

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Approval of FY 2003 Detailed Budgets — University of Iowa
Date: June 10, 2002

Recommended Actions:

1. Approve the University of Iowa final FY 2003 general fund operating budget of \$1,036,190,955 and the restricted fund budget of \$661,850,000 for a total of \$1,698,040,955.
 2. Approve rate increases, effective August 1, 2002, for the University of Iowa Hospitals and Clinics, Psychiatric Hospital, and the Center for Disabilities and Development, which will provide an annualized increase of 8%.
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Executive Summary:

The University of Iowa prepared its detailed FY 2003 budgets in accordance with the strategic plans of the Board and of the University.

The FY 2003 budgets consist of the general fund and the restricted fund budgets.

General Fund

The University's general fund operating budget of \$1.036 billion is organized into 14 budgetary units (see page 4), which reflect separate and distinct state appropriations to the University. Direct state appropriations to SUI for FY 2003 total \$287.4 million.

- During FY 2002, the University experienced reductions in state appropriations of \$37.9 million.
- For FY 2003, state appropriations were further reduced by \$18.4 million.
- State appropriations for salary increases provided only 75% of the funding needed to implement the state's salary policy, a shortfall of \$3.8 million.
- At the end of May, the University was notified by the state of a \$1.5 million increase in its workers compensation insurance premiums.

The state appropriations reductions will impair the University's ability to make progress in its strategic plan.

General University

The **General University** budget represents the central educational operating unit of the University. The FY 2003 general fund operating budget for General University is \$443.0 million, including state appropriations of \$232.4 million and is the largest of the 14 general fund operating units. (Details on pages 4 through 7.)

**General University Budget
(In Thousands)**

<u>Revenues</u>	<u>FY 2000</u>	<u>% of Total</u>	<u>FY 2003</u>	<u>% of Total</u>	<u>Three-Year Shift in Funding Sources</u>	<u>% Change in Dollars</u>
State Approps	\$247,328	62.4%	\$232,423	52.5%	(9.9%)	(6.0%)
Tuition & Fees	118,708	29.9%	171,468	38.7%	8.8%	44.4%
Other	30,370	7.7%	39,151	8.8%	1.1%	28.9%
Total	\$396,406	100.0%	\$443,042	100.0%		

- During FY 2002, this unit experienced reductions of \$30.5 million in state appropriations.
- For FY 2003, state appropriations were further reduced by \$14.6 million for this budget unit.
- State appropriations for salary increases provided only 75% of the funding needed to implement the state's salary policy, a shortfall of \$3.3 million for this budget unit.
- Tuition and fee revenues increase of \$29.0 million, reflects the Board-approved 18.5% tuition rate increase for resident students and 15.5% increase for SUI non-resident students, surcharge increases, and an enrollment increase of approximately 600 students.

The University has allocated cuts of \$4.7 million throughout various units with administrative units absorbing a significantly higher percentage of the reduction. Student financial aid and library acquisitions will be exempted from the reduction.

Tuition revenue will be used to offset reductions in state appropriations (\$9.9 million); fund strategic initiatives (\$17.0 million); and meet a portion of the salary shortfall (\$2.0 million).

The University has allocated its general educational operating budget by its strategic goals as follows: strengthening undergraduate education (\$139.2 million), achieving premier graduate and professional programs (\$164.9 million), fostering distinguished research, scholarship, and artistic creation (\$66.8 million), facilitating interdisciplinary interaction in teaching, research, and service (\$13.6 million), and developing a highly productive organization (\$58.5 million).

University Health
Care Units

Four of the 14 general fund appropriation units comprise the University Health Care units — Hospitals and Clinics (UIHC), Psychiatric Hospital, the Center for Disabilities and Development, and Specialized Child Health Services (SCHS). (Details on pages 7 through 9.)

The University is proposing annualized rate increases of 8% for patient services for UIHC, the Psychiatric Hospital, and the Center for Disabilities and Development. While this increase is higher than previous years, the University states that it is necessary to support hospital operations and meet salary and wage commitments negotiated by the state. The University has provided further justification for this rate increase and that information can be found on pages 6-7 of this docket memorandum.

With the proposed rate increase and anticipated increases in patient volume, the University projects revenues of \$546.8 million (8.1% increase) for UIHC, \$18.7 million (2.0% increase) for Psychiatric Hospital, and \$8.6 million (0.8% increase) for the Center for Disabilities and Development.

The SCHS FY 2003 budget is \$4.9 million, which represents a 2.7% increase in revenues.

Summaries of the other budget units begin on page 9.

Restricted Fund

The restricted fund budget of \$661.9 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. Details on page 12.

The Residence System and Athletic Department budgets are part of the restricted fund budget and, as such, are presented this month for approval. The preliminary Residence System FY 2003 budget was previously presented to the Board in March. Revenue projections have decreased slightly from the preliminary budget due to lower occupancy estimates than previously projected. (Attachment B, page 15)

The Athletic Department budget is detailed in G.D. 6h.

Background:

Board Budget
Process

In most years, the Board receives preliminary budget details in June. This allows the Board time to consider Regent institutional plans and provide guidance prior to final approval of budgets in July. The process was changed as a result of delayed actions on state appropriations. In June, the Board considered key budgetary policy issues. This month, the Board receives final detailed general fund budgets for approval.

The restricted fund budget is also presented this month for Board approval. Revenues are derived from federal and non-federal support for sponsored programs (primarily research and student aid), sales and services, reimbursed indirect costs, tuition and fees from sources such as continuing education, bond proceeds, tuition replacement appropriations, and capital appropriations.

Analysis:

General Fund

The FY 2003 general fund operating budget for the University of Iowa is \$1.036 billion. The University's budget is distributed among the following units:

	<u>Total Budget</u>	<u>State Appropriations</u>
General University	\$443,042,375	\$232,423,103
University Hospital	546,802,400	28,833,519
Psychiatric Hospital	18,650,600	7,442,887
Center for Disabilities and Development	8,634,100	6,724,505
Oakdale Campus	3,214,191	2,808,191
Hygienic Laboratory	6,452,011	4,018,388
Family Practice	2,225,798	2,193,798
SCHS	4,877,100	685,914
Special Purpose (page 10)	<u>2,292,380</u>	<u>2,292,380</u>
Total	\$1,036,190,955	\$287,422,685

General University

The FY 2003 general fund operating budget for the General University unit is \$443.0 million, including state appropriations of \$232.4 million. The General University appropriation unit represents the central educational operating budget of the University.

The summary sheet on page 13 of this docket memorandum details the General University budget by strategic planning goal and identifies the uses of the new revenues and reallocations.

**Appropriation
Reductions and
Funding Shortfalls**

- During FY 2002, this unit experienced reductions of \$30.5 million in state appropriations.
- For FY 2003, state appropriations were further reduced by \$14.6 million for this unit.
- State appropriations for salary increases provided only 75% of the funding needed to implement the state's salary policy, a shortfall of \$3.3 million for this budget unit.

Budget Actions

SUI proposes to:

- Reduce expenditures by \$4.7 million which includes reducing academic budgets by \$2.7 million and administrative and support budgets by \$2.0 million; and
- Utilize new tuition revenues of \$9.9 million previously planned for quality improvements.

Impact of Operating
Reductions

The following information represents action taken and/or the results of the FY 2003 budget reductions:

- The College of Liberal Arts and Sciences will close the Iowa Social Science Institute;
- The Colleges of Business, Education, Law, Public Health, and Nursing will eliminate faculty positions;
- The College of Business and Division of Continuing Education will eliminate professional and scientific positions;
- Planned recruitment of faculty will no longer be possible in the Colleges of Dentistry, Engineering, and Pharmacy,
- There will not be a contingent payment made to the College of Medicine faculty in the clinical departments even though salaries are reported to be below the 50th percentile in comparison to the Association of American Medical Colleges national salary surveys;
- The Office of the Provost will eliminate the Vice Provost position;
- The Division of Continuing Education will eliminate the Assistant Dean position in the Center for Conferences and Institutes;
- The Division of Continuing Education will close the translation laboratory;
- The Summer Session will offer 15 fewer courses; and
- The student to faculty ratios will be higher and class sizes will be larger.

Salary Policy

The University is proposing to centrally allocate 3.0% for faculty and non-union professional and scientific staff (P&S). Units must compensate for promotion, reclassification, compression problems, market adjustments or other special needs, within the overall salary policy.

The University's overall aspiration is to achieve, from all sources of funds, an average faculty and P&S staff and salary increase policy in the range of 3.5% - 4%. To achieve this objective, divisions and colleges may choose to reallocate funds or use funding flexibility from non-general funds sources to the degree these opportunities are available.

Units have been given the flexibility, if necessary, to implement layoffs and/or furloughs.

This has not changed from what was presented to the Board in June.

Tuition Revenues

The University has projected increases in FY 2003 tuition and fee revenues of \$29.0 million, for a total of \$171.5 million. Projected tuition revenue is based on enrollment estimates, mix of resident and nonresident students, and the Board's approved rate increases, including surcharges.

SUI indicates it will not be able to fully address the plan for tuition proceeds approved by the Board in November. The University proposes to use new tuition revenues as follows:

Planned Use of Tuition

Offset Partial Reductions in State Appropriations	\$9,947,441
Salary Shortfall	1,992,837
Strategic Initiatives	
Student Aid Set Aside (20.3%)	5,882,576
Surcharges (net)	1,444,219
Building Renewal/Equipment Restoration	254,180
Opening New Buildings	1,583,000
Liberal Arts Initiative/Enrollment Related Costs	3,375,000
Women's Athletics – Salary and scholarship Inflation	350,000
Library Acquisitions	493,000
Internal Medicine Support	375,000
College of Public Health Accreditation Support	500,000
Graduate College Initiative	125,000
Faculty Recruitment (International and Interdisciplinary)	150,000
Restore Research Pools	300,000
Restore Provost Pools	500,000
IT/Telecommunication Increased Access	1,290,715
Security Requirements Public Safety/IP Office	346,350
Office of University Relations	71,000
 Total	 \$28,980,318

The University allocated additional tuition revenue to student financial aid bringing the total student aid set-aside to 20.3% of new tuition revenue compared to 16% in previous years.

Reallocations

The FY 2003 budget reflects internal programmatic reallocations totaling \$7.8 million (Attachment A, page 14), which recognize both permanent and temporary shifts in the use of general education fund resources. When combined with the \$4.7 million in reductions to meet the budget appropriations reductions, the reallocations represent 3.0% of the revised FY 2002 budget and are consistent with the Board's program of reallocations averaging 2% per year.

Some examples of reallocations for FY 2003 include:

- The College of Liberal Arts & Sciences plans to reallocate approximately \$2,500,000 of faculty lines, freed through retirements and resignations, to those departments deemed most deserving by the College. In addition, approximately \$170,000 of faculty salary funds will be reallocated to begin to meet competitive salary offers from faculty in a range of disciplines.

- The office of the Vice President for Research and External Relations plans to reallocate approximately \$1,100,000 to the health and biological sciences in support of start-up funding for new faculty, postdoctoral fellowships and support for several interdisciplinary programs.
- The University is planning to restore part of the building renewal budget by reallocating \$1,200,000 from the Equipment budget in FY 2003.
- The College of Medicine plans to reallocate \$900,000 from faculty salaries to general expenses for faculty startup, bridging support, and computer upgrades.
- The Graduate College plans to reallocate approximately \$195,000 among graduate programs. In addition, \$118,000 in faculty salary and fringe funds created through vacancies and retirement in the School of Library Science & Information will be reallocated to establish two new Interdisciplinary Faculty positions to contribute to the University's strategic goal of promoting interdisciplinary activities and programs.
- The College of Business will have reallocations totaling \$228,000. Examples of recent actions include suspending admission to the MA in MIS. Faculty in this program will be reassigned to higher-priority areas in the undergraduate, MBA, and Ph.D. programs.

Health Care Units

The health care budget consists of four different appropriation units: University of Iowa Hospitals and Clinics (UIHC), Psychiatric Hospital, Specialized Child Health Services (SCHS), and the Center for Disabilities and Development (formerly Hospital School). All proposed budgets are based upon the proposed annualized rate increase for patient charges of 8%.

These appropriation units experienced reductions as follows:

- During FY 2002, these units experienced reductions of \$5.8 million in state appropriations.
- For FY 2003, state appropriations were further reduced by \$2.8 million for these units.
- State appropriations for salary increases provided only 75% of the funding needed to implement the state's salary policy, a shortfall of \$0.4 million for this budget unit.

The University plans to cover the shortfalls in state appropriations by increasing rates, eliminating 117 positions, and modifying programs.

University of Iowa Hospitals and Clinics (UIHC)

The University of Iowa Hospitals and Clinics focus in FY 2003 is consistent with last year: preserving high quality patient care, supporting the companion missions of teaching and research, and protecting the ability to recruit and retain highly skilled health care staff members.

The preliminary FY 2003 general fund operating budget for the University Hospitals and Clinics is \$546,802,400, including state appropriations for the Indigent Patient Care Program of \$28,833,519. UIHC predicts that state appropriations will cover only approximately 29.9% of the costs associated with the program for FY 2003. State appropriations represent 5.3% of the University Hospitals and Clinics FY 2003 projected revenue.

The University of Iowa Hospitals and Clinics is requesting Board approval of an annualized 8% rate increase, to be effective August 1, 2002. This rate increase, combined with expected volumes and non-patient revenue sources will yield an increase in net revenues of 5.7%. This increase compares to average increases over the past five years of 4.1% for UIHC, 4.5% for Psychiatric Hospital and 4.8% for the Center for Disabilities and Development.

The April 2002 issue of Rate Controls (a health provider publication) noted that, while the CPI for medical care increased 4.5% for the twelve months ended February 2002, the CPI for Hospital Services increased 7.9%. This is significantly higher than the general rate of inflation that was reported at 1.1% for the same twelve months.

The University indicates the reasons commonly cited nationally for the rapid inflation rates of the hospital services area of the healthcare sector also apply to the University of Iowa Hospitals and Clinics. These are higher wages and salaries required to retain and recruit trained health care professionals as the supply of such individuals is outpaced by demand and the continued price increases for prescription drugs and medical supplies.

The University states that additional net revenues are required in FY 2003 to support appropriate staffing levels, high quality of care and higher patient volumes at the University of Iowa Hospitals and Clinics. These additional net revenues will come from two sources: new volume and a rate increase to be effective August 1, 2002.

The University reports that the UIHC continues to face challenges with reduced revenues from Medicare, Medicaid, the Indigent Patient Care Program, and increasing managed care products. The combined effect of these payment restrictions will be to reduce the amount that UIHC receives for its patient care services, including state appropriations, to approximately 57.0% of gross charges.

In FY 2003, UIHC will continue to collaborate with the College of Medicine with both direct and indirect support. UIHC direct payments to the College of Medicine, included in the FY 2003 operating budget, are \$33,105,900 for purchase of certain professional services, such as supervision of laboratories and services and jointly sponsored programs.

UIHC provides direct payments for various University services, including administrative and related University support services, utility services, and laundry services. The estimate of these University services for FY 2003 totals \$30.8 million.

Psychiatric Hospital

The Psychiatric Hospital provides tertiary level specialized patient care services to Iowa citizens and serves as a primary clinical teaching unit for the University's health sciences colleges as well as a base for clinical research and instruction.

The preliminary FY 2003 general fund operating budget for the Psychiatric Hospital is \$18,650,600, including state appropriations of \$7,442,887. The state appropriation represents 39.9% of the Psychiatric Hospital's FY 2003 projected revenue.

Center for Disabilities and Development

The Center for Disabilities and Development provides diagnostic, evaluative, planning and treatment services to children with cerebral palsy, mental retardation, myelodysplasia, chronic asthma, and other disorders. The interdisciplinary clinical teaching model is used to train professional students. Professionals also demonstrate and teach in the community setting and in learning laboratories. The staff undertakes investigative efforts relating to clinical treatment techniques and teaching methods.

The preliminary FY 2003 general fund operating budget for the Center for Disabilities and Development is \$8,634,100, including state appropriations of \$6,724,505. The state appropriation represents 77.9% of the Center's projected FY 2003 revenues.

Specialized Child Health Services

The University of Iowa Hospitals and Clinics, through the Specialized Child Health Center (SCHS), provide statewide health services and resources to Iowa children and families with specialized health care needs. Funding allows for state-of-the-art cancer chemotherapy and diagnostic studies on all cancer patients in the state of Iowa, with the ability to receive such treatment locally; and allows for a home-based therapy program for the treatment of hemophilia and infant healthcare services, not otherwise consistently available throughout the state.

The preliminary FY 2003 general fund operating budget for SCHS including Cancer, Hemophilia, High Risk Infant, Mobile and Regional Clinics, and Muscular Dystrophy is \$4,877,100, including \$685,914 (14.1%) in direct state appropriations.

Oakdale Campus

The Oakdale campus provides a working environment to stimulate research and outreach activities. The activities include the University Hygienic Lab, the Obermann Center for Advanced Studies, the Technology Innovation Center and a number of academic and health-care related activities.

The preliminary FY 2003 general fund operating budget for the Oakdale Campus is \$3,214,191, including state appropriations of \$2,808,191. The state appropriation includes a 6.1% (\$177,035) reduction in FY 2003 after reductions of 11.5% (\$368,519) in FY 2002. State appropriations represent 87.4% of the projected FY 2003 revenues.

University Hygienic Laboratory

The Hygienic Laboratory serves as Iowa's only state public health and environmental quality laboratory and is statutorily obligated to provide such laboratory scientific services. Specific scientific services include areas such as bacteriology, diagnostic immunology, parasitology, mycobacteriology, mycology, virology, radiochemistry health physics, industrial hygiene, air quality, waer quality, limnology pesticide analysis, inorganic chemistry, and organic chemistry.

The preliminary FY 2003 general fund operating budget for the University Hygienic Laboratory is \$6,452,011, including state appropriations of \$4,018,388. The state appropriation includes a 6.2% (\$253,295) reduction in FY 2003 after reductions of 8.0% (\$338,202) in FY 2002. The state appropriation represents 62.3% of the projected FY 2003 revenues.

Family Practice Program

This training program is a statewide graduate medical education system that provides training for family physicians. The statewide system comprises nine approved community hospital residency programs. The residency programs are located in seven major cities, thus decentralizing the training program into several sub-regions of the state to gain training capacity and favorably affect the distribution of graduates. Training occurs in model medical clinics, hospitals, and private medical offices in Cedar Rapids, Davenport, Des Moines (three programs), Iowa City, Mason City, Sioux City, and Waterloo.

The preliminary FY 2003 general fund operating budget for the Family Practice Program is \$2,225,798 including state appropriations of \$2,193,798. The state appropriation includes a 6.1% (\$138,539) reduction in FY 2003 after reductions of 12.0% (\$294,791) in FY 2002. The state appropriation represents 98.6% of the projected FY 2003 revenues.

Eighty percent of the appropriated funds will be spent on community-based family physician training programs consistent with statutory requirements and twenty percent will be spent on university-sponsored activities in support of the community-based training programs.

Special Purpose Appropriations

The FY 2003 general fund operating budgets for Special Purpose Appropriation units total \$2.3 million and are funded entirely by state appropriations. The Special Purpose Appropriations for FY 2003 are as follows:

	State Appropriations	
	<u>FY 2002</u>	<u>FY 2003</u>
Center for Biocatalysis and Bioprocessing	978,220	931,420
Iowa Substance Abuse Consortium	70,810	68,553
State of Iowa Cancer Registry	196,749	188,886
Primary Health Care	835,175	803,013
Iowa Birth Defects Registry	48,806	47,170
Economic Development*	<u>561,364</u>	<u>253,338</u>
Total	\$2,691,124	\$2,292,380

*Includes Center for Advanced Drug Development, Oakdale Research Park, and Innovation Center.

The FY 2003 economic development appropriations were combined into one appropriation. This appropriation includes funding for the Center for Advanced Drug Development, the Oakdale Research Park, and the Innovation Center. These appropriation units experienced reductions as follows:

- During FY 2002, these units experienced reductions of \$71,861 (11.7%) in state appropriations.
- For FY 2003, state appropriations were further reduced by \$321,908 (57.3%).

Center for Advanced Drug Development (CADD)

CADD works with the Division of Pharmaceutical Service and the University of Iowa College of Pharmacy to offer special capacity to produce, under contract, limited quantities of new medicines under FDA approval. The Center addresses a crucial economic need to shorten the lead-time between new pharmaceutical discoveries in the laboratory and their commercialization in the market place.

The proposed reduction will pose serious problems to the continued operation of the Center and severely limit its ability to complete current contractual requirements and to stimulate continued interest in Iowa from pharmaceutical and biopharmaceutical companies that use the Centers services. The Center is planning personnel reductions unless alternative funds can be identified.

Oakdale Research Park/Technology Innovation Center

The Oakdale Research Park represents a substantial commitment by the State and the University to further sustained interaction with business. It offers leased building sites and space to corporations engaged in research and development and related production and marketing activities.

The Technology Innovation Center (TIC) is a business incubator for start-up companies, that offer new technology-based business ventures a nurturing business environment that includes cost-effective laboratory and office space, shared equipment and services and access to relevant University research expertise and resources.

The Research Park and the TIC will strive to maintain the current level of services delivered to affiliates while reducing salaries allocated and reducing cooperative activities with local, regional and state economic development groups, travel, conference participation, and marketing initiatives. Historically, the TIC has leveraged more than \$20 in non-state funds for each dollar of state support.

Without significant additional state support in future years, the Research Park / TIC's ability to survive, grow and to take advantage of the public and private investment will be curtailed or eliminated.

Restricted Fund Restricted funds for FY 2003 total \$661.9 million. Capital appropriations for FY 2003 include \$13.5 million for the Biology building, Art building, and the Journalism classroom. The tuition replacement is estimated to be \$10.3 million.

The restricted fund includes the Organized Activities Fund, the Auxiliary Enterprise Fund, the Current Restricted Fund and the Plant Fund. Revenues are derived from federal and non-federal support for sponsored programs (primarily research and student aid), sales and services, reimbursed indirect costs, tuition and fees, bond proceeds, transfers from current unrestricted funds, tuition replacement appropriations, and capital appropriations.

Residence System The University proposed a FY 2003 residence system budget with expected revenues of \$35.1 million and proposed expenses for operations of \$25.6 million, with a \$9.5 million net revenue available for debt service, mandatory transfers, and transfers to voluntary reserves. (See Attachment B, page 15 for details.)

Revenue projections have decreases slightly from the preliminary budget submitted to the Board in March due to lower occupancy estimates than previously projected. Those projections are based upon the room and board rates approved by the Board in April.

Athletics The athletic department budget, which is part of the restricted fund, is addressed separately in General Docket 6h.

 Approved: 
Deb A. Hendrickson Gregory S. Nichols

**UNIVERSITY OF IOWA
FY 2003 General University Budget Summary**

STRATEGIC PLANNING GOALS		
Goal #1	Create an undergraduate experience that enables students to fulfill their intellectual, social, and career objectives.	\$139,245,370
Goal #2	Achieve premier graduate and professional programs in a significant number of areas.	164,881,920
Goal #3	Foster distinguished research, scholarship, and artistic creation.	66,778,678
Goal #4	Facilitate interdisciplinary interaction in teaching, research, and service.	13,657,258
Goal #5	Develop a highly productive organization that supports the mission and values of the University.	<u>58,479,149</u>
TOTAL		\$443,042,375

	Goal	General University FY 2003 New Revenues and Reallocations				
		Approp.	Tuition	Reallocation	Other	Total
<u>Strategic Initiatives</u>						
Faculty Recruitment	1,2	0	150,000	0	0	\$150,000
Building Renewal / Equipment Restoration	5	0	254,180	1,200,000	299,122	1,753,302
Liberal Arts Initiative / Enrollment	1	0	3,375,000	0	0	3,375,000
Collegiate Reallocations	1-5	0	0	5,062,500	0	5,062,500
Biosciences	1-4	0	0	1,100,000	0	1,100,000
Arts and Humanities	1-4	0	0	350,000	0	350,000
Interdisciplinary Faculty Hires	1,2	0	0	75,000	0	75,000
Internal Medicine Support	2	0	375,000	0	0	375,000
Graduate College Initiative	2	0	125,000	0	0	125,000
Tuition Surcharges	2,3	0	1,444,219	0	0	1,444,219
Restore Research Pool	3	0	300,000	0	300,000	600,000
Restore Provost Pools	1	0	500,000	0	0	500,000
Research Incentives	3,4	0	0	0	117,000	117,000
College of Public Health	2	0	500,000	0	0	500,000
Research Monitoring/Accreditation	3,4	0	0	0	200,695	200,695
IT/Telecom Increased Access	5	0	1,290,715	0	0	1,290,715
Student Aid Increases	1,2	0	5,882,576	0	0	5,882,576
Security Requirements	5	0	346,350	0	0	346,350
Office of University Relations	5	0	71,000	0	0	71,000
Women's Athletics	1	0	350,000	0	0	350,000
<u>Mandatory Cost Changes</u>						
Compensation Increases		10,103,619	1,992,837	0	1,285,127	13,381,583
Library Acquisitions		0	493,000	0	0	493,000
Opening New Buildings		0	1,583,000	0	600,000	2,183,000
Base Budget Reductions		(14,617,639)	9,947,441	0	0	(4,670,198)
TOTAL		\$(4,514,020)	\$28,980,318	\$7,787,500	\$2,801,944	\$35,055,742

TABLE 2
THE UNIVERSITY OF IOWA
FY 03 FINAL BUDGET
General Fund
Summary of Reallocations*

<u>From</u>		
	Business Administration	\$228,000
	Education	186,500
	Pharmacy	68,000
	Liberal Arts	2,670,000
	Libraries	227,000
	Graduate College	313,000
	Medicine	900,000
	Public Health	120,000
	Continuing Education	350,000
	Provost	75,000
	VP Research	1,450,000
	VP Finance and University Services	1,200,000
	Total Reallocations	\$7,787,500
<u>To</u>		
	Collegiate Reallocations	\$5,062,500
	Biosciences Initiative	1,100,000
	Partial Restoration of Building Renewal Budget	1,200,000
	Arts and Humanities Initiatives	350,000
	Interdisciplinary Faculty Hires	75,000
	Total Reallocations	\$7,787,500
	* Excludes year-to-year funding of central building repair and equipment budgets	
	which are reallocated each year to different projects - total \$13.2 million	

The University of Iowa
Residence System Proposed Final Budget 2002-03

	Actual 2000-2001	Revised Estimate 2001-2002	Preliminary Budget 2002-2003	Proposed Final Budget 2002-2003
OPERATIONS (Modified Cash Basis)				
Revenues	\$ 30,151,057	\$ 32,669,400	\$ 35,269,930	\$ 35,091,333
Expenditures for Operations	22,075,770	23,093,936	25,526,254	25,558,541
Net Revenues	8,075,287	9,575,464	9,743,676	9,532,792
% of Revenues	26.8%	29.3%	27.6%	27.2%
Debt Service (due July 1)	3,740,776	4,933,973	5,149,070	5,149,070
Mandatory Transfers	600,000	600,000	600,000	600,000
Net After Debt Service & Mandatory Transfers	\$ 3,734,511	\$ 4,041,491	\$ 3,994,606	\$ 3,783,722
% of Revenues	12.4%	12.4%	11.3%	10.8%
University Overhead Payment From Surplus	\$ 333,372	\$ 272,028	\$ 290,747	\$ 371,652
CASH AND INVESTMENT BALANCES (June 30)				
Revenue Fund	\$	\$	\$	\$
Operation & Maintenance Fund	1,000,000	1,000,000	1,000,000	1,000,000
Improvement Fund	5,592,794	5,582,000	3,263,000	3,013,000
Surplus Fund	6,068,535	4,914,123	5,742,753	5,913,193
Subtotal--Voluntary Reserves	12,661,329	11,496,123	10,005,753	9,926,193
Bond Sinking Fund	2,784,008	4,146,640	4,099,535	4,099,535
Bond Reserve Fund	4,203,015	5,271,473	5,271,473	5,271,473
Bond Construction Fund	0	4,000,000	0	0
Subtotal--Mandatory Reserves	6,987,023	13,418,113	9,371,008	9,371,008
Total Reserve Balances (June 30)	\$ 19,648,352	\$ 24,914,236	\$ 19,376,761	\$ 19,297,201
REVENUES AND EXPENDITURES DETAIL				
Revenues				
Contracts	\$ 26,130,302	\$ 28,884,217	\$ 31,859,736	\$ 31,441,070
Interest	1,340,599	854,841	668,129	787,210
Other Income	2,680,156	2,930,342	2,742,065	2,863,053
Total Revenues	<u>\$ 30,151,057</u>	<u>\$ 32,669,400</u>	<u>\$ 35,269,930</u>	<u>\$ 35,091,333</u>
Expenditures for Operations				
Salaries, Wages & Benefits	\$ 8,414,919	\$ 9,128,801	\$ 10,284,894	\$ 10,300,448
Cost of Food or Goods Sold	2,410,042	2,641,675	2,712,230	2,719,342
Other Operating Expense	4,753,268	4,846,887	5,398,374	5,669,492
Utilities	3,793,349	3,613,181	4,018,429	3,783,307
Repairs & Maintenance	2,704,192	2,863,392	3,112,327	3,085,952
Total Expenditures	<u>\$ 22,075,770</u>	<u>\$ 23,093,936</u>	<u>\$ 25,526,254</u>	<u>\$ 25,558,541</u>