

**MEMORANDUM**

**TO:** Board of Regents  
**FROM:** Board Office  
**SUBJECT:** Approval of FY 2004 Detailed Budgets - Iowa State University  
**DATE:** July 7, 2003

**Recommended Actions:**

Approve Iowa State University's final FY 2004 general fund operating budget of \$426,278,344 and the restricted fund budget of \$469,618,670 for a total of \$895,897,014.

**Executive Summary:**

**Final FY 2004 Budget** Iowa State University prepared its final FY 2004 detailed budgets in accordance with the strategic plans of the Board and of the University. The FY 2004 budgets consist of the general fund and the restricted fund budgets.

The revenues and expenditures in the general fund have not changed in total from the preliminary budget presented in June. However, there were changes in line items as detailed on page 6.

Revenue and expense projections of the Residence System have increased slightly from the preliminary budget submitted to the Board in March.

**General Fund** The University's general fund operating budget of \$426.3 million is organized into six budgetary units, which reflect separate and distinct state appropriations to the University.

The primary FY 2004 revenue sources include:

- State appropriations of \$232.8 million,
- Tuition and fees of \$161.3 million,
- Indirect cost recoveries of \$16.0 million, and
- Federal support of \$12.5 million.

FY 2004 state appropriations were reduced by \$7.0 million from FY 2003. No state appropriations were provided for salary increases to implement the state's salary policy.

The University plans to address the shortfall in state appropriations by using a portion of new tuition revenue and reallocations.

The following table shows FY 2004 budgets by appropriation unit compared to FY 2003 budgets.

	<u>FY 2003 Revised Budget</u>	<u>FY 2004 Budget</u>	<u>\$ Change</u>
General University	\$342,511,547	\$358,556,780	\$16,045,233
Experiment Station	36,842,821	35,945,265	(897,556)
Cooperative Extension	29,220,676	28,649,546	(571,130)
Special Purpose			
Economic Development*	2,424,161	2,424,161	0
Leopold Center	489,648	476,225	(13,423)
Livestock Disease Research	<u>232,749</u>	<u>226,367</u>	<u>(6,382)</u>
<b>Total</b>	<b>\$411,721,602</b>	<b>\$426,278,344</b>	<b>\$14,556,742</b>

\*Includes the Institute for Physical Research and Technology, Small Business Development Center and Research Park (ISIS).

The University has identified total reallocations of \$10.4 million. This includes \$5.0 million for unavoidable cost increases including the budget shortfall and \$5.4 million for strategic initiatives.

The University proposes to allocate its general fund operating budget by its strategic planning goals:

Learning	\$213.1 million
Discovery	149.2 million
Engagement	64.0 million

**General University** The General University appropriation unit represents the central educational operating budget of the University and is the largest of the six appropriations.

This final budget of \$358.6 million includes direct state appropriations of \$177.6 million, tuition and fees of \$161.3 million, and indirect cost recoveries of \$16.0 million.

Budgeted salaries of \$253.0 million represent 70.6% of the FY 2004 budget. Student financial aid, the second largest expenditure category, represents 9.8% of the budget and 21.9% of tuition and fees.

**Other Appropriation Units** The other appropriation units in the general fund include the Iowa Agriculture and Home Economics Experiment Station, Cooperative Extension Service, Economic Development, Leopold Center for Sustainable Agriculture, and Livestock Disease Research. Summaries of these units begin on page 8.

**Restricted Fund** The restricted fund budget of \$469.6 million includes resources and expenditures related to sponsored programs, auxiliary enterprise functions, independent operations, bonding activities, and capital projects. State appropriations for capitals are included in the restricted fund budget. (See details on page 11.)

The Residence System and Athletic Department budgets are part of the restricted fund budget and, as such, are presented this month for approval.

Residence System The Residence System FY 2004 budget was previously presented to the Board in March. Revenue and expense projections are increased slightly from the preliminary budget. (Attachment A, page 14.)

Athletics The Athletic Department FY 2004 budget is unchanged from the preliminary budget presented to the Board in June. (Attachment B, pages 15-16.)

**Background:**

In May, the Board considered key budgetary issues to provide guidance in the development of the institutional budgets. In June, the Board received preliminary budget details for the general fund operating budget. This month, the Board receives the final general and restricted fund budgets for approval.

**Analysis:**

General Fund The proposed FY 2004 general fund operating budget for Iowa State University is \$426.3 million and is distributed among the following units:

	<u>Total Budget</u>	<u>Direct State Appropriations</u>
General University	\$358,556,780	\$177,630,514
Experiment Station	35,945,265	31,814,892
Cooperative Extension	28,649,546	20,244,546
Special Purpose		
Economic Development*	2,424,161	2,424,161
Leopold Center	476,225	476,225
Livestock Disease Research	<u>226,367</u>	<u>226,367</u>
Total	\$426,278,344	\$232,816,705

\*Includes the Institute for Physical Research and Technology, Small Business Development Center and Research Park (ISIS).

The University proposes to allocate its budget by strategic planning goals as follows:

Learning	\$213,139,172
Discovery	149,197,420
Engagement	<u>63,941,752</u>
Total	\$426,278,344

The summary sheet on page 13 of this docket memorandum identifies uses of new revenues and reallocations.

Appropriations

- FY 2004 state appropriations to the University were reduced by \$7.0 million from FY 2003.
- No state appropriations were provided for salary increases to implement the state's salary policy.

Reallocations

The FY 2004 budget reflects internal reallocations totaling \$10.4 million. The appropriate Vice President approves college and unit reallocation plans. The President approves reallocations of central resources.

The reallocations represent 2.5% of the FY 2003 revised budget and are consistent with the Board's policy on reallocations.

The following table summarizes reallocations. Details are provided in the Regent Exhibit Book.

**Iowa State University  
Final FY 2004 General Fund Budget  
Summary of Reallocations**

**From:**

President	\$1,300,000
Academic Affairs	\$4,710,040
Student Affairs	\$113,412
Business and Finance	\$892,005
Agriculture Experiment Station	\$1,927,651
Cooperative Extension Services	\$1,352,482
Leopold Center	\$21,184
Healthy Livestock Research	\$6,943
Economic Development Units	\$65,130

**Total Reallocations** \$10,388,847

**To:**

Faculty positions-Academic initiatives	\$1,075,000
Faculty positions-College reallocations	\$2,579,122
Compensation increases	\$3,231,149
Appropriation Reduction	\$1,488,491
Student Support Staff and Services	\$384,616
General Staff and Administrative Support	\$339,778
Opening New Buildings	\$318,715
Information Technology and Web Systems	\$288,767
Administration	\$234,414
Graduate Student Support	\$180,462
Chief Information Officer	\$150,000
Energy Conservation	\$118,333

**Total Reallocations** \$10,388,847

Some examples of ISU reallocations include:

- The President has reallocated funds for five academic initiatives supporting key research areas: Food Safety and Security, Human Computer Interaction, Combinatorial Discovery, Bioeconomy, and Information Infrastructure.
- Colleges have reduced administrative and supplies budgets and used salary savings accrued from retirements and resignations to hire new faculty members in areas strategic to the mission of the colleges and University. New positions are approved by the College Dean as well as the Vice President for Academic Affairs and Provost.

- The Vice President for Business and Finance is reallocating funds to support the costs of opening new buildings such as utilities, cleaning, daily maintenance, and access control.
- The University is charging back administrative costs to non-general fund units.

#### Salary Policy

The University plans to allocate 2.0% of the continuing employee salary base for faculty and P&S staff employee compensation increases. Units will have the flexibility to reallocate resources to augment the compensation allocation with all such reallocations requiring approval of the appropriate Vice President.

All compensation increases for faculty and P&S employee salary increases will be based on merit. Equity and/or market salary issues will also be addressed to the extent possible with limited funds. Promotion increases are not to be used as a substitute for a merit increase.

Staff layoffs may be necessary in some areas of the University due to the appropriations reductions and lack of incremental salary funding.

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#### General University

The ISU General University appropriation unit represents the central educational operating budget and includes its eight colleges, the library, and central administration.

- College of Agriculture,
- College of Business,
- College of Design,
- College of Education,
- College of Engineering,
- College of Family and Consumer Sciences,
- College of Liberal Arts and Sciences, and
- College of Veterinary Medicine.

Central Administration includes the:

- Office of the President,
- Office of the Vice President for Academic Affairs and Provost,
- Office of the Vice President for Student Affairs, and
- Office of the Vice President for Business and Finance.

The following table shows the general university revenues and expenditures for the original FY 2003 budget and the proposed FY 2004 budget.

<b>Iowa State University - General University</b>			
<b>Budget Comparisons</b>			
	<b>FY 2003</b>	<b>FY 2004</b>	<b>Change</b>
	<b>Original</b>	<b>Proposed</b>	<b>Over/(Under)</b>
	<b>Budget</b>	<b>Budget</b>	
<b>REVENUES</b>			
Appropriations	\$183,134,521	\$177,630,514	(\$5,504,007)
Interest	1,752,000	1,370,000	(382,000)
Tuition and Fees	140,407,826	161,309,266	20,901,440
Reimbursed Indirect Costs	13,000,000	16,000,000	3,000,000
Sales and Services	253,700	290,000	36,300
Other Income	<u>1,963,500</u>	<u>1,957,000</u>	<u>(6,500)</u>
<b>TOTAL REVENUES</b>	<b>\$340,511,547</b>	<b>\$358,556,780</b>	<b>\$18,045,233</b>
<b>EXPENDITURES</b>			
Salaries	\$239,121,908	\$253,044,608	\$13,922,700
Prof. /Scientific Supplies	32,203,491	27,818,479	(4,385,012)
Library Acquisitions	8,148,095	8,474,019	325,924
Rentals	663,386	694,307	30,921
Utilities	19,628,125	20,014,648	386,523
Building Repairs	6,644,432	6,644,432	0
Auditor of State	531,682	431,682	(100,000)
Equipment	4,625,000	6,125,000	1,500,000
Aid to Individuals	<u>28,945,428</u>	<u>35,309,605</u>	<u>,364,177</u>
<b>TOTAL EXPENDITURES</b>	<b>\$340,511,547</b>	<b>\$358,556,780</b>	<b>\$18,045,233</b>

Changes from Preliminary

The revenues and expenditures have not changed in total from the preliminary budget presented in June. However, changes in line items include:

- Increasing salaries by \$1.0 million;
- Increasing professional and scientific supplies by \$0.3 million;
- Increasing equipment by \$0.8 million; and
- Decreasing building repairs by \$2.1 million.

The University evaluated the FY 2004 situation more closely and determined that more funds were needed for faculty start-ups and research programs and more professional and scientific research support staff.

Appropriations

The FY 2004 general fund operating budget for General University is \$358.6 million, including state appropriations of \$177.6 million.

- FY 2004 state appropriations were reduced by \$5.5 million from FY 2003.
- No state appropriations were provided for salary increases to implement the state's salary policy.

**Tuition Revenues** The University has projected a net increase in FY 2004 tuition and fee revenues of \$20.9 million, for a total of \$161.3 million.

The increase in tuition and fee revenues of \$23.9 million, consists of:

- \$16.3 million from the Board-approved 17.6% tuition rate increase
- \$7.3 million from the deletion of designated tuition
- \$0.3 million from surcharge in Veterinary Medicine
- No increase in enrollment

The continuing education funds were moved to the general fund in FY 2001 as an experiment designed to more closely integrate off-campus activity into departmental planning. The change actually had a detrimental affect on the departments and thus, ISU budgeted the \$3.0 million in continuing education tuition revenues and \$630,000 in financial aid as part of the restricted fund.

**Other Revenues** The University estimates an increase of \$3,000,000 in indirect cost recovery due to continued success in increasing grant and contract activity.

**Reallocations** Of the total \$10.4 million, \$7.0 million of ISU reallocations will occur within the General University appropriation unit.

**Expenditures** The University proposes to use tuition revenues as follows:

Planned Use of Tuition	
Student Aid Set-Aside (29.3% of new tuition revenues)	\$6,994,177
Compensation Increases	6,613,451
Offset Reductions in State Appropriations	5,504,007
<u>Unavoidable Cost Increases</u>	
Memorial Union Operations	1,574,100
Opening New Buildings (Carver Co-Lab, 4H/Extension, ETRC – Hoover Hall, Vet Med Biosecurity Unit, Gerdin Business Building)	325,018
Web System Cost Increases	257,960
Campus Safety	138,566
ADA Compliance	83,000
Homeland Security Compliance and Student Exchange Visitor Information System	58,449
Health Insurance Portability and Accountability Act (HIPPA) Compliance – Student Affairs	30,921
Campus Childcare	18,080
Lakeside Laboratory	8,543
State Attorney General Fee Increase	6,100
<u>Strategic Initiatives</u>	
Faculty Positions (approximately 8 positions)	571,682
Enrollment Services	480,798
Faculty and Staff Recruitment and Retention	400,000
Library Materials Inflation	325,924
Veterinary Medicine Surcharge	323,328
Internet I Capacity and Wireless Campus	153,921
<b>Total</b>	<u>\$23,868,025</u>

During its tuition discussion in November 2002, the Board directed the universities to distribute least 15% of gross tuition revenue annually for student financial aid with a focus on need-based aid. ISU is planning to allocate 29.3% of new tuition revenue to fund student financial aid. The proposed student financial aid budget represents 21.9% of estimated gross tuition revenues.

The University has several strategic initiatives that will be funded with new tuition revenue as follows:

New Faculty Positions – to hire approximately eight new tenure eligible faculty. Over 100 proposals have been submitted and are under review.

Enrollment Services – four new positions to support the recruitment of students and associated recruitment and financial aid program support.

Faculty and Staff Recruitment and Retention – to fund agreements made to retain and attract top faculty and staff members.

Library Materials Inflation – funds need to be added each year to avoid serious losses in the library's ability to acquire key resources.

Veterinary Medicine Surcharge – to provide new faculty positions and instructional support necessary to remain competitive and accredited.

Internet I Capacity and Wireless Campus – to increase capacity of existing system and expand locations for wireless access.

Iowa Agriculture  
and Home  
Economics  
Experiment Station

The Experiment Station administers faculty research programs that support Iowa's agriculture, natural resources, and family and consumer programs. The Experiment Station also supports the teaching and extension functions of Iowa State University.

The FY 2004 general fund operating budget for the Experiment Station is \$35.9 million, including state appropriations of \$31.8 million and federal support \$4.1 million.

- The state appropriation includes an \$897,556 (-2.7%) reduction in FY 2004 from FY 2003.
- In addition, the Experiment Station plans to internally fund approximately \$1 million for salary and fringe benefits increases.

One-time funds have been identified to address the majority of these reductions. Planning and discussion is underway to resolve the situation for the long-term.

One-time funds were used to address the FY 2003 budget reductions of \$829,000. Several actions will now be taken to address this reduction, including:

- Operations will be discontinued at two research farms - the Rhodes Research and Demonstration Farm near Rhodes and the Lauren Christian Swine Research and Demonstration Farm near Atlantic. The research on those farms will be moved to other locations.



- Funding will be reduced for Ames-area farms that support teaching and research in animal science, agronomy, agricultural and biosystems engineering and horticulture. The decision includes a reorganization that will further centralize farm management and discontinue operations at the Dairy Teaching Farm in Ames as part of the College of Agriculture's plan to consolidate dairy research and teaching programs into a new location.
  - Funding will be reduced for campus laboratory and service facilities, with increased reliance on user fees.
  - The Provost and the Dean of the College of Agriculture are currently evaluating the activities in AES to see if any would be more appropriately aligned with the College of Agriculture.
  - Funding will be eliminated for the Iowa State Water Resources Research Institute.
  - Several faculty searches will be placed on hold.
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Cooperative  
Extension  
Services

Cooperative Extension Services (CES) provides research-based information and education primarily to Iowa citizens, and also to other university clients, nationally and internationally. Extension helps diverse entities in Iowa, including agriculture, natural resources, business and industry, local communities, families and youth, and many other Iowans through extended and continuing education.

The FY 2004 general fund operating budget for Extension is \$28.6 million, including state appropriations of \$20.2 million and \$8.4 million in federal support.

- The state appropriation includes a \$571,130 (-2.7%) reduction in FY 2004 from FY 2003.
- In addition, CES had to internally fund approximately \$780,000 in salary and fringe benefit increases

One-time funds have been identified to address a portion of these reductions. The following actions are planned to address the impact of the FY 2003 reductions of approximately \$600,000.

- A hiring freeze is effective immediately for all ISU payroll Extension faculty and staff. The freeze will be in effect until plans to increase fee income and expand contract revenue are developed and realized.
  - All program fees and program activities for which fees are not charged will be reviewed with the objective of developing fees and a pricing structure for educational products and services on a more systematic basis.
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Special Purpose Appropriations      The Special Purpose Appropriations units include Economic Development, Leopold Center, and Livestock Disease Research.

Economic Development      The FY 2004 economic development appropriations total \$2.4 million and include funding for the Institute for Physical Research and Technology, Small Business Development Center, and the Research Park.

Legislation required that \$550,000 of the appropriation be allocated to the Small Business Development Center, which is \$75,903 higher than FY 2003.

Institute for Physical Research and Technology (IPRT)      \$1,720,959

IPRT is a consortium of world-class research centers and industrial outreach programs. It includes such renowned centers as the Virtual Reality Applications Center, the Center for Nondestructive Evaluation, and the Ames Laboratory.

Small Business Development Center (SBDC)      \$550,000

The Small Business Development Center consists of 17 centers covering ninety-nine counties in Iowa. These Centers have served for over 19 years as the resource, the mentor, and the solution for thousands of business owners in the state. Each of these SBDC offices subcontracts with other universities, community colleges, chambers of commerce, and other institutions to provide a network of full service assistance centers to the small business community.

The SBDC conducts research, counsels, and trains business people in management, financing, and operating small businesses, and provides comprehensive information services and access to experts in a variety of fields.

ISU Research Park      \$153,202

The ISU Research Park is a technology community and an incubator of new and expanding businesses. It provides a material and human-resource rich environment for technology-based firms and research organizations. The Research Park also helps young Iowa-based companies develop their potential and nurtures scientific and technological entrepreneurial ventures.

Leopold Center      The Leopold Center FY 2004 budget totals \$476,225. State appropriations were reduced by \$13,423 (-2.7%) from FY 2003.

This is the only center in the state devoted to studying environmentally sound, profitable farming practices. It sponsors research and education on key issues for Iowa and the nation. It has a national reputation for exploring innovative, profitable approaches to farming that conserve natural resources and stimulate local economies.

In addition to its operating appropriation, the Center receives indirect funding from the Iowa Groundwater Protection Act.

**Livestock Disease Research**

The Livestock Disease Research FY 2004 budget totals \$226,367. State appropriations were reduced by \$6,382 (-2.7%) from FY 2003. Researchers in the Livestock Disease Research facility work with infectious agents that cause diseases in poultry and livestock. Food safety research is also done on infections such as salmonellosis and E. coli. This research allows the scientists to improve immunities, develop new vaccines, and facilitate better diagnostic tests for diseases.

Reducing funding impedes strategic research that is a high priority to the state. Recent examples include Johne's disease in cattle, and pseudorabies diseases in swine and Newcastle disease in poultry. New concerns such as chronic wasting disease in deer populations and threat of foreign animal diseases are high priority because of the potential to cause economic disaster.

**Restricted Fund**

The restricted fund budget includes sponsored programs such as competitively awarded federal grants and contracts; auxiliary enterprise functions such as the Residence System and Athletic Department; and independent operations such as its parking, telecommunications, and utility enterprises. The restricted fund also incorporates the activities related to bonding and capital projects, including tuition replacement and capital appropriations.

Restricted funds for FY 2004 total \$469.6 million. Capital appropriations for FY 2004 include \$10.2 million for the classroom/auditorium renovation that was enacted by the 2002 General Assembly. Tuition replacement is estimated to be \$9.4 million.

**Iowa State University – Restricted Fund  
FY 2004 Proposed Budget**

**REVENUES**

Capital Appropriations	\$10,177,300
Tuition Replacement	9,428,152
Federal Support	124,415,553
Interest	3,000,000
Tuition and Fees	8,250,443
Reimbursed Indirect Costs	4,803,919
Sales and Services	31,432,177
Private Gifts, Grants and Contracts	35,181,902
Auxiliary Enterprise	120,740,543
Independent Operations	28,120,877
Plant Fund	40,000,000
Other Income	<u>54,067,804</u>
<b>TOTAL REVENUES</b>	<b>\$469,618,670</b>

**EXPENDITURES**

Salaries	\$168,009,007
Prof. /Scientific Supplies	148,282,735
Utilities	7,357,334
Building Repairs	9,394,084
Equipment	10,346,186
Student Aid	30,540,685
Debt Service	30,500,000
Plant Capital	<u>65,188,639</u>
<b>TOTAL EXPENDITURES</b>	<b>\$469,618,670</b>

Other income includes items such as endowment income, parking, telecommunications, instrumentation labs, and non-federal, sponsored funding.

**Residence System** The University proposes a FY 2004 residence system budget with expected revenues of \$62.1 million and expenses for operations of \$46.5 million, with \$15.6 million net revenue available for debt service, mandatory transfers, and transfers to voluntary reserves. (See Attachment A, page 14 for details.)

Revenue and expense projections have increased slightly from the preliminary budget submitted to the Board in March. Specific details are included in Attachment A, page 14.

**Athletics** The following table provides a summary of the Iowa State University FY 2004 athletic budget and reflects no changes from June.

	<u>FY 2003</u> <u>Projection</u>	<u>FY 2004</u> <u>Budget</u>	<u>%</u> <u>Diff.</u>
<u>INCOME:</u>			
Sports	\$ 10,692,839	\$ 9,954,367	-6.9%
Other	13,858,595	14,865,603	7.3%
University Support	<u>3,092,655</u>	<u>3,165,951</u>	2.4%
<b>TOTAL INCOME</b>	<b>\$27,644,089</b>	<b>\$27,985,921</b>	<b>1.2%</b>
<u>EXPENSES:</u>			
Sports	\$5,907,110	\$6,032,000	2.1%
NonSports Operations	3,520,460	3,578,085	1.6%
Scholarships	4,095,888	4,792,497	17.0%
Salaries	9,976,106	11,397,337	14.2%
Other	<u>4,144,525</u>	<u>2,186,002</u>	-47.3%
<b>TOTAL EXPENSE</b>	<b>\$27,644,089</b>	<b>\$27,985,921</b>	<b>1.2%</b>

The University reports that its FY 2004 budget maintains a broad-based athletic program while continuing the Athletic Department's commitment to gender equity principles and meeting the requirements of Title IX of the Education Amendments of 1972. The Department also strives to provide an environment that allows the student-athletes to be competitive in their sport and academics

Revenues and expenses are budgeted to increase by 1.2% (\$341,832). The University reports that the FY 2004 revenue budget reflects conservative goals for ticket sales to offset the budgeted expenditures that include tuition and fee increases, inflationary cost increases, the new ISU Administrative Fee (2%) assessed to all auxiliary units, and the need to be competitive in the market with coaches contracts.


 Approved:   
 Deb A. Hendrickson Gregory S. Nichols

Iowa State University  
Final FY 2004 New Revenues and Reallocations

Unavoidable Cost Increases	Appropriation	Tuition	Reallocation	Other	Total
Appropriation Decrease	(\$6,992,498)	\$5,504,007	\$1,488,491		\$
Compensation Increases		\$6,613,451	\$3,231,149		\$9,844,60
Student financial aid		\$6,994,177			\$6,994,17
Memorial Union Operations		\$1,574,100			\$1,574,10
Opening new buildings		\$325,018	\$318,715	\$742,790	\$1,386,52
Homeland Security Compliance and Student Exchange Visitor Information System		\$58,449		\$287,000	\$345,44
Property insurance premium increase				\$280,710	\$280,71
Campus safety		\$138,566			\$138,56
ADA Compliance		\$83,000			\$83,00
Health Insurance Portability and Accountability Act (HIPPA) Compliance – Student Affairs		\$30,921			\$30,92
Rent increase				\$52,000	\$52,00
Campus childcare		\$18,080			\$18,08
Lakeside Laboratory		\$8,543			\$8,54
State attorney general fee increase		\$6,100			\$6,10
<b>Unavoidable Cost Increases Total</b>	<b>(\$6,992,498)</b>	<b>\$21,354,412</b>	<b>\$5,038,355</b>	<b>\$1,362,500</b>	<b>\$20,762,76</b>
Strategic Initiative and Goal #	Appropriation	Tuition	Reallocation	Other	Total
Research incentive and support, #2				\$1,842,000	\$1,842,00
Faculty and staff recruitment & retention: #1, 2, 3		\$400,000		\$350,000	\$750,00
Faculty positions-President: #1, 2, 3		\$571,682			\$571,68
Faculty positions-Academic Initiatives: #1, 2, 3			\$1,075,000		\$1,075,00
Faculty positions-College reallocations: #1, 2, 3			\$2,579,122		\$2,579,12
Veterinary medicine surcharge		\$323,328			\$323,32
Library materials inflation: #1,2		\$325,924			\$325,92
Web systems cost increases: #1, 2, 3		\$257,960			\$257,96
Internet 1 capacity and wireless campus: #1		\$153,921			\$153,92
Chief Information Officer: #1, 2, 3			\$150,000		\$150,00
Enrollment Services: #1		\$480,798			\$480,79
Information Technology and Web Systems #1, 2, 3			\$288,767		\$288,76
Student Support Staff and Services #1			\$384,616		\$384,61
General Staff and Administrative Support #1, 2, 3			\$339,778		\$339,77
Administration #1, 2, 3			\$234,414		\$234,41
Graduate Student Support # 1, 2			\$180,462		\$180,46
Energy Conservation # 1, 2, 3			\$118,333		\$118,33
<b>Strategic Initiatives Total</b>	<b>\$0</b>	<b>\$2,513,613</b>	<b>\$5,350,492</b>	<b>\$2,192,000</b>	<b>\$10,056,10</b>
<b>Total New Revenues &amp; Reallocations</b>	<b>(\$6,992,498)</b>	<b>\$23,868,025</b>	<b>\$10,388,847</b>	<b>\$3,554,500</b>	<b>\$30,818,87</b>

University Strategic Planning Goals

1. Learning
2. Discovery
3. Engagement

**ISU Residence System Budget 2003-2004**

	April-03 Proposed Budget 2003-2004	July-03 Final Budget 2003-2004	Notes
<b><u>OPERATIONS (Modified Accrual Basis)</u></b>			
Revenue	\$61,939,432	\$62,139,896	
Expenditures for Operations	\$46,197,540	\$46,531,195	
Net Operating Revenue	\$15,741,892	\$15,608,701	
% of Revenues	25.4%	25.1%	
Debt Service (due July 1)	\$10,954,660	\$11,014,567	1
Mandatory Transfers	\$500,000	\$500,000	
Net after Debt Service and Mandatory Transfers	\$4,287,233	\$4,094,135	
% of Revenues	6.9%	6.6%	
University Overhead Payment from Surplus	\$764,468	\$1,027,956	2a, b
% of Expenditures	1.7%	2.2%	
University Scholarship Fund	\$360,000	\$360,000	
% of Revenues	0.6%	0.6%	
<b>REVENUE AND EXPENDITURE DETAIL</b>			
Revenues			
Contracts	\$47,646,907	\$47,646,907	
Interest	\$1,952,124	\$1,977,372	3
Other Income	\$12,340,401	\$12,515,616	4
Total	\$61,939,432	\$62,139,896	
Expenditures			
Salaries	\$23,599,103	\$23,941,681	5
Cost of Food	\$7,362,268	\$7,393,887	6
Other Operating	\$8,933,426	\$8,885,056	7
Utilities	\$4,895,934	\$4,904,646	
Repairs	\$1,406,809	\$1,405,925	
Total	\$46,197,540	\$46,531,195	
Total Staff FTE	703	706	
<b>CASH AND INVESTMENT BALANCES (JUNE 30)</b>			
Revenue Fund	\$0	\$0	
Operation and Maint Fund	\$0	\$0	
Improvement Fund	\$0	\$0	
Surplus fund	\$10,967,541	\$11,993,925	8
Subtotal--Voluntary reserve Balances	\$10,967,541	\$11,993,925	
Sinking fund	\$10,954,660	\$11,014,567	
Bond Reserve Fund	\$11,467,620	\$11,467,386	
Construction Fund	\$2,498,363	\$2,498,363	
Subtotal--Mandatory Reserve Balances	\$24,920,643	\$24,980,316	
Total--All Reserve Balances June 30	\$35,888,185	\$36,974,241	

**Footnotes**

- 1 Increase due to refined Buchanan issue estimate
- 2a, b a) Increase in DoR System Overhead b) New overhead for MU dining operation
- 3 Calculative effect of cash flow changes
- 4 Conference increase \$137K; Electricity passthru increase at UFH \$38K
- 5 Cumulative effects of added staff and 6.5% merit increase with associated benefits increase.  
Also, increase with in-kind compensation for RA staff (room and board).
- 6 Conference services. Decrease in employee related meals
- 7 Decrease in services/contracts \$43K; Decrease Office Supplies \$29K;  
Increase Professional Development \$30K; Other decreases
- 8 Decrease in planned FY04 capital projects.

IOWA STATE UNIVERSITY ATHLETIC BUDGETS

	FY 2001	FY 2002	FY 2003		FY 2004		
	<u>Actual</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Projection</u>	<u>Preliminary and Final Budget</u>	<u>\$ Change from FY 2003 Projection</u>	<u>% Change from FY 2003 Projection</u>
<b>INCOME</b>							
<b>Sports:</b>							
Football	\$ 4,526,017	\$ 5,390,310	\$ 6,518,791	\$ 7,295,531 <sup>3</sup>	\$ 6,477,166 <sup>3</sup>	\$ (818,365)	-11.2%
Men's Basketball	3,155,325	3,243,094	2,914,294	2,637,683	2,669,501	31,818	1.2%
Women's Basketball	667,548	761,400	759,385	663,683	657,401	(6,282)	-0.9%
Other Sports	82,122	156,698	81,564	95,942	150,299	54,357	56.7%
<b>Subtotal</b>	<b>\$ 8,431,012</b>	<b>\$ 9,551,502</b>	<b>\$ 10,274,034</b>	<b>\$ 10,692,839</b>	<b>\$ 9,954,367</b>	<b>\$ (738,472)</b>	<b>-6.9%</b>
<b>Other Income</b>							
Student Activity Fees	1,005,264	\$ 1,045,224	\$ 1,230,600	\$ 1,230,600	\$ 1,106,700	\$ (123,900)	-10.1%
Big Twelve Conference	4,783,058	4,681,567	4,387,349	5,973,389 <sup>4</sup>	4,763,000 <sup>4</sup>	(1,210,389)	-20.3%
NCAA Scholarships	471,225	474,670	495,877	527,436	431,403	(96,033)	-18.2%
Physical Therapy	218,219	155,220	220,000	160,000	160,000	-	0.0%
Other	670,105	604,094	1,684,000	1,793,537	2,130,000	336,463	18.8%
Alumni Credit Card	30,000	30,000	30,000	30,000	30,000	-	0.0%
Athletic Development	2,240,000	3,160,000	3,375,000	3,025,000	4,135,000	1,110,000	36.7%
Corporate Sponsorship	885,662	937,946	261,500	291,500	319,500	28,000	9.6%
Endowment Income	163,362	116,013	70,000	86,700	85,000	(1,700)	-2.0%
Foundation Development	155,000	155,000	155,000	155,000	155,000	-	0.0%
<b>Subtotal</b>	<b>\$ 10,621,895</b>	<b>\$ 11,359,734</b>	<b>\$ 11,909,326</b>	<b>\$ 13,273,162</b>	<b>\$ 13,315,603</b>	<b>\$ 42,441</b>	<b>0.3%</b>
<b>University Support</b>	<b>2,403,465</b>	<b>2,778,396</b>	<b>2,853,125</b>	<b>3,092,655</b>	<b>3,165,951</b>	<b>73,296</b>	<b>2.4%</b>
<b>Trans. from Accrual Reserves</b>				<b>585,433 <sup>5</sup></b>		<b>(585,433)</b>	
<b>Transfer from Operating Reserve</b>					<b>1,550,000 <sup>6</sup></b>	<b>1,550,000</b>	
<b>Advance Ticket Sales</b>	<b>865,237</b>	<b>1,518,518</b>					
<b>TOTAL INCOME</b>	<b>\$ 22,321,609</b>	<b>\$ 25,208,150</b>	<b>\$ 25,036,485</b>	<b>\$ 27,644,089</b>	<b>\$ 27,985,921</b>	<b>\$ 341,832</b>	<b>1.2%</b>
<b>EXPENSES</b>							
<b>Sports Operations:</b>							
Football	2,121,116	\$ 2,370,538	\$ 2,328,500	\$ 2,580,500	\$ 2,613,000	\$ 32,500	1.3%
Men's Basketball	1,229,522	1,292,266	1,287,000	1,282,160	1,270,000	(12,160)	-0.9%
Women's Basketball	584,427	666,762	691,350	686,350	702,000	15,650	2.3%
Other Men's Sports	507,776	303,570	339,700	339,700	359,500	19,800	5.8%
Other Women's Sports	913,300	911,691	997,600	1,018,400	1,087,500	69,100	6.8%
<b>Subtotal</b>	<b>\$ 5,356,141</b>	<b>\$ 5,544,827</b>	<b>\$ 5,644,150</b>	<b>\$ 5,907,110</b>	<b>\$ 6,032,000</b>	<b>\$ 124,890</b>	<b>2.1%</b>
<b>NonSports Operations:</b>							
Training	270,448	\$ 237,448	\$ 246,650	\$ 240,650	\$ 242,000	\$ 1,350	0.6%
Academic Services	120,042	139,010	126,500	146,720	134,000	(12,720)	-8.7%
Building & Grounds	311,855	293,292	315,800	313,800	380,000	66,200	21.1%
Development	73,285	67,830	63,400	57,400	58,550	1,150	2.0%
Administration	751,971	739,044	938,000 <sup>2</sup>	948,000	992,000	44,000	4.6%
Ticket Operations	259,514	285,324	280,200	387,200	386,000	(1,200)	-0.3%
Media Relations	119,956	112,862	128,400	132,400	135,000	2,600	2.0%
Marketing	165,214	148,887	133,000	133,000	153,600	20,600	15.5%
Corporate Sponsorship	431,063	471,325	478,865	548,340	420,865	(127,475)	-23.2%
Medical	505,123	386,917	460,000	310,000	370,500	60,500	19.5%
Other <sup>(1)</sup>	260,733	314,322	281,350	302,950	305,570	2,620	0.9%
<b>Subtotal</b>	<b>\$ 3,269,204</b>	<b>\$ 3,196,261</b>	<b>\$ 3,452,165</b>	<b>\$ 3,520,460</b>	<b>\$ 3,578,085</b>	<b>\$ 57,625</b>	<b>1.6%</b>
<b>Scholarships</b>	<b>3,695,976</b>	<b>3,735,562</b>	<b>4,535,888</b>	<b>4,095,888</b>	<b>4,792,497 <sup>7</sup></b>	<b>696,609</b>	<b>17.0%</b>
<b>Salaries</b>	<b>7,072,093</b>	<b>9,185,749</b>	<b>9,907,782</b>	<b>9,976,106 <sup>8</sup></b>	<b>11,397,337 <sup>8</sup></b>	<b>1,421,231</b>	<b>14.2%</b>

**Notes to Iowa State University Athletics FY 2003 Projection and FY 2004 Budget**

- (1) Other: Includes Video, Strength & Conditioning, Compliance, Physical Therapy, General Equipment and Supplies, Graphic Design and Spirit Squad.
- (2) Accounting change - transferred computer support budget line item from all sports/units to Administration budget beginning with FY 2003.
- (3) FY 2003 included the \$1 million guarantee from the Eddie Robinson Classic. FY 2004 revenue reflects increased football ticket prices for 2004 season plus the \$15 facility fee for each ticket. FY 2003 projection includes 2003 season ticket revenue received before July 1, 2003.
- (4) FY 2003 Projection includes 8 football televised games; annually budget for 3 televised games.
- (5) FY 2003 Transfer from Accrual Reserve: Projects funded with FY 2002 year-end funding; the funds were transferred into the accrual reserve in FY 2002.
- (6) FY 2003 Transfer to Operating Reserve will be used to balance FY 2004 budget.
- (7) FY 2004 budget includes scholarships budgeted for the full number of scholarships allowed by the NCAA (234).
- (8) FY 2003 Projection for Salaries includes new contract for head football coach and increase in assistant football coach salary pool. FY 2004 Budget for Salaries includes contract buy-outs for Men's Basketball.