

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Operating Appropriations Requests for FY 2005
Date: July 7, 2003

Recommended Actions:

Consider the preliminary FY 2005 operating appropriations requests.

Executive Summary:

State statutes require requests for appropriations be submitted on or before October 1 of each year. To meet this deadline, the Board receives preliminary operating appropriations requests in July and approves final operating appropriations requests in September.

In June 2003, the Board approved the priorities of its new 2004-2009 Strategic Plan:

1. Ensuring high-quality educational opportunities for all our students.
2. Discovering new knowledge through research, scholarship, and creative activities.
3. Providing needed service and promoting economic growth.
4. Demonstrating public accountability and effective stewardship of resources.

Without adequate state funding, the priorities of the strategic plan will be difficult to achieve.

FY 2005 Requests

Basic Premise Regent operating appropriations requests are based on continuation of current fiscal year base appropriations.

Full Funding of Salaries from State Appropriations Full funding of salaries from state appropriations continues to be the first priority of the Board and its institutions. A dollar amount has not yet been determined for this request.

For FY 2004, salaries comprise almost 75% of the general education budgeted expenditures. Competitive salaries are crucial in attracting and retaining outstanding faculty and staff. A strong and professional workforce is essential for the Board and its institutions to achieve their strategic planning goals.

Strategic
Investments

The incremental operating appropriations requests are illustrated in the following tables. While this request is more than prior years, it does not begin to restore the reductions in state appropriations that the institutions have incurred since FY 2000.

	FY 2004 <u>Budget</u>	FY 2004 Direct State <u>Appropriations*</u>	FY 2005 Incremental Strategic <u>Investments</u>	Reductions in State Appropriations <u>FY 2000–FY 2004</u>
SUI	\$1,123,348,710	\$278,963,722	\$17,350,000	\$68,515,326
ISU	426,278,344	232,816,705	13,500,000	59,185,360
UNI	139,287,339	80,387,339	6,500,000	19,367,087
ISD	8,897,748	8,305,689	1,300,000	788,335
IBSSS	<u>5,109,681</u>	<u>4,646,740</u>	<u>700,000</u>	<u>440,673</u>
Subtotal	\$1,702,921,822	\$605,120,195	\$39,350,000	\$148,296,781
Board Office	<u>2,489,077</u>	<u>1,190,152</u>	<u>150,000</u>	<u>232,981</u>
Total	\$1,705,410,899	\$606,310,347	\$39,500,000	\$148,529,762

Incremental FY 2005 Appropriations Requests

	<u>Initiative</u>	
SUI	Restoration of Faculty Positions	\$10,600,000
	Public Health Initiative	2,350,000
	Cancer Registry	300,000
	Library	1,900,000
	Opening New Buildings	450,000
	Economic Development	900,000
	Indigent Patient Care Program	850,000
		<u>17,350,000</u>
ISU	Rebuilding the Ranks of Faculty	5,000,000
	Agriculture Experiment Station	2,000,000
	Cooperative Extension Service	1,000,000
	Economic Development	2,000,000
	Student Success	1,500,000
	Building Repair	2,000,000
		<u>13,500,000</u>
UNI	Reinvesting in the Core Mission	4,950,000
	Restoring Critical Infrastructure	1,300,000
	Restoring Critical Economic Development Activities	250,000
	<u>6,500,000</u>	
ISD	Director of Education	110,000
	Recreation Complex Programming/Operations	275,000
	Restore Library and Faculty Positions	490,000
	Restore Residence Positions	160,000
	Technology Upgrades	265,000
	<u>1,300,000</u>	
IBSSS	Restoration of Summer Services	200,000
	Restoration of Statewide Services	235,500
	Increase Outreach Initiatives in Western Iowa	264,500
	<u>700,000</u>	
Institutional Subtotal		\$39,350,000
Board Office	Economic Development	<u>150,000</u>
Total		\$39,500,000

Background:

Statutory Provisions Iowa Code §8.23 requires that all state agencies prepare estimates of appropriation expenditures for the ensuing fiscal year for which state appropriations are requested. These requests are to be submitted to the Department of Management on or before October 1.

The appropriation estimates are to be based on achieving goals contained in the agency's strategic plan with descriptions of results to be achieved.

Regent
Appropriations
Requests Process

The chronological appropriations process includes the following:

- Regent institutions develop institutional budget requests.
- The Board receives preliminary operating appropriations requests (excluding dollar amounts for implementing state salary policy).
- Board Office staff discusses appropriations requests with institutional officials (summer) and makes recommendations to the Board (September).
- The Board approves final operating appropriations requests. (September).
- The Board-approved operating appropriations requests are submitted to the Department of Management (October 1).
- The Governor prepares state appropriations recommendations including recommendations for Regent appropriations.
- General Assembly and Governor consider and approve appropriations.

Regent Request
Criteria

The initiatives presented by the institutions are evaluated based on the following criteria:

- Relationship of initiatives to institutional strategic plans, which also guide capital budget requests
- Prior appropriations for similar or connected initiatives
- External funding which provides a leverage of state resources
- Equity among institutions
- Impact of initiatives on the state's economic development

Regent
Appropriations
History

The Regent universities rely heavily on state appropriations, but have other funding sources for general fund operating budgets. The Special Schools rely entirely on state appropriations for operating revenues.

The following table represents the state appropriations for institutional operations from FY 1998 through FY 2004.

Institutional Operating Appropriations (In thousands)					
	SUI	ISU	UNI	ISD	IBSSS
1998	\$281,912	\$238,968	\$79,844	\$7,206	\$4,009
1999	296,027	250,581	83,998	7,487	4,155
2000	310,019	262,026	88,497	7,936	4,433
2001	318,588	269,898	91,829	8,178	4,568
2002	294,093	248,811	84,829	7,891	4,423
2003	287,423	239,809	82,816	7,944	4,446
2004	278,964	232,817	80,387	8,306	4,647

**Appropriation
Reductions**

The Regent institutions have had significant appropriations reductions over the five years.

**State Appropriations Reductions
Regent Institutions**

FY 2000	\$(3.4 million)
FY 2001	(2.7 million)
FY 2002	(81.9 million)
FY 2003	(42.6 million)
FY 2004	<u>(17.9 million)</u>
Total	(\$148.5 million)

**Underfunding of
Salary Increases**

In addition to these reductions, state appropriations to implement the state's salary policy have been underfunded over this same time period.

The state, during its process of negotiating collective bargaining agreements, determines the statewide salary increase policy. Certain Regent salary increases are determined through various collective bargaining agreements, including the state's negotiation of the AFSCME contract.

Historically, legislation required that Regent institutions provide comparable salary increases for non-contract employees as provided for contract covered employees. Legislative language for FY 2004 did not require comparable increases and did not provide salary increase funding to the Regent universities or the Board Office.

**State Appropriations Salary Underfunding
Regent Institutions**

FY 2000	(\$ 1.6 million)
FY 2001	(17.7 million)
FY 2002	(7.0 million)
FY 2003	(8.0 million)
FY 2004	<u>(33.3 million)</u>
Total	(\$67.6 million)

Analysis:

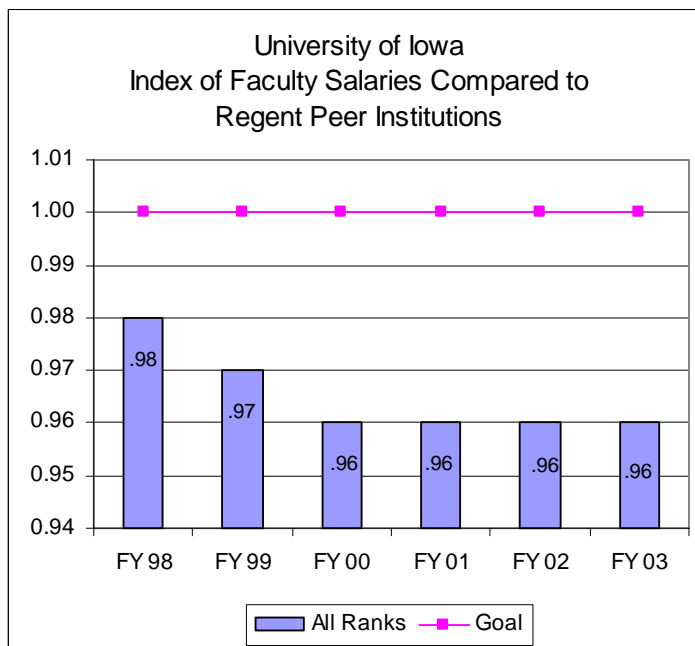
Full Funding of Salaries from State Appropriations

Full funding from state appropriations of the state's salary policy and state negotiated agreements for Regent institutions is a key component of the Board's strategic plan for quality. State funding of salaries is necessary for the institutions to be competitive with their peers and is a beneficial investment for the state.

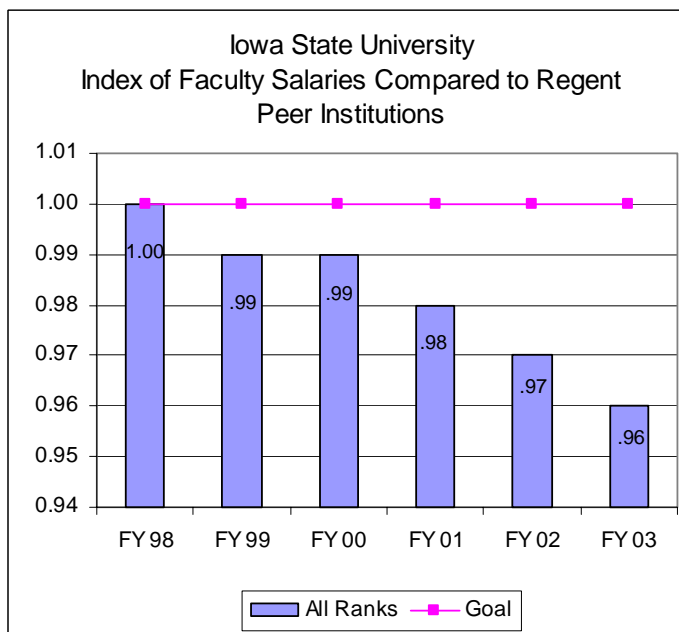
The dollar amounts for FY 2005 incremental appropriations for increases in salary are not yet available for the Regent appropriations requests. These amounts will be calculated at a later date.

In recent years, faculty salaries at the University of Iowa and Iowa State University have lost significant ground compared to those at peer universities, while the University of Northern Iowa has exceeded its goal as evidenced in the following tables.

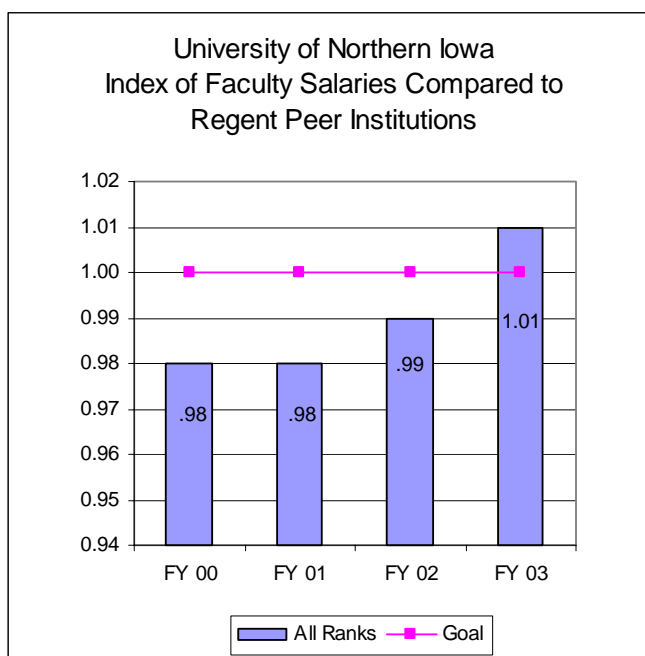
University of Iowa



Iowa State University



University of
Northern Iowa



Factors to be considered for full funding of salaries include:

- Quality faculty and staff are essential to the implementation of the Board's and institutions' strategic plans because they:
 - Advance Regent and institutional goals and objectives related to undergraduate and graduate instructional programs.
 - Foster distinguished research, scholarship and artistic creation.
 - Facilitate interdisciplinary interaction in teaching, research, and service.
- To recruit and retain top faculty in a global marketplace, the Regent institutions must remain competitive by paying competitive salaries in each discipline.
 - The reputation of a university/school and the ability to recruit and retain students is largely dependent on the range of offerings and the quality of the people who provide instruction, conduct research, and support academic activities.
 - Premier programs are developed and maintained by attracting and retaining premier faculty and staff.
- The Regent institutions face serious competition from other institutions of higher learning as well as from the private sector, which pays market rates.
 - Faculty and staff in public universities have many opportunities to leave academe to work for private employers, sometimes at higher salaries.
 - Public and private institutions of higher education are in keen competition with each other for the best and the brightest.
- To remain competitive for essential positions within the professional & scientific compensation plans, it is not sufficient just to keep pace with inflation, especially in high demand occupational groups such as sciences and technology.

- The state benefits from quality faculty and staff.
 - Quality faculty and staff are dedicated to discovering, disseminating, and preserving knowledge and to the development of an educated citizenry.
 - Through teaching, research, scholarship, clinical practice, and public outreach, the institution develops ideas, enlarges understanding, and extends its resources to society.
 - Faculty determine what students should learn and shape the body of knowledge that will be passed on to future generations.
 - It is also the institution's obligation to engage all members of its community in collective reflection on their responsibilities not only to their disciplines and professions but also to the institution and to society.
 - The costs of personnel benefits are rising rapidly. The continued escalation of these costs erodes the institutions salary dollars for competitive position.

Strategic
Investments

Each of the institutional strategic investments proposals are identified in attachments A through E.

Board Office

The FY 2004 state appropriation for the operations of the Board and Board Office is \$1,190,152. This request is for additional state appropriations of \$150,000 to provide the funding necessary to implement the new statutory requirements enacted by the 2003 extraordinary legislative session.

HF 692, the Regulatory, Taxation and Statutory Requirements added statutory language to chapter 262 of the Iowa Code that details reporting requirements for the Board of Regents related to the commercialization of research.

The bill also modifies Iowa Code chapter 262B, establishes it as the Commercialization of Research for Iowa Act, and defines new duties and responsibilities for the Board of Regents. Legislative intent for Chapter 262B includes that:

- The three universities under the control of the Board of Regents have, as part of their missions, the use of their universities' expertise to expand and stimulate economic growth across the state.
- Real or virtual research parks be established and maintained by the universities in close enough proximity to the ventures that cooperation between the academic, research, and commercialization phases will be encouraged.
- Satellites of the research parks will expand and stimulate economic growth in other areas of the state.

The Board Office currently has a very lean staff — 16 full-time equivalent positions funded by state appropriations. Increased state funding and additional staff positions would enable the Board Office to meet its new statutory duties and responsibilities.

Clothing,
Prescriptions, and
Transportation

This appropriation represents state funding for tuition and transportation, in lieu of property taxes, for children of employees of the Iowa School for the Deaf who reside on school property and attend the Lewis Central public school system. This appropriation is also available for clothing and prescriptions as allowed by Iowa Code §270.4. The FY 2005 request of \$7,500 is less than the \$15,103 appropriated for FY 2004 due to a reduced number of children that meet the criteria.


Deb A. Hendrickson

Approved: 
Gregory S. Nichols

ATTACHMENT A
FY 2005 Appropriations Requests
University of Iowa

	<u>FY 2004 Budget</u>	<u>FY 2004 Direct State Appropriations</u>	<u>FY 2005 Incremental Strategic Investments*</u>
General University	\$467,620,000	\$225,576,763	\$15,600,000*
University Hospital	608,646,800	27,984,189	850,000*
Psychiatric Hospital	18,805,800	7,223,647	*
Center for Disabilities and Development	8,870,900	6,526,426	*
Oakdale Campus	3,131,472	2,725,472	500,000*
Hygienic Laboratory	6,809,643	3,900,021	*
Family Practice	2,157,177	2,129,177	*
SCHS	5,074,600	665,709	*
Special Purpose			
Center for Biocatalysis and Bioprocessing	903,984	903,984	*
Economic Development*	253,338	253,338	400,000*
Iowa Birth Defects Registry	45,781	45,781	*
Iowa Substance Abuse Consortium	66,534	66,534	*
Primary Health Care	779,359	779,359	*
State of Iowa Cancer Registry	183,322	183,322	*
Total	\$1,123,348,710	\$278,963,722	\$17,350,000

* Does not include an amount for the salary funding request.

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

Incremental FY 2005 Appropriations Requests

<u>Initiatives</u>	
Restoration of Faculty Positions	\$10,600,000
Public Health	2,350,000
Cancer Registry	300,000
Library	1,900,000
Opening New Buildings	450,000
Oakdale Campus	500,000
Economic Development	400,000
Indigent Patient Care Program	<u>850,000</u>
Total	\$17,350,000

Restore Faculty
Positions -
\$10,600,000

The University of Iowa is requesting funding to hire 112 tenured and tenure-track faculty to bring the ratio of faculty to students to a level maintained in FY 2001.

Recent budget reductions and required reallocations threaten instructional quality. The loss of faculty positions comes at a time when more students are enrolling at the University. The combination of these two factors will seriously impair the University's ability to make the improvements in instructional quality envisioned in its most recent strategic plan.

These new funds would enable the University to:

- Reinvigorate the College of Liberal Arts and Science Improvement Plan. This plan called for increasing the faculty size to better serve majors and areas of instruction that were seriously understaffed in the College.

The Plan for Reinvestment in the Liberal Arts and Sciences sets a goal of achieving 710 faculty by 2006. In FY 2003, the College was able to support only 587 tenured and tenure-track faculty in the general fund – a loss of 68 positions from ten years ago. Class sizes have been significantly increased, and the number of courses the College can offer to its students has decreased.

- Help restore degree options for undergraduate students. Currently, a number of colleges and departments are restricting access to their programs of study because of a lack of faculty resources.

Entrance requirements have been raised in the Colleges of Business, Education, Nursing, and in several departments in Liberal Arts and Sciences College to deal with an imbalance between student demand and program resources.

For example, average section size in the College of Business undergraduate programs increased from 52 in FY 1996 to 69 in FY 2003, a 33% increase. Enrollments in the College of Education's Teacher Certification Program increased by 23% before entrance restrictions were put into place in FY 2001. Undergraduate enrollments in the College of Nursing increased 102% between FY 1996 and FY 2003.

The average cost including benefits for a new faculty member, as reported in the most recent salary report, is \$85,950. The total compensation costs for the 112 new positions would be \$9,625,000. The remaining \$975,000 would be used for start-up equipment needs of the new faculty.

Without additional faculty resources, the University will likely begin another period of unstable enrollments as students who are initially attracted to it because of the breadth of program offerings learn that actual opportunities are less than anticipated.

Public Health -
\$2,350,000

The University requests an additional \$2,350,000 in recurring support for the Public Health Initiative (PHI) in FY 2005. The original appropriations request put forward in 1998 proposed a multiple-year plan for state of Iowa support at a level of \$5,000,000.

The Public Health Initiative has two components: 1) development of the College of Public Health, and 2) advancement of the Health and Independence of Elderly Iowans Program.

College of Public Health

Founded in July 1999, the College of Public Health possesses a strong foundation of education, research, and service in dealing with public health needs in Iowa and the Midwest. The College's mission is to promote health and prevent injury and illness through commitment to education and training, excellence in research, innovation in policy development, and devotion to public health practice.

The College has made substantial progress on implementation of the several new functions, including

- Completion of its five-year strategic plan;
- Initial development of the new Master of Public Health (MPH) degree and a Certificate of Public Health;
- Recruitment of faculty and staff;
- Purchase of equipment to offer distance learning MPH core courses and the Certificate of Public Health; and
- Establishment of the Center for Public Health Practice and the Center for Public Health Statistics. These centers form the outreach program to the public health constituents and state agencies. Their further development is essential to better serve the public health needs of rural Iowans and local communities.

Health and Independence of Elderly Iowans—Center on Aging

The Health and Independence of Elderly Iowans Program FY 2000 and FY 2001 allocation allowed core staffing for the Center on Aging. With this funding, the Center on Aging has accomplished the following:

- Worked to identify, inform and connect more than 290 SUI faculty and professional staff with aging-related research, education and/or clinical activities;
- Implemented an active public policy and outreach effort;
- Assisted in coordinating academic programs and education opportunities in aging, including the MPH in aging studies;
- Conducted a population needs analysis for the Department of Elder Affairs;
- Helped develop numerous grant proposals to assist many disciplines acquire national recognition and funding; and
- Served as a resource for state organizations.

The Center has worked closely with the Iowa Departments of Inspection and Appeals, Elder Affairs, Corrections and the Iowa Finance Authority and the Iowa Partners for Long-Term Care in policy and program development, personnel training, and innovative service delivery to the aged residing in rural areas. However, much more needs to be accomplished in light of Iowa's continually increasing elderly population.

The funding of an additional \$2.35 million in FY 2005 would enable the University to:

- Provide additional core faculty for each of the five departments to meet full accreditation requirements and the goals and objectives of the College of Public Health strategic plan;
- Continue to implement MPH subtracks, focus areas, and dual degrees with several colleges at the University of Iowa and at Iowa State University and the University of Northern Iowa;
- Implement the statewide distance learning MPH courses and Certificate of Public Health in collaboration with Iowa community colleges;
- Continue the statewide College of Public Health outreach and education program through the Center for Public Health Practice, Center for Public Health Statistics, and the cooperative agreement with the Iowa Department of Public Health;
- Recruit a permanent director for the Center on Aging to lead its public policy and outreach, research, education, and clinical components; collaborate with the College of Public Health to further develop the MPH in Aging Studies; and position the Center to compete for external research funding.

The funding request would bring total state funding for the Public Health Initiative to \$4.85 million.

Cancer Registry –
\$300,000

The Iowa Cancer Registry's most recent contract with the National Cancer Institute (NCI) requires 20% cost sharing as a part of renewing the next seven-year contract. Renewal of this contract will bring \$29 million in NCI funding to the University over the next seven years.

The Registry's data collection, evaluation, and reporting provide researchers and public health officials with unique information to support other studies and service programs addressing the cancer experience of the people in Iowa. The Registry is a valuable and unique resource for the University and the state.

The requested funding of \$300,000 is necessary to ensure the Registry has sufficient financial support to meet the NCI match requirement and to maintain core Registry activities that are complete, timely, and of high quality.

Library -
\$1,900,000

Library Collections

The University library collections have been especially hard hit by escalating costs. Since 1986, the average cost of serials (scholarly journals and magazines) across all fields has increased 227%, while the consumer price index (CPI) during that same period has risen 64%. Inflation for books is 11 points above the CPI.

Most major scholarly journals in the health sciences, sciences, economics, law, and technology are published in Europe. With the recent devaluation of the U.S. dollar compared to the Euro (more than 20%) and the British Pound (10%), the University reports the price of these costly publications has become even more expensive.

In addition, recent corporate mergers of large scholarly publishing companies have resulted in higher prices for the same publications. Serials specialists predict some of the steepest inflation rates in several years in 2004, an average 10-12% increase, with increases for scientific, technical, legal, and medical journals at the higher end of the total range.

While the University has allocated an average of 5% in recent years for acquisitions inflation, the prices have clearly exceeded this increase.

- In 2002-2003 the University Libraries cancelled nearly 850 journals.
- The Law Library has cancelled more than 2,500 standing orders (journals, updates, and continuations) and has been unable to purchase tens of thousands of new books essential to the collection.

The growth of electronic resources continues to place enormous strains on the acquisitions budget. These resources often replace print resources, but at a much higher cost.

The University requests \$1,650,000 to partially restore the University's library acquisition budget.

Digital Initiatives

Technology offers tremendous possibilities to make many of the unique collections of the University Libraries more accessible to library users throughout the state.

Faculty have begun to develop digital products to enhance teaching, learning, and research. The Libraries can play a critical role in the archiving and enhancement of these digital products.

The University requests \$250,000 for digital initiatives. These funds would be used for salary and fringe benefit costs of four new professional staff and equipment and general expense needs of the digitalization effort.

Opening New
Buildings -
\$450,000

Funding is requested for the FY 2005 cost of operating buildings including the Classroom / Journalism building that received funding from state appropriations. This is partial year funding based upon the anticipated completion date. These costs include operations including custodial, ongoing maintenance, and utilities.

Indigent Patient
Care Program -
\$850,000

The University requests funding for inflation of non-salary costs including such items as pharmaceuticals, implants, and surgical supplies within the Indigent Patient Care Program.

The University of Iowa Hospitals and Clinics (UIHC) has had a long-standing collaboration with the state to care for indigent lowans under the UIHC's Indigent Patient Care Program, which is partially funded by an appropriation under Iowa Code, Chapter 255.

The University of Iowa Hospitals and Clinics provides health care for this population of lowans who are identified by their home counties as having no other means to pay for medically necessary health care. The UIHC provides transportation, temporary lodging and meals, medical and surgical care, social and psychiatric services, and pharmaceuticals.

The incremental request of \$850,000 would prevent the further erosion of the program but would not restore any of the appropriation losses of recent years. The request is based upon an inflation rate of slightly over 8% for these non-salary items, as was incorporated into the FY 2004 overall University of Iowa Hospitals and Clinics budget.

Oakdale Campus -
\$500,000

The Oakdale Campus is the physical home for TIC and CADD and includes the Research Park. The Oakdale Campus budget--and particularly the building maintenance and renovation portions of it--have been placed under increasing stress in recent years.

The Campus's gross budget has been diminished while its costs have increased dramatically for two reasons:

- An increased level of activity at the Campus; and
- Its costs are disproportionately tied to other factors, including contract increases in merit salaries and the cost of purchased natural gas and electricity.

As fixed costs have increased and the budget has decreased, the Oakdale Campus has been forced to defer maintenance and physical improvements. Because the Oakdale Campus budget provides the infrastructure for many of the University's economic development programs, extended periods of deferred maintenance and lack of physical improvements have a direct and negative effect on the University's ability to deliver the economic development services expected by the public and elected officials.

The Oakdale Campus budget depends almost entirely upon state appropriations. The Oakdale Campus appropriation is now 15% less than in FY 2001. Current operations cannot be sustained without appropriation increases or subsidies from central campus budgets.

The University requests \$500,000 to restore the Oakdale Campus budget.

Economic
 Development -
 \$400,000

In recent years, state appropriations to the University's economic development units have been reduced by approximately 60% despite increased expectations for contributions to the state's economic development efforts.

	FY 2004 <u>Appropriations</u>	FY 2005 <u>Incremental Requests</u>
Oakdale Research Park / Technology Innovation Center	\$140,166	\$250,000
Center for Advanced Drug Development	113,172	150,000

Oakdale Research Park and Technology Innovation Center

As of June 2003, companies affiliated with ORP/TIC employ about 1,500 Iowans, and ORP has grown to include more than 300,000 square feet of developed space.

The dramatically reduced level of state appropriations threatens the University's ability to sustain long term what it has attained in private sector job growth.

This incremental request of \$250,000 would provide more staff to work with new and growing companies and make further use of the academic assets provided by the University.

Center for Advanced Drug Development

The Center for Advanced Drug Development's goal is to continue to enhance capabilities to support expanded pharmaceutical development for new biotechnology products Good Manufacturing Practices (GMP) facility.

This expanded analytical capability in CADD would position the Center to continue to serve and attract newer biotechnology companies, and assist greatly in the local development of exciting new therapies for human health being developed at the research universities in Iowa.

Equipment capabilities would need to be upgraded, including high pressure liquid chromatography and mass spectrometry.

Requested incremental funds of \$150,000 would be used to lease the additional equipment, cover staffing and supplies costs associated with the enhanced bioanalytical methods and equipment use.

**ATTACHMENT B
FY 2005 Appropriations Requests
Iowa State University**

	<u>FY 2004 Budget</u>	<u>FY 2004 Direct State Appropriations</u>	<u>FY 2005 Incremental Strategic Investments</u>
General University	\$358,556,780	\$177,630,514	\$ 8,500,000*
Experiment Station	35,945,265	31,814,892	2,000,000*
Cooperative Extension	28,649,546	20,244,546	1,000,000*
Special Purpose			
Economic Development**	2,424,161	2,424,161	2,000,000*
Leopold Center	476,225	476,225	*
Livestock Disease Research	226,367	226,367	*
Total	\$426,278,344	\$232,816,705	\$13,500,000

* Does not include an amount for the salary funding request.

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

Incremental FY 2005 Appropriations Requests

Initiatives

General University	
Rebuilding the Ranks of Faculty	\$5,000,000
Economic Development	2,000,000
Enhance Student Persistence and Graduation Rates	1,500,000
Building Repair	2,000,000
Agriculture Experiment Station / Cooperative Extension Service	<u>3,000,000</u>
Total	\$13,500,000

Rebuilding the Ranks of Faculty - \$5,000,000

Iowa State University requests additional funds to rebuild the ranks of faculty that have been depleted by several years of budget cuts. This is essential to maintaining excellent undergraduate instructional programs.

A series of deep appropriation cuts have forced the elimination of many faculty positions during a time when the University has experienced record undergraduate enrollments. In recent years, the University's state general university appropriation has been reduced significantly, forcing the reduction of more than 230 faculty and staff positions.

The number of tenured and tenure track faculty has decreased by 7.8% while the total enrollment of the University has increased 10.6% between the fall of 1993 and the fall of 2002, as illustrated in the following table. Consequently, the student-to-faculty ratio continues to climb resulting in larger class sizes and reduced course offerings for undergraduate students, both of which compromise the quality of the University's instructional programs.

FALL TERM	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Total FTE Students	23,211	22,732	22,476	22,744	23,125	23,248	23,680	24,368	25,271	25,675
Total FTE Tenured & Tenure Eligible Faculty	1,429	1,427	1,413	1,405	1,405	1,392	1,376	1,377	1,351	1,318
Student to Faculty Ratio	16.2	15.9	15.9	16.2	16.5	16.7	17.2	17.7	18.7	19.5

The University's five-year goal is to achieve a student-to-faculty ratio of 17:1, the strategic planning target. The student to faculty ratio was at that level in the fall of 1999. Since that time the ratio increased to 19.5 (fall 2002) because of position eliminations due to budget cuts.

Bringing the University back to a 17:1 ratio would require 155 new faculty members. This would allow the University to reduce the sizes of undergraduate courses and increase the range and frequency of undergraduate course offerings.

Because of the large number of faculty who have retired recently, the University will need to hire a mix of assistant, associate, and full professors to maintain the necessary balance of experience and new talent. Using the average salary and benefit package for an associate professor of \$81,000, the \$5,000,000 requested would fund approximately 62 new faculty positions. The University must make progress toward this goal in FY 2004 or risk damage to the quality of its undergraduate instructional programs.

Economic
Development -
\$2,000,000

Since the beginning of FY 2002, the state economic development appropriation was reduced by over \$3.7 million or 60%. This loss of state funding has impaired the ability of these units to stimulate economic growth and support new businesses. The cuts have forced program elimination, reduction of services, and reduction of workforce.

The University requests an additional \$2.0 million to revitalize its economic development programs. This is imperative to the University's ability to fully participate in efforts to stimulate Iowa's economy.

	FY 2004 <u>Appropriations</u>	FY 2005 <u>Incremental Requests</u>
Institute for Physical Research and Technology	\$1,720,959	\$1,400,000
Small Business Development Center	550,000	400,000
Iowa State University Research Park	<u>153,202</u>	<u>200,000</u>
	\$2,424,161	\$2,000,000

A brief description of the role each unit plays in stimulating economic growth is included below.

Institute for Physical Research and Technology (IPRT)

The Institute for Physical Research and Technology (IPRT) is a federation of world-class research centers and industrial outreach programs. IPRT includes such renowned centers as the Virtual Reality Applications Center (VRAC), the Center for Nondestructive Evaluation (CNDE) and the Ames Laboratory. In FY 2002, IPRT leveraged the \$4 million it received in state appropriations to bring \$7.5 million in new federal funds to Iowa. These centers also aid economic development through the creation of spin-off companies and by helping Iowa companies be at the cutting edge in their respective technologies. IPRT also operates three major industrial outreach programs that provide vital technical assistance to Iowa companies.

Small Business Development Center (SBDC)

The Small Business Development Center consists of 17 centers covering ninety-nine counties in Iowa. These centers have served for over 18 years as a resource, mentor, and solution center for thousands of business owners in the state. 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. Each SBDC office subcontracts with other universities, community colleges, chambers of commerce, and other institutions to provide a network of over 700 full service assistance centers to the small business community. In FY 2002, SBDC leveraged the \$1.1 million it received in state appropriations to bring in more than \$2 million in federal, foundation, and private funds to benefit Iowa businesses.

Iowa State University Research Park (ISURP)

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.

Enhance Student Persistence and Graduation Rates - \$1,500,000

The University requests incremental funding of \$1.5 million for a series of initiatives designed to improve student persistence and graduation rates and initiatives to improve the University's ability to offer challenging and engaging educational experiences.

Several years ago, the University launched the learning community initiative to improve student success and the first-year experience. Learning communities have had a very positive effect on academic success for participants.

This initiative would extend work begun with the learning community initiative to reach more students and extend the learning community concept beyond the freshman year.

Building Repair -

The University requests incremental funding of \$2.0 million to increase its

\$2,000,000

building repair budget. The University has reduced this budget item several times in recent years due to large reductions in state appropriations to protect the instructional programs as much as possible. The University's building repair budget totals \$6.6 million, for a campus valued in excess of \$1 billion.

Applying an industry standard of 1% of replacement value per year to maintain the value and condition of existing facilities, the University would need approximately \$11 million each year in building repair funds to avoid increased deferral of sustaining maintenance and replacement.

The University has been able to make some one-time reallocations to address the most severe building repairs needed, but the present arrangement is not sustainable. Thus, the University proposes adding \$2 million to the building repair budget as the first step in bringing this budget back to a more appropriate level.

AES / CES -
\$3,000,000

The University requests increased funding to partially restore reductions in state appropriations. The state appropriations to the Agriculture Experiment Station (AES) have been reduced by \$5.2 million and Cooperative Extension Services (CES) by \$3.3 million during the last two years. In addition, these units have also had to internally fund FY 2004 salary increases at a cost of \$1.8 million.

The University reports that reductions in state funding have compromised the Agriculture Experiment Station's ability to carry out its mission in supporting Iowa agriculture and economic development and the Cooperative Extension Services' ability to provide services and educational programs to Iowa's citizens, institutions, and businesses. The University requests incremental funding of \$2.0 million for the Agriculture Experiment Station and \$1.0 million for Cooperative Extension Services to restore some of the capacity of these two University organizations.

**ATTACHMENT C
FY 2005 Appropriations Requests
University of Northern Iowa**

	FY 2004 <u>Budget</u>	FY 2004 Direct State <u>Appropriations*</u>	FY 2005 Incremental Strategic <u>Investments*</u>
General University	\$138,699,494	\$79,799,494	\$6,250,000*
Recycling and Reuse	217,290	217,290	*
Economic Development**	<u>370,555</u>	<u>370,555</u>	<u>250,000</u>
Total	\$139,287,339	\$80,387,339	\$6,500,000

*Does not include an amount for the salary funding request.

**Includes the Institute for Decision Making and Metal Casting Center.

**Incremental FY 2005 Appropriations Requests
Initiatives**

Reinvesting in the Core Mission	
Improving Performance Measures to Achieve Educational Excellence	\$4,950,000
Restoring Critical Infrastructure	
Building Repairs	750,000
Computer Network Infrastructure	225,000
Student Services Information System Upgrade	140,000
Library Materials	185,000
Restoring Critical Economic Development Activities	<u>250,000</u>
Total	\$6,500,000

Reinvesting in the
Core Mission -
\$4,950,000

Improving Performance Measures to Achieve Educational Excellence

The University of Northern Iowa proposes to create 60 new faculty positions in high demand areas. These positions will be allocated based on current needs rather than past reductions. Several years of significant base appropriations reductions combined with enrollment growth have led to declines in institutional performance indicators.

High-quality faculty in the classroom has been the hallmark of the educational experience at UNI and central to the University's vision. The University's and the Board's strategic plans recognize this need in several performance indicators that target class size and the proportion of credit hours taught by tenure track faculty. In recent years, these indicators have moved in the wrong direction, initially due to enrollment increases and later due to appropriations reductions.

Quality education is important not only to the University's students, but to the economic growth of the state that has its basis in the production, dissemination, and application of knowledge. The state will need a citizenry that has the capacity to participate in the knowledge economy.

The performance indicator targets can only be met by increasing the number of full-time, tenure-track instructors or by reducing the size of the University.

In contrast to part-time faculty, full-time faculty provide:

- Student advising or mentoring;
- Supervision of experiential learning, independent study, and / or reading courses;
- Service on departmental and university committees that contribute to the governance and operation of the institution;
- Creation of new knowledge through scholarship and creative activity; and
- Instruction of upper division or graduate students.

Restoring Critical
Infrastructure -
\$1,300,000

Building Repairs (\$750,000)

Maintenance of the physical infrastructure is critical to the continued functioning of the institution. During FY 2002, in response to the immediate mid-year budget reductions, the University reduced its building repair budget by 80%, from \$2.0 million per year to \$350,000. In FY 2004, the building repair budget was increased to \$1.0 million.

The University has approximately 2.8 million gross square feet of general facilities excluding non-academic facilities. A conservative estimate of the replacement value of the general University facilities is more than \$560 million.

Applying an industry standard of 1% of replacement value per year to maintain the value and condition of existing facilities, the University would need approximately \$5.6 million each year in building repair funds to avoid increased deferral of sustaining maintenance and replacement. A permanent appropriation increase of \$750,000 would bring the building repair budget to \$1.75 million.

Deferred maintenance projects would include campus sidewalks, curbs, gutters, roof replacement, electrical and mechanical systems improvements, and classroom and laboratory repairs. Additional funds would be used to resume a regular schedule of classroom and office painting and renovations.

Computer Network Infrastructure (\$225,000)

The University requests additional funds of \$225,000 to support the Campus Network Infrastructure. Specifically, these funds would be used to cover the unbudgeted increase in Internet bandwidth costs and for matching costs for campus network cards.

The campus network includes the fiber optic and copper wiring plant, routers, switches, hubs, device registry, security, and routed protocols. It also includes providing Internet and Internet2 service, which has risen in cost by more than 2,800 percent from less than \$10,000 in 1998 to an expected cost of \$275,000 in 2005.

Student Services Information System Upgrade (\$140,000)

The University requests \$140,000 to upgrade its Student Services Information System (SIS). The current SIS (Student Records, Registration, Financial Aid, Billing and Accounts Receivable, Admissions, Advising and Residence) was developed by University staff and end users over the past twenty years. It is functional and still reliable, but the underlying database is becoming dangerously outdated.

Library Materials (\$185,000)

The University requests an increase of \$185,000 for library materials to help address continuing materials inflation, although it would not compensate for the total increases in recent years.

This increase would enhance the University's Rod Library's ability to acquire, and provide access to, diverse information resources. Specifically, it would help the library to address:

- Inflation in the cost of journals;
- Inflation in the cost of books, and the continued development of a monograph collection of suitable breadth and depth;
- Growth in the demand for audio-visual resources to support the curriculum;
- Growth in the availability of and interest in electronic resources that are increasingly critical to teaching and research;
- Resource needs of new and refocused academic programs, and diverse research interests on the part of students and faculty;
- An increasing need to acquire resources in diverse formats to support distance education and University outreach programs.

Restoring Critical
Economic
Development
Activities - \$250,000

The University of Northern Iowa proposes the partial restoration of state funding support for the Institute for Decision Making and the Metal Casting Center.

State funding for the Institute for Decision Making (IDM) and Metal Casting Center (MCC) was cut by 58% during the 2002 legislative session. Both programs reduced staff, increased fees, and revised technical assistance programs.

Communities and businesses across Iowa have felt the impact of these cuts. Partial restoration of state economic development funding, with an appropriation increase of \$250,000 would allow:

- IDM to fill, in combination with generating fees for services, two of its vacant professional staff positions to better meet the needs of Iowa's communities, especially rural communities.
- MCC to upgrade some of its dated castings and testing equipment and restore part-time professional staffing.
- Both programs to restore some of the student experiential learning positions that were eliminated.

ATTACHMENT D
FY 2005 Appropriations Requests
Iowa School for the Deaf

	<u>FY 2004 Budget</u>	<u>FY 2004 Direct State Appropriations</u>	<u>FY 2005 Incremental Strategic Investments*</u>
Iowa School for the Deaf	\$8,897,748	\$8,305,689	\$1,300,000*

*Does not include an amount for the salary funding request.

Incremental FY 2005 Appropriations Requests
Initiatives

Director of Education	110,000
Recreation Complex Programming/Operations	275,000
Restore Library and Faculty Positions	490,000
Restore Residence Positions	160,000
Technology Upgrades	<u>265,000</u>
Total	\$1,300,000

Director of
Education -
\$110,000

Comprehensive and appropriate educational programs and services are key components of the School's mission and strategic plan.

The Iowa School for the Deaf has operated without a Director of Education during the past year due to the budget shortfalls. An increase in state funding of \$110,000 is requested to reclaim this position that is imperative to the core mission of the School. This position oversees:

- Development of each student's Individual Education Program;
- Development of the curriculum; and
- Principals of the Elementary, Middle, and High School programs.

These duties are currently being covered by the Superintendent, which does not allow adequate time for in-depth educational planning, appropriate oversight of middle level administrative staff, and oversight of assessments of educational activities for the students.

Recreation Complex
Programming and
Operations -
\$275,000

The Iowa School for the Deaf Recreation Building was completed in July of 2002. With its completion, it is necessary to fund new expenses associated with the day to day operations of the facility. The School requests funding of \$275,000 for three staff positions, program operations, and utility costs, that will support:

- Routine scheduling and maintenance;
- Program development for deaf and hard of hearing students;
- Enhanced building utilization for various constituencies;
- Educational and residential programs for ISD students;
- A venue for special interest groups such as the National Deaf Athletic Association;
- Expanded regional deaf sports activities for deaf youngsters; and
- Enhanced programming to further integrate the general population with the deaf community.

Restore Library and
Faculty Positions -
\$490,000

Over the past three years, ISD has eliminated or reduced several key teaching positions due to budgetary constraints. Additional state funding of \$490,000 would allow the School to:

- Hire two librarians;
- Hire two faculty members to teach reading, develop literacy programming, and focus on library demands;
- Purchase new library books; and
- Restore four faculty positions that were reduced due to budget constraints.

Restore Residence
Positions - \$160,000

Two residential counselors were eliminated from the residence program over the past several years due to budget shortfalls. This incremental funding request of \$160,000 would allow the school to restore these two positions and update materials in the residence library.

Restoring the two positions will enable the School to:

- Maintain more appropriate student to staff ratios;
- Provide the opportunity for more diversified enrichment activities including community activities sponsored by both the deaf and hearing communities;
- Focus on the Accelerated Reading Program as well as the ability to meet unique needs of individual students;
- Support the Transition Alliance Program for work readiness and post-secondary training that assist graduating students in the development of skills and abilities necessary to transition out of high school.

Technology
Upgrades -
\$265,000

The School requests funding of \$265,000 for technology upgrades that would:

- Enable ISD to upgrade computers in the classrooms and dormitories; and
- Add a technology position that would facilitate installation and training.

ATTACHMENT E
FY 2005 Appropriations Requests
Iowa Braille and Sight Saving School

	FY 2004 <u>Budget</u>	FY 2004 Direct State <u>Appropriations</u>	FY 2005 Incremental Strategic <u>Investments*</u>
Iowa Braille and Sight Saving School	\$5,109,681	\$4,646,740	\$700,000*

*Does not include an amount for the salary funding request.

Incremental FY 2005 Appropriations Requests

	<u>Initiatives</u>
Restoration of Summer Services	\$200,000
Restoration of Statewide Services	235,500
Increase Outreach Initiatives in Western Iowa	<u>264,500</u>
Total	\$700,000

Restoration of Summer Services - \$200,000

With the recent budget reductions, services at the Iowa Braille and Sight Saving School have been seriously disrupted. Over the past few years, the School has undergone substantial reorganization and internal reallocations to better serve the visually impaired and blind children of Iowa.

Summer programs are effective ways of providing skills to students who don't normally attend IBSSS during the school year. Students attending summer school develop more skills in the areas of technology, independent living skills, and mobility.

The FY 2003 budget reductions forced the School to eliminate the Summer School program. In FY 2004, the School restored three weeks. The FY 2005 operating budget request of \$200,000 would restore the Summer School program back to a full six weeks of services including a mini- camp.

Restoration Statewide Services - \$235,500

The School continues to provide comprehensive services to students on campus through its center-based residential program. However, since the majority of visually impaired students attend their local public schools, the School developed a strong Outreach Services program for those students. The School internally reallocated to provide these outreach initiatives.

For many years, IBSSS has provided consultation and technical assistance to students throughout the state consistent with the School's strategic plan. With the budget reductions in FY 2002 and FY 2003, IBSSS has significantly reduced outreach consultative and technical services to these students.

The School is requesting incremental funding of \$235,500 that would be used to:

- Fill positions for vision consultants in the areas of independent living skills, multiple disabilities, and transition/work experience; and
- Increase student access to needed educational opportunities.

Increase Outreach
Initiatives in Western
Iowa - \$264,500

The School is requesting additional funding of \$264,500 to work in cooperation with the Area Education Agencies of western Iowa to increase outreach initiatives for the western part of the state. These outreach initiatives include providing quality consultation, assessment and modeling of appropriate instructional practices for visually impaired students including those with multiple disabilities.

In the 2001-2002 academic year, there were 131 students identified in western Iowa that were blind, visually impaired, and / or multi-disabled. While a large number of these students received some services from IBSSS, many students received little or no services.

The School would use the funding to establish three faculty positions to provide consultative services to the area. This includes an educational consultant, work experience / independent living skills consultant, and technology consultant.