

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Preliminary FY 2004 General Fund Operating Budget — University of Iowa
Date: June 9, 2003

Recommended Actions:

1. Consider the preliminary FY 2004 general fund operating budget for the University of Iowa, including the operations of the University of Iowa Hospitals and Clinics, in the amount of \$1,123,348,710.
 2. Approve a 9.5% rate increase, effective July 1, 2003, for the University of Iowa Hospitals and Clinics, Psychiatric Hospital, and the Center for Disabilities and Development.
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Executive Summary:

The University of Iowa prepared its preliminary FY 2004 general fund operating budget in accordance with the strategic plans of the Board and of the University. In July, the University will present its final FY 2004 general and restricted fund budgets.

General Fund

The University's general fund operating budget of \$1.1 billion is organized into 14 budgetary units, which reflect separate and distinct state appropriations to the University.

The primary FY 2004 revenue sources include:

- Sales and services (mostly from UIHC) of \$593.6 million,
- State appropriations of \$279.0 million,
- Tuition and fees of \$199.1 million,
- Indirect cost recoveries of \$46.0 million, and
- Federal support of \$2.7 million.

For FY 2004, state appropriations were reduced by \$8.5 million. No state appropriations were provided for salary increases to implement the state's salary policy.

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

	FY 2003 <u>Budget</u>	FY 2004 <u>Budget</u>	\$ <u>Change</u>
General University	\$443,042,375	\$467,620,000	\$24,577,625
University Hospital	546,802,400	608,646,800	61,844,400
Psychiatric Hospital	18,650,600	18,805,800	155,200
Center for Disabilities and Development	8,634,100	8,870,900	236,800
Oakdale Campus	3,214,191	3,131,472	(82,719)
Hygienic Laboratory	6,452,011	6,809,643	357,632
Family Practice	2,225,798	2,157,177	(68,621)
SCHS	4,877,100	5,074,600	197,500
Special Purpose			
Center for Biocatalysis and Bioprocessing	931,420	903,984	(27,436)
Economic Development*	253,338	253,338	0
Iowa Birth Defects Registry	47,170	45,781	(1,389)
Iowa Substance Abuse Consortium	68,553	66,534	(2,019)
Primary Health Care	803,013	779,359	(23,654)
State of Iowa Cancer Registry	<u>188,886</u>	<u>183,322</u>	<u>(5,564)</u>
TOTAL	\$1,036,190,955	\$1,123,348,710	\$87,157,755

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

General University

The General University budget represents the central educational operating unit of the University.

This preliminary budget of \$467.6 million includes direct state appropriations of \$225.6 million, tuition and fees of \$199.1 million, and indirect cost recoveries of \$41.9 million.

Budgeted salaries of \$352.1 million represent 75.3% of the FY 2004 budget. Student financial aid of \$33.8 million represents 7.2% of the budget and 17.0% of tuition and fees.

For FY 2004, state appropriations for this unit were reduced by \$6.8 million. No state appropriations were provided for salary increases to implement the state's salary policy.

Consistent with past practices, the administrative units will absorb a significantly higher percentage of the reduction. Student financial aid, library acquisitions, and utilities will be exempted from the reduction.

The FY 2004 budget reflects internal reallocations totaling \$5.3 million (1.2% of the FY 2003 budget.) The University has indicated that there will be additional reallocations presented with the final budget.

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

Strengthening Undergraduate Education	\$148.9 million
Achieving Premier Graduate and Professional Programs	172.7 million
Fostering Distinguished Research, Scholarship, and Artistic Creation	70.3 million
Facilitating Interdisciplinary Interaction in Teaching, Research, and Service	14.0 million
Developing a Highly Productive Organization	61.7 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).

The University is proposing a rate increase of 9.5% 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 and through the Board. The University has provided further justification for this rate increase on pages 9-10 of this docket memorandum.

With the proposed rate increase and anticipated increases in patient volume, the University projects FY 2004 revenues of \$608.6 million (11.3% increase) for UIHC, \$18.8 million (0.8% increase) for Psychiatric Hospital, and \$8.9 million (2.7% increase) for the Center for Disabilities and Development. The SCHS FY 2004 budget is \$5.1 million, which represents a 4.0% increase in revenues.

Other
Appropriations
Units

The other appropriation units in the general fund include the Oakdale Campus, University Hygienic Laboratory, Family Practice Program, Center for Biocatalysis and Bioprocessing, Iowa Substance Abuse Consortium, State of Iowa Cancer Registry, Primary Health Care, Iowa Birth Defects Registry, and Economic Development. Summaries of these units begin on page 11.

Athletics

The preliminary Athletic Department budget, which is part of the restricted fund budget, is presented this month in G.D. 6g.

Background:

Board Budget Process

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

Analysis:

General Fund

The FY 2004 general fund operating budget for the University of Iowa is \$1.1 billion and is distributed among the following units:

	<u>Total Budget</u>	<u>State Appropriations</u>
General University	\$467,620,000	\$225,576,763
University Hospital	608,646,800	27,984,189
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
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
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	<u>183,322</u>	<u>183,322</u>
TOTAL	\$1,123,348,710	\$278,963,722

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

Appropriation Reductions and Funding Shortfalls

- FY 2004 state appropriations were reduced by \$8.5 million.
- No state appropriations were provided for salary increases to implement the state's salary policy.

Salary Policy

The University's overall objective is to achieve, from all sources of funds, an average faculty and professional and scientific staff salary increase policy in the range of 1.5% - 2.25%. The University will provide partial funding (70%) from tuition; therefore most divisions and colleges will need to reallocate substantially to achieve the desired objective.

Faculty and professional and scientific staff increases will be based on performance. However, units must also compensate for promotion and reclassification, or resolve issues relating to gender or ethnicity concerns, compression problems, market adjustments or other special needs within the overall salary policy.

General University The SUI General University appropriation unit represents the central educational operating budget and includes its eleven colleges, other units and central administration.

- College of Liberal Arts and Sciences,
- College of Business Administration,
- College of Dentistry,
- College of Education,
- College of Engineering,
- College of Law,
- College of Medicine,
- College of Nursing,
- College of Pharmacy,
- College of Public Health, and
- Graduate College.

Other Units includes the:

- Library,
- Continuing Education,
- Summer Session, and
- Information Technology Services.
- Central Administration includes the:
 - Office of the President,
 - Office of the Provost,
 - Office of the Vice President for Research,
 - Office of University Relations,
 - Office of the Vice President for Student Services, and
 - Office of the Vice President for Finance and Operations.

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

**University of Iowa - General University
Budget Comparisons**

	FY 2003 Original Budget	FY 2004 Proposed Budget	Change Over/(Under)
REVENUES			
Appropriations	\$ 232,423,103	\$ 225,576,763	\$ (6,846,340)
Interest	900,000	900,000	-
Tuition and Fees	171,468,028	199,091,993	27,623,965
Reimbursed Indirect Costs	38,126,244	41,926,244	3,800,000
Other Income	125,000	125,000	-
TOTAL REVENUES	\$443,042,375	\$467,620,000	\$24,577,625
EXPENDITURES			
Salaries	\$ 336,111,238	\$ 352,065,361	\$ 15,954,123
Prof. /Scientific Supplies	34,622,385	36,363,271	1,740,886
Library Acquisitions	10,354,574	10,872,574	518,000
Rentals	1,500,000	1,500,000	-
Utilities	18,707,779	19,543,779	836,000
Building Repairs	6,376,996	6,261,871	(115,125)
Auditor of State	471,016	471,016	-
Equipment	6,849,677	6,726,018	(123,659)
Aid to Individuals	28,048,710	33,816,110	5,767,400
TOTAL EXPENDITURES	\$443,042,375	\$467,620,000	\$24,577,625

The summary sheet on page 14 of this docket memorandum identifies uses of new revenues and reallocations.

Appropriations

The FY 2004 general fund operating budget for the General University unit is \$467.6 million, including state appropriations of \$225.6 million.

- FY 2004 state appropriations were reduced by \$6.8 million.
- No state appropriations were provided for salary increases to implement the state's salary policy.

Tuition Revenues

The University has projected FY 2004 tuition and fee gross revenues of \$199.1 million with an increase of \$27.6 million, consisting of:

- \$21.9 million from the Board-approved 17.6% tuition rate increase for resident students and 9.75% increase for SUI non-resident students,
- \$3.1 million from an increase of 500 students, and
- \$2.6 million from surcharges in Colleges of Law, Nursing, Pharmacy, Dentistry, Public Health, Medicine, and Business.

Other Revenues

The University estimates an increase of \$3.8 million in indirect cost recovery. This revenue source is dependent on new awards and renewals and the timing of grant and contract expenditures.

Reallocations

The FY 2004 budget reflects internal reallocations totaling \$5.3 million. The reallocations represent 1.2% of the FY 2003 budget. The University has indicated that there will be additional reallocations presented with the final budget.

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

**The University of Iowa
FY 2004 PRELIMINARY BUDGET
Summary of Reallocations
General University**

From:	Liberal Arts	1,125,296
	Business Administration	211,289
	Dentistry	211,801
	Education	156,415
	Engineering	173,817
	Law	138,858
	Medicine	621,539
	Nursing	78,805
	Pharmacy	76,755
	Public Health	93,311
	Graduate College	88,929
	Summer Session	63,538
	Library	150,054
	Continuing Education	33,099
	President	70,576
	Provost	346,118
	Research	218,300
	Finance and University Services	597,655
	Athletics	47,629
	University Relations	64,971
	Information Technology Services	349,142
	Student Services	115,298
	Building Renewal	115,125
	Equipment	123,659
	Total Reallocations	\$ 5,271,979
To:	Salary Reallocation:	
	Faculty	3,315,920
	Professional and Scientific	1,489,787
	Merit	466,272
	Total Reallocations	\$ 5,271,979

Expenditures

The University proposes to use new tuition revenues as follows:

<u>Planned Use of Tuition</u>	
Compensation Increases	\$11,823,072
Base Appropriation Reduction	6,846,340
Student Aid Set-Aside (20.9% of new tuition revenue)	5,767,400
Surcharges (net of financial aid set-aside)	1,936,600
<u>Unavoidable Cost Increases</u>	
Utility Inflation	685,500
Opening New Buildings	312,000
Property Insurance Premium Increase (2003 / 2004)	224,800
State Agency and Regent Assessments	100,000
<u>Strategic Initiatives</u>	
Classroom Support and Enrollment Growth	1,211,800
Library Acquisitions	495,700
Liberal Arts and Sciences Initiatives / Faculty and Start-Up	173,800
Graduate College	190,000
Undetermined Expenditure Savings or Revenue Over Budget*	<u>(2,143,047)</u>
Total	\$27,623,965

* Allows the University flexibility if additional revenues materialize, if not, the University will reduce expenditures further.

The University is planning to allocate additional tuition revenue to student financial aid bringing the total student aid set-aside to 17.0% of total tuition revenue compared to 16% in previous years.

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

Classroom Support and Enrollment Growth - the enrollment is growing at a time when the loss of state support has had a major impact on collegiate instructional resources. Enrollment growth also leads to more student support services such as academic advising.

Library Acquisitions – these funds will be used for inflation on library journals that continues to be significantly higher than standard inflation. It also will support acquisitions of digital information.

Liberal Arts and Sciences Initiatives / Faculty and Start-Up – this is the second year of a multi-year plan to address the challenge of rebuilding the University's science departments in the face of substantial and increasing faculty losses.

Graduate College – these funds will be used to: support the Electronic Thesis and Dissertation project; administer new and interdisciplinary degree programs, develop enhanced graduate recruiting initiatives, increase support for graduate assistants; and expand the Merit Fellowship to obtain a more diverse student cohort.

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).

All proposed budgets are based upon the proposed rate increase for patient charges of 9.5%.

These appropriation units experienced reductions in FY 2004 state appropriations of \$1.3 million. No state appropriations were provided for salary increases to implement the state's salary policy.

University of Iowa Hospitals and Clinics (UIHC)

The University of Iowa Hospitals and Clinics focus in FY 2004 is consistent with prior years: 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 2004 general fund operating budget for the University Hospitals and Clinics is \$608.6 million, including state appropriations for the Indigent Patient Care Program of \$28.0 million.

- UIHC predicts that state appropriations will cover approximately 28.4% of the costs associated with the program for FY 2004.
- The state appropriation includes an \$849,330 (-3.0%) reduction in FY 2004 and represents 4.6% of the University Hospitals and Clinics FY 2004 projected revenue.

Growth in demand for patient services is anticipated for FY 2004. To meet this increase in demand, the UIHC is expanding adult, neonatal and pediatric intensive care services, developing an emergency treatment center for chest pain, and expanding initiatives to lower the length of stay to allow more admissions.

The University of Iowa Hospitals and Clinics is requesting Board approval of a 9.5% rate increase, to be effective July 1, 2003. This rate increase, combined with expected volumes and non-patient revenue sources will yield an increase in net revenues of 11.3%.

The University states that additional net revenues are required in FY 2004 to support appropriate staffing levels, high quality of care and higher patient volumes at the University of Iowa Hospitals and Clinics. Higher wages and salaries are required to retain and recruit trained health care professionals as the supply of such individuals is outpaced by demand and the UIHC continues to see price increases for prescription drugs and medical supplies. These additional net revenues will come from three sources: cost reductions, new volume, and a rate increase.

The University reports that the UIHC continues to face challenges with reduced revenues from Medicare, Medicaid, and the Indigent Patient Care Program. 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 55.0% of gross charges.

In FY 2004, UIHC will continue to collaborate with the University, including the Carver College of Medicine (CCOM), with both direct and indirect support. UIHC FY 2004 budget includes:

- \$33.1 million for the support of certain CCOM professional services, such as supervision of laboratories, graduate medical education, specific clinical services and jointly sponsored programs.
- \$33.5 million for the purchase of University services, including certain administrative services, utilities and other general services .

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 2004 general fund operating budget for the Psychiatric Hospital is \$18.8 million, including state appropriations of \$7.2 million. The state appropriation includes a \$219,240 (-3.0%) reduction in FY 2004 and represents 38.4% of the Psychiatric Hospital's FY 2004 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 2004 general fund operating budget for the Center for Disabilities and Development is \$8.9 million, including state appropriations of \$6.5 million. The state appropriation includes a \$198,079 (-3.0%) reduction in FY 2004 and represents 73.6% of the Center's projected FY 2004 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 2004 general fund operating budget for SCHS including Cancer, Hemophilia, High Risk Infant, Mobile and Regional Clinics, and Muscular Dystrophy is \$5.1 million, including \$665,709 (13.1%) in direct state appropriations. The state appropriation includes a \$20,205 (-3.0%) reduction in FY 2004.

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 2004 general fund operating budget for the Oakdale Campus is \$3.1 million, including state appropriations of \$2.7 million. The state appropriation includes an \$82,719 (-3.0%) reduction in FY 2004 and represents 87.0% of the projected FY 2004 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, water quality, limnology pesticide analysis, inorganic chemistry, and organic chemistry.

The preliminary FY 2004 general fund operating budget for the University Hygienic Laboratory is \$6.8 million, including state appropriations of \$3.9 million. The state appropriation includes an \$118,365 (-3.0%) reduction in FY 2004 and represents 57.3% of the projected FY 2004 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.

The preliminary FY 2004 general fund operating budget for the Family Practice Program is \$2.2 million including state appropriations of \$2.1 million. The state appropriation includes a \$64,621 (-3.0%) reduction in FY 2004 and represents 98.7% of the projected FY 2003 revenues.

Eighty percent of the appropriated funds will be spent on the University of Iowa affiliated 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 Special Purpose Appropriations units include the Center for Biocatalysis and Bioprocessing, Economic Development, Iowa Birth Defects Registry, Iowa Substance Abuse Consortium, Primary Health Care, and the State of Iowa Cancer Registry.

Center for
Biocatalysis and
Bioprocessing

The Center for Biocatalysis and Bioprocessing (CBB) serves as the primary contract research facility for biocatalysis and bioprocessing in the state of Iowa. Biocatalysis/bioprocessing technologies are necessary to implement "biotechnology" based approaches to solve the problems in agricultural, chemical, nutritional, and pharmaceutical industries.

The CBB laboratories are an essential link in technology transfer and provide unmatched fermentation, biocatalysis, and bioprocessing facilities and equipment for the conduct of multi-disciplinary industry/academic research.

The preliminary FY 2004 general fund operating budget for the Center for Biocatalysis and Bioprocessing is \$903,984, including a \$27,436 (-3.0%) reduction in state appropriations. It is funded entirely by state appropriations

Economic
Development

The FY 2003 economic development appropriations total \$253,338 and include funding for the Center for Advanced Drug Development, the Oakdale Research Park, and the Innovation Center.

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.

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.

Iowa Birth Defects
Registry

The Iowa Birth Defects Registry monitors the types and frequency of birth defects within the State of Iowa and provides information to the departments of Public Health and Education.

Iowa is one of only seven states with an active surveillance program with information collected directly from medical records in hospitals and clinics.

The preliminary FY 2004 general fund operating budget for the Iowa Birth Defects Registry is \$45,781 including a \$1,389 (-3.0%) reduction in state appropriations. It is funded entirely by state appropriations

Iowa Substance
Abuse Consortium

The Iowa Substance Abuse Consortium facilitates multi-disciplinary and multi-organizational research and evaluates substance abuse prevention and treatment efforts in the state of Iowa.

The Consortium's Advisory Board includes representatives from the University of Iowa; University of Northern Iowa; Iowa State University; state departments of Public Health, Education, Public Safety, Corrections, and Human Services; and representatives from local substance abuse service agencies.

The preliminary FY 2004 general fund operating budget for the Iowa Substance Abuse Consortium is \$66,534, including a \$2,019 (-3.0%) reduction in state appropriations. It is funded entirely by state appropriations

Primary Health
Care

The primary health care initiative has emphasis in four areas including:

- A computerized information system to track the supply and distribution of Iowa pharmacist, dentists, physician assistants, and advanced nurse practitioners;
- Rural physician support program to provide practice coverage for rural doctors who are absent;
- An integrated health professions education project to foster interdisciplinary teamwork in primary care to improve patient health and quality of life as well as to prepare health profession students to work cooperatively within the rural community; and
- Support for the Department of Family Medicine to strengthen departmental efforts to increase the selection of family medicine careers by SUI medical graduates.

The preliminary FY 2004 general fund operating budget for Primary Health Care is \$779,359, including a \$23,654 (-3.0%) reduction in state appropriations. It is funded entirely by state appropriations.

State of Iowa
Cancer Registry

The State of Iowa Cancer Registry is part of the National Cancer Institute's (NCI) Surveillance, Epidemiology, and End Results (SEER) Program dedicated to cancer data collection, reporting, and evaluation.

The Iowa Registry is funded primarily through a contract with NCI, which mandates that a portion of funding for the Registry be obtained from non-federal sources.

The preliminary FY 2004 general fund operating budget for the State of Iowa Cancer Registry is \$183,322 including a \$5,564 (-3.0%) reduction in state appropriations. It is funded entirely by state appropriations.

Athletics

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

 Approved: 
Deb A. Hendrickson Gregory S. Nichols

**UNIVERSITY OF IOWA
FY 2004 General University Budget Summary**

	Goal	FY 2004 New Revenues and Reallocations				
		Approp.	Tuition	Reallocation	Other	Total
<u>Strategic Initiatives</u>						
Student Aid Increases	1,2		5,767,400			\$5,832,400
Ear-Marked Surcharges	1,2,3		1,936,600			1,936,600
Liberal Arts & Sciences Initiative/Faculty and Start-up Costs	1,3		173,800		201,200	375,000
Classroom Support and Enrollment Growth	1		1,211,800			1,211,800
Graduate College Initiative	2		190,000			125,000
Internal Medicine Faculty and Faculty Start-Up	2,3				375,000	375,000
Research Incentive Program	3,4				157,200	157,200
						0
						0
<u>Mandatory Cost Changes</u>						
Compensation Increases	1-5		11,823,072	5,271,979	1,458,400	18,553,451
Library Acquisitions	1-4		495,700		22,300	518,000
Opening New Buildings	5		312,000		300,000	612,000
Utility Inflation	5		685,500		64,500	750,000
Property Insurance Premium Increase	5		224,800		21,200	246,000
State Cancer Registry	3				60,300	60,300
Research Infrastructure and Regulatory Compliance	3				839,900	839,900
Research Space Leases	3,5				300,000	300,000
State Agency and Regent Assessments	1-5		100,000			100,000
Undetermined Expenditure Savings or Revenue over Budget	1-5		-2,143,047			-2,143,047
Base Appropriation Reduction		(6,846,340)	6,846,340			
TOTAL		(6,846,340)	\$27,623,965	\$5,271,979	\$3,800,000	\$29,849,604