

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: FY 2002 General Fund Operating Appropriations Requests
Date: July 7, 2000

Recommended Actions:

1. Refer to the FY 2002 institutional incremental operating appropriations requests for consideration in the attached memoranda (G.D. 10a through G.D. 10e).
2. Consider the FY 2002 incremental operating appropriations requests contained in this docket memorandum.

Executive Summary:

The Board's strategic plan outlines strategies for quality (KRA 1.0.0.0) and accountability (KRA 4.0.0.0) which include specific action steps related to appropriations requests. The proposed FY 2002 incremental appropriations requests reflect these strategic planning goals of the Board as well as those of the institutions and are based on continuation of current base operating appropriations.

The first priority of the Regents and the institutions from state appropriations is full funding of the state's salary policy. Full funding of salaries is necessary for the institutions to be competitive with their peers and to enhance each institution's ability to recruit and retain excellent faculty and staff.

Regent institutional incremental operating appropriations requests, totaling \$15.4 million, are a key component in achieving the Board's and each institution's strategic plan. These initiatives are detailed in the institutional docket memoranda.

	FY 2001 <u>Budget</u>	FY 2001 <u>Direct State Appropriations</u>	FY 2002 Incremental Appropriations <u>Request*</u>
University of Iowa**	\$414,357,723	\$255,836,163	\$6,000,000
Iowa State University**	317,674,798	202,542,308	6,000,000
University of Northern Iowa**	129,426,368	90,643,431	3,000,000
Iowa School for the Deaf	8,735,589	8,178,008	280,000
Iowa Braille and Sight Saving School	<u>4,911,297</u>	<u>4,671,023</u>	<u>150,000</u>
Total	\$875,105,775	\$561,870,933	\$15,430,000

* Excludes incremental funding for state salary policy which has not yet been determined.

** General University budgets only

Within this memorandum are incremental appropriations requests for FY 2002, which include the Board Office (\$30,000) and Regional Study Centers (\$11,819). No additional funds are requested for the Clothing, Prescriptions, and Transportation appropriation. FY 2002 capital requests of \$57.8 million and tuition replacement requests of \$27.4 million are discussed in G.D. 11.

Background/Analysis:

Budget Request Process

The FY 2002 preliminary operating budget requests (excluding salaries) are presented to the Board in July for consideration. Then, in September, the final operating budget requests will be presented to the Board for approval. The time between the July and September meetings will be utilized to refine the Regent appropriations requests.

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).
- The Board approves final operating appropriations requests (excluding dollar amounts for implementing state salary policy).
- The Board-approved operating appropriations requests are submitted to the Department of Management as required by law.
- The Governor prepares state operating appropriations recommendations including recommendations for Regent appropriations.
- The Governor delivers his Condition of State/Budget message.
- General Assembly and Governor consider and approve appropriations.

The dollar amounts for incremental salary funding are not included in the Regent appropriations requests because these will be determined after the state negotiations for collective bargaining are completed for FY 2002-FY 2003. These negotiations, conducted every two years, have a major influence on state salary policy.

Regent Request Criteria

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

- 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.

Request Summary

The following table summarizes the incremental appropriations requests for the Board's consideration:

University of Iowa	
Full Funding of Salaries by State Appropriations	To Be Determined
Public Health Initiative	\$3,000,000
Partnership to Improve Instructional Quality	\$3,000,000
Iowa State University	
Full Funding of Salaries by State Appropriations	To Be Determined
Center of Excellence in Fundamental Plant Sciences – A World-Class Plant Sciences Institute	\$5,000,000
Improving Iowans' Quality of Life: Healthy Life Start – Outreach in Childcare, Parenting, and Nutrition	\$1,000,000
University of Northern Iowa	
Full Funding of Salaries by State Appropriations	To Be Determined
Educational Quality for the New Economy	\$3,000,000
Iowa School for the Deaf	
Full Funding of Salaries by State Appropriations	To Be Determined
Recreation Complex Program and Operations	\$200,000
Deaf Youth Life-Time Achievement Program	\$80,000
Iowa Braille and Sight Saving School	
Full Funding of Salaries by State Appropriations	To Be Determined
Increase Outreach Initiatives for Western Iowa	\$150,000
Board Office	
Full Funding of Salaries by State Appropriations	To Be Determined
Quality Improvements	\$30,000
Regional Study Centers	
Full Funding of Salaries by State Appropriations	To Be Determined
Sustaining Excellence	\$11,819

These proposed FY 2002 incremental appropriations requests reflect the strategic planning goals of the Board and the institutions and are based on stable funding of current base operating appropriations. Continued levels of state appropriations are essential for sustaining excellence at the Regent institutions. The above initiatives represent funding requests for improvements and enhancements at the Regent institutions.

Regent Salary Initiative

Full funding of the state's salary policy for Regent institutions is a key component of the Board's strategic plan for the Regent institutions to be the premier institutions of their type. Funding of salaries is necessary for the institutions to be competitive with their peers and is a beneficial investment for the state. 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.
- To recruit and retain top faculty in a global marketplace, the Regent universities must remain competitive by paying market salaries in each of discipline.
- The Regents universities face external competition in setting Professional & Scientific salaries from other institutions of higher learning as well as from the private sector, which does pay market rates.
- To remain competitive for essential positions within the Professional & Scientific compensation plans, it is not sufficient to just keep pace with inflation, especially in high demand occupational groups such as sciences and technology.
- The state's comparable worth law does not recognize external market factors.

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. Collective bargaining negotiations will take place during fall 2000, with conclusions anticipated for spring 2001. The remaining salary increases for the Regents are determined after collective bargaining has been concluded.

The state separately appropriates funding for implementation of the state salary policy. The Regent salary increases are dependent upon funding from salary appropriations.

The Department of Management, beginning with FY 2000, directed that salary annualization funding, which pays increases in merit salaries and benefits at the Regent institutions for which commitments have already been made, be considered part of the separate state salary appropriation. Prior to FY 2000, the amounts needed for salary annualization were considered part of the base operating appropriations.

Board Office

Full funding of salaries from state appropriations for FY 2002 is the first priority of the Board Office to retain the appropriate level of professional staff. The proposed incremental request for FY 2002 of \$30,000 would increase one part-time position to full-time status (for a total of 16 FTEs) and would provide for needed quality improvements. The incremental adjustments reflect the growing demands on the office, especially in technology and technology-based applications. The FY 2001 Board Office appropriation is \$1,321,335.

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. Funding of \$16,941 for FY 2002 does not reflect an increase.

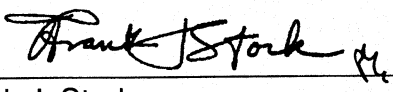
Regional Study Centers

The regional study centers request incremental appropriations for FY 2002. The requested amounts are exclusive of funds for salary increases. Full funding for implementation of state salary policy from state appropriations is requested by the study centers and is the Regents first priority.

The combined incremental appropriations of \$11,819 will provide for sustaining excellence, implementing new and improved marketing and outreach efforts, and replacing computers and printers. The requests for the three regional study centers are computed on the State of Iowa appropriations share of the centers' budgets.

	FY 2001 Iowa Appropriation Base	Incremental Appropriations Requests
Quad-Cities Graduate Study Center	\$175,686	
Sustaining Excellence		\$5,715
Tri-State Graduate Study Center	85,936	
Sustaining Excellence		2,578
Southwest Iowa Regents Resource Center	<u>117,546</u>	
Sustaining Excellence		<u>3,526</u>
Total	\$381,169	\$11,819


Pamela M. Elliott

Approved: 
Frank J. Stork