diminishes the University's capacity to offer quality educational experiences to students.

- Supplies and expense budgets were reduced by \$200,000 which resulted in deferring needed equipment in the natural sciences; hindering the purchase or photocopying of course syllabi and classroom materials; and eliminating materials and maintenance funds for international programs, continuing education, and information technology.
- \$61,000 to the Division of Educational and Student Services
  - Supplies and services were reduced by \$41,000 affecting funds that support admissions, academic advising, career development, financial aid, and registration.
  - The equipment budget was reduced by \$20,000 slowing the equipment replacement rotation and limiting the development of additional electronic student services.
- \$136,000 to the Administration and Finance Division
  - Several open support positions including a mason, two custodians, and a power plant boiler operator were not filled.
  - Student employment was reduced in several departments including Physical Plant, Facilities Planning, and the Controller's office.
- \$16,000 to the Advancement Division
  - Funds for publications and web-site design and development have been reduced limiting the ability to build relationships with alumni and other constituents.
- \$11,000 to the Presidents units where supplies and services have been reduced.
- Use \$600,000 in one-time insurance premium rebates which were originally designated for other purposes.
  - A new personnel/payroll/budget system has been delayed at least six months.
  - Consulting services for the project were cancelled.
  - Scheduled computer and classroom equipment purchases have been postponed.
- Use \$509,683 of undistributed contingency funds budgeted for projected tuition revenue shortfalls and unavoidable cost increases.
- Reduce building repairs by \$100,000, from \$1 million to \$900,000 for FY 2004. This will delay deferred maintenance backlogs such as repairing roofs and upgrading heating, ventilation, and air conditioning systems. The goal is to restore this line item to its FY 2001 budget level of \$2.0 million as soon as possible.

**Other Appropriation Units  
 FY 2004**

	<b><u>Original Budget</u></b>	<b><u>Total Reduction</u></b>	<b><u>Revised Budget</u></b>
Recycling & Reuse	\$217,290	\$(5,432)	\$211,858
Economic Dev.	<u>370,555</u>	<u>(9,264)</u>	<u>361,291</u>
	\$587,845	\$(14,696)	\$573,149

Other Units  
 Reductions

Reductions to the general fund budgets of the Recycling and Reuse Technology Transfer Center and the Economic Development units continue to limit the number of services provided to Iowa citizens by reducing travel, communications, and technology budgets.

**IOWA SCHOOL FOR THE DEAF  
FY 2004  
General Operating Fund**

	Original Budget	Reductions	Revised Budget
<b>REVENUES</b>			
General Appropriations	\$8,305,689	\$(205,977)	\$8,099,712
Other Appropriations (DOE)	178,450	(9,108)	169,342
Federal Support	54,000	-	54,000
Interest	25,000	-	25,000
Sales and Services	322,693	-	322,693
Other Income	11,916	-	11,916
<b>TOTAL REVENUES</b>	<b>\$8,897,748</b>	<b>\$(215,085)</b>	<b>\$8,682,663</b>
<b>EXPENDITURES</b>			
Salaries	\$7,352,614	\$(193,061)	\$7,159,553
Professional/Scientific Supplies	982,665	(2,024)	980,641
Library Acquisitions	8,226	-	8,226
Utilities	317,997	-	317,997
Building Repairs	98,000	-	98,000
Auditor of State Reimb.	57,000	-	57,000
Equipment	81,246	(20,000)	61,246
<b>TOTAL EXPENDITURES</b>	<b>\$8,897,748</b>	<b>\$(215,085)</b>	<b>8,682,663</b>

Changes from November

ISD has identified further reductions in revenues of \$9,108 more than what was presented to the Board in November. ISD will have less funds to use for extra curricular pay for coaches and assistant coaches this spring.

Reductions

The School addressed the reduction as planned by:

- Eliminating funding of \$153,953 for several positions:
  - Staffing replacement for a faculty science position;
  - The Director of Education position;
  - A House Parent position in the dormitory;
  - Reducing funds available for eligible future retirees.
  - This shifts duties to existing faculty and staff resulting in greater workload; increase supervisory responsibility in the classroom and dormitory; and increase staff/student ratios with a corresponding decrease in ISD's ability to appropriately individualize programs.
- Reducing summer program funding by \$30,000
  - This reduces a valuable outreach service for the School and key enrichment opportunity for deaf and hard of hearing students statewide. It also reduces the School's ability to provide a free and appropriate education under the Individuals with Disabilities Education Act.
- Reducing funding of \$22,024 for the vehicle replacement fund, speakers for staff development, and travel.
  - Extends the existing vehicle pool beyond the normal replacement policy, increasing the potential for breakdowns.
  - Reduces the opportunity for staff professional growth.

**IOWA BRAILLE AND SIGHT SAVING SCHOOL  
FY 2004**

**General Operating Fund**

	Original Budget	Reductions	Revised Budget
<b>REVENUES</b>			
General Appropriations	\$4,646,740	\$(115,248)	\$4,531,492
Other Appropriations (DOE)	89,787	(1,144)	88,643
Federal Support	248,952	(58,500)	190,452
Interest	6,000	(2,500)	3,500
Reimbursed Indirect Costs	74,414	(4,680)	69,734
Sales and Services	24,638	-	24,638
Other Income	19,150	-	19,150
<b>TOTAL REVENUES</b>	<b>\$5,109,681</b>	<b>\$(182,072)</b>	<b>\$4,927,609</b>
<b>EXPENDITURES</b>			
Salaries	\$4,192,491	\$(122,490)	\$4,070,001
Professional/Scientific Supplies	586,056	(9,582)	576,474
Library Acquisitions	7,212	-	7,212
Utilities	130,165	(5,000)	125,165
Building Repairs	110,257	(23,000)	87,257
Auditor of State Reimb.	33,000	(7,000)	26,000
Equipment	50,500	(15,000)	35,500
<b>TOTAL EXPENDITURES</b>	<b>\$5,109,681</b>	<b>\$(182,072)</b>	<b>4,927,609</b>

Changes from  
November

IBSSS has identified further reductions in revenues of \$9,044 more than what was presented to the Board in November. The School will reduce utility costs and temporary help to cover the additional reductions in revenues. The only other significant variance from the proposed reductions presented to the Board in November is to reduce custodial services rather than summer programming by \$20,000.

Reductions

The School plans to address a total reduction of \$182,072, including reductions in direct state appropriations of \$115,248, by:

- Eliminating the Early Childhood consultant position which would put a delay in the Schools childhood services strategic initiative.
- Eliminating the unfilled, part-time Independent Living Skills consultant position for the dormitory which would have greatly enhanced the quality of programming and student outcomes in this area.
- Reducing equipment expenditures by \$15,000.
- Reducing building repairs by \$23,000 which would result in deferral of necessary repairs.
- Reducing custodial services by \$20,000 which will impact the cleanliness and appearance of the campus.
- Reducing state audit expenditures by approximately \$7,000 as a result of a decrease in audit scope.
- Reducing utility costs by \$5,000 through increased energy conservation measures.
- Reducing temporary help by \$4,044 which will put increased demands on existing staff and result in deferral of necessary services.
- Reducing supplies, contracted services, and travel expenditures.

**BOARD OFFICE  
FY 2004  
General Operating Fund**

	Original Budget	Reductions	Revised Budget
<b>REVENUES</b>			
General Appropriations	\$1,190,152	\$(29,754)	\$1,160,398
Institutional Reimbursements	1,293,325	-	1,293,325
Other Income	5,600	-	5,600
<b>TOTAL REVENUES</b>	<b>\$2,489,077</b>	<b>\$(29,754)</b>	<b>\$2,459,323</b>
<b>EXPENDITURES</b>			
Salaries	\$1,833,794	\$(11,754)	\$1,822,040
Education / Travel	63,150	(5,500)	57,650
Advertising / Communications	35,750	(2,500)	33,250
Outside Services	23,760	(1,000)	22,760
Office Supplies, Print, Dues	47,000	-	47,000
Office Equipment	12,000	(6,000)	6,000
Office Space	94,000	-	94,000
Data Processing	31,063	(3,000)	28,063
Special Services	344,235	-	344,235
Other	4,325	-	4,325
<b>TOTAL EXPENDITURES</b>	<b>\$2,489,077</b>	<b>\$(29,754)</b>	<b>\$2,459,323</b>

Reductions

The Board Office plans to reduce the following:

- Staff education and training including travel - this would reduce the amount for staff professional development opportunities, making it hard for staff to interact with other professionals in their field and to keep up with the educational environment around the country.
- Office equipment - this would reduce the amount that is available to upgrade office equipment and could increase the cost of buying new equipment and repair costs.
- Communications, Outside Services, and Data processing - this would impact the Board Office's ability to conduct business by reducing the amount that can be spent for daily contact with students, institutional personnel and others in the educational environment.
- Advertising - this would limit advertising within the state rather than national to recruit candidates for the director's position being vacated soon by a retirement.
- Special Services - this would reduce the amount of the Institutional money for Strategic Planning, affecting both current and future Board planning.

Additionally, the Board Office, after consultation with the University Presidents, plans to eliminate funding of a previously mandated \$50,000 expense for the Iowa Research Council.