

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Governance Report on University Residence Systems  
**Date:** March 4, 2002

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**Recommended Actions:**

1. Receive a summary report on university residence systems.
  2. Refer to the individual university docket in docket items 10a through 10c:
    - a. Residence system FY 2001 annual reports;
    - b. Ten-year residence system plans for FY 2003-2012;
    - c. Proposed residence rate increases for academic year 2002-03; and
    - d. Preliminary residence system budgets for FY 2003.
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**Executive Summary:**

Residence systems, which include dining services, are operated by each of the Regent universities as part of their educational responsibilities. The residence systems improve the quality of students' university experiences through broad-based programs focused on educational, social, cultural, and recreational interests. The residence systems are self-supporting operations and do not receive state-appropriated funds for operations or capital improvements.

The reports for each residence system are closely interrelated. Both the annual report and the ten-year plan provide necessary background to evaluate the rate proposals for the coming year. The preliminary budgets are based upon the proposed rates.

**Rate Notification**

To increase room and board charges, the Board of Regents is required by Iowa Code §262.9 (18) to take action no sooner than 30 days after notification of the proposed increase to presiding officers of each student government organization at each affected institution. The Board gives preliminary consideration to the residence system rates in March with final approval scheduled for April.

**Budget Timeline**

In accordance with the Board's budgeting process, the Board considers preliminary budgets more than once. The residence system budgets are given preliminary consideration in March, before final approval in July.

**FY 2001 ANNUAL REPORTS**

The following table provides key residence system data for FY 2001:

**Residence System Data  
FY 2001**

|   |  | <b>SUI</b> | <b>ISU</b> | <b>UNI</b> |
|---|--|------------|------------|------------|
| <b>Student Statistics<br/>Fall 2000</b> | Enrollment   | 28,311     | 26,845     | 13,774     |
|   | Occupancy  |            |            |            |
|   | Residence Halls / Apartments                       | 6,240      | 9,333      | 4,959      |
|   | Occupancy as % of Enrollment                       | 22.0%      | 34.8%      | 36.0%      |
| <b>Financial<br/>(millions)</b>         | Gross Revenues                                     | \$30.2     | \$46.5     | \$24.5     |
|   | Operating Expenses                                 | 22.1       | 33.2       | 18.0       |
|   | Debt Service & Mandatory Transfers                 | 4.3        | 6.9        | 3.1        |
|   | Net Revenues                                       | 3.7        | 6.3        | 3.4        |
|   | Outstanding Bonds (principal)                      | 33.2       | 101.6      | 31.1       |
|   | Voluntary Reserves                                 | 12.7       | 11.8       | 6.1        |
|   | % of Gross Revenues                                | 42.0%      | 25.3%      | 24.7%      |
| <b>Facilities<br/>(millions)</b>        | Building Replacement Value                         | \$401.2    | \$483.3    | \$248.8    |
|   | Plant improvement, maintenance repair expenditures | 11.2       | 4.2        | 2.5        |
|   | % of replacement value                             | 2.8%       | 0.9%       | 1.0%       |

The university residence systems are in sound financial condition with adequate annual net revenues to maintain current facilities totaling over 6.6 million gross square feet.

During Fall 2000 (FY 2001), the residence systems housed 20,532 students, which represents 29.8% of total Regent student enrollment of 68,930. This compares to 19,659 students in residence systems during FY 2000, which represented 28.7% of total Regent student enrollment of 68,509.

Gross revenues for FY 2001 were \$101.2 million and total operating expenditures were \$73.3 million. These numbers compare to gross revenues for FY 2000 of \$90.9 million and total operating expenditures of \$65.8 million. As of June 30, 2001, the outstanding principal of university dormitory bonds was: \$33.2 million for SUI, \$101.6 million for ISU, and \$31.1 million for UNI.

**TEN-YEAR PLANS  
FY 2003 - FY 2012**

Ten-year enrollment and occupancy projections indicate a steady demand for Regent residence system housing. This demand forms the basis for residence system financial forecasts.

**PROPOSED RATES  
2002-2003**

The universities proposed rate increases for 2002-2003 for a double occupancy room with full board are as follows:

|                             | 2001 - 2002 | 2002 - 2003          | \$              | %               |
|-----------------------------|-------------|----------------------|-----------------|-----------------|
|                             | <u>Rate</u> | <u>Proposed Rate</u> | <u>Increase</u> | <u>Increase</u> |
| University of Iowa          | \$4,671     | \$5,255              | \$584           | 12.5%           |
| Iowa State University       | \$4,666     | \$5,020              | \$354           | 7.6%            |
| University of Northern Iowa | \$4,398     | \$4,640              | \$242           | 5.5%            |

These residence system increases compare to average increases over the last ten years (ending Fall 2001) of 4.5% for SUI, 5.1% for ISU, and 5.9% for UNI.

Current room and board rates compared to peer institutions are the second lowest at SUI, ISU, and UNI.

**Student Increase**

When combining the tuition and fee increases approved in Fall 2001 with the proposed residence system increases, the total incremental cost to an undergraduate student would be \$1,253 at SUI, \$1,022 at ISU, and \$920 at UNI.

**FY 2002 AND  
PRELIMINARY  
FY 2003 BUDGET**

The revised estimates for FY 2002 show gross revenues of \$107.0 million, expenditures of \$77.5 million, and net revenues after debt service and mandatory transfers of \$12.6 million.

Preliminary budgets for FY 2003 show gross revenues of \$112.8 million, expenditures for operations of \$82.2 million, and net revenues after debt service and mandatory transfers of \$12.4 million.

In FY 2003, voluntary reserves, which are used for repairs and capital improvements, are estimated to be \$10.0 million at SUI, \$7.3 million at ISU, and \$5.7 million at UNI. Since depreciation allowance is not recognized on residence system building and equipment, it is important to maintain appropriate voluntary reserve levels to apply toward the costs of renovation and replacement.

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**Strategic Plan:**

The Board's strategic plan, Key Result Area 4 on accountability, requires the Board to exercise effective stewardship of institutional resources including facilities, in order to maintain the confidence and support of the public in the utilization of existing financial resources. Additionally, the covenants for bonds issued for new construction and renovations of residence systems require the Board and the institutions to keep the facilities in good repair, working order, and operating condition. Each residence system is expected to operate its system on a revenue-producing basis, and use and apply its resources appropriately.

**Background:**

Each university's Department of Residence has many responsibilities, including managing residence hall and apartment utilization as well as summer conference housing; providing social, cultural, and educational programs such as learning communities and student councils; and providing dining services including catering, convenience stores, nutrition education, athletic department support, and child care support.

The residence systems are self-supporting operations and do not receive state-appropriated funds for operations or capital improvements.

The Departments of Residence at the three Regent universities collectively maintain and operate a total of 6.6 million square feet of facilities. The replacement value of these facilities totals \$1.13 billion.

**FY 2001 Residence System Data**

|       | <u>Gross<br/>Square<br/>Feet</u> | <u>Facility<br/>Replacement<br/>Value</u> | <u>Gross<br/>Revenues</u> | <u>Outstanding<br/>Bonds *</u> | <u>Occupancy<br/>Residence<br/>Halls /<br/>Apartments</u> |
|-------|----------------------------------|---|---------------------------|--------------------------------|---|
| SUI   | 2.2 million                      | \$401.2 million                           | \$30.2 million            | \$33.2 million                 | 6,240   |
| ISU   | 2.9 million                      | 483.3 million                             | 46.5 million              | 101.6 million                  | 9,333   |
| UNI   | <u>1.5 million</u>               | <u>248.8 million</u>                      | <u>24.5 million</u>       | <u>31.1 million</u>            | <u>4,959</u>  |
| Total | 6.6 million                      | \$1,133.3 million                         | \$101.2 million           | \$165.9 million                | 20,532  |

\* As of June 30, 2000

\*\* Fall 2000

In 1998, the Board requested that the universities place greater emphasis on long-term planning for significant renovations and capital replacement of the aging residence system facilities. The universities have completed more comprehensive ten-year plans and, as a result, require more bond financing to renovate or replace the aging facilities.

In the past four calendar years, bonding activity for residence hall facilities has increased significantly as identified in the following table:

**Bonding Activity for Residence Hall Facilities  
(Millions)**

|                             | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> |
|-----------------------------|-------------|-------------|-------------|-------------|
| University of Iowa          | —           | \$10.0      | \$16.0      | \$13.7      |
| Iowa State University       | \$14.0      | 34.3        | 9.5         | 21.7        |
| University of Northern Iowa | —           | 7.0         | 14.0        | —           |

More activity for residence system renovation is expected for 2002. The bond covenants for the residence systems require audit reports, which are annually provided to the Board.

**Analysis:**

**FY 2001 ANNUAL  
REPORTS**

The annual reports provide detailed information on various aspects of the residence systems for FY 2001 and include the most current residence system information for Fall 2001 (FY 2002).

**Enrollment**

Current enrollment data for the Regent universities are summarized below. Additional enrollment information is provided in the institutional reports.

**FALL 2000 AND FALL 2001 ENROLLMENT**

|                                    | Fall 2000  |                          | Fall 2001  |                          | Change in<br>Enrollment<br>2000-01 |
|------------------------------------|------------|--------------------------|------------|--------------------------|------------------------------------|
|                                    | Enrollment | % of Total<br>University | Enrollment | % of Total<br>University |                                    |
| <i>University of Iowa</i>          |            |                          |            |                          |                                    |
| Lower Division*                    | 9,436      | 33.3%                    | 9,463      | 32.9%                    | 0.3%                               |
| Total Undergraduate                | 19,284     | 68.1%                    | 19,603     | 68.1%                    | 0.0%                               |
| Total Enrollment                   | 28,311     |                          | 28,768     |                          | 1.6%                               |
| <i>Iowa State University</i>       |            |                          |            |                          |                                    |
| Lower Division*                    | 10,489     | 39.1%                    | 11,244     | 40.4%                    | 7.2%                               |
| Total Undergraduate                | 22,087     | 82.3%                    | 23,460     | 84.3%                    | 6.2%                               |
| Total Enrollment                   | 26,845     |                          | 27,823     |                          | 3.6%                               |
| <i>University of Northern Iowa</i> |            |                          |            |                          |                                    |
| Lower Division*                    | 5,217      | 37.9%                    | 5,294      | 37.6%                    | 1.5%                               |
| Total Undergraduate                | 12,255     | 89.0%                    | 12,519     | 89.0%                    | 2.1%                               |
| Total Enrollment                   | 13,774     |                          | 14,070     |                          | 2.1%                               |

\*Includes freshmen and sophomores.

Total enrollment and the number of lower division students (freshmen and sophomores) increased from Fall 2000 to Fall 2001 at all three Regent universities. Residence system usage is primarily a function of lower division undergraduate enrollment since a smaller percentage of upper class students choose to live in the residence system.

Occupancy Current occupancy data is summarized in the following table.

|     | Residence Halls  |                      |                  |                      | Apartments          |                      |                     |                      | % of Enrollment Occupying University Housing |                  |
|-----|------------------|----------------------|------------------|----------------------|---------------------|----------------------|---------------------|----------------------|--|------------------|
|     | <u>Fall 2000</u> |                      | <u>Fall 2001</u> |                      | <u>Fall 2000</u>    |                      | <u>Fall 2001</u>    |                      | <u>Fall 2000</u>                             | <u>Fall 2001</u> |
|     | Occupants        | % of Design Capacity | Occupants        | % of Design Capacity | # of Units Occupied | % of Design Capacity | # of Units Occupied | % of Design Capacity |  |                  |
| SUI | 5,494            | 94.9%                | 5,663            | 97.9%                | 746                 | 99.9%                | 746                 | 99.9%                | 22.0%  | 22.3%            |
| ISU | 7,752            | 95.0%                | 7,438            | 98.7%                | 1,581               | 89.4%                | 2,164               | 93.8%                | 34.8%  | 34.5%            |
| UNI | 4,616            | 93.8%                | 4,613            | 93.7%                | 343                 | 94.5%                | 355                 | 97.8%                | 36.0%  | 35.3%            |

Occupancy in residence halls and apartments, as a percentage of total enrollment, increased slightly at the University of Iowa and decreased slightly at Iowa State University and the University of Northern Iowa in Fall 2001, compared to Fall 2000.

Residence hall occupancy for Fall 2001 increased 169 students at SUI (3.1%), and decreased 314 student at ISU (-4.1%) and 3 students at UNI (-0.1%), compared to Fall 2000.

Apartment occupancy remained the same at SUI since they are currently at 99.9%; increased significantly at ISU due to the opening of Frederiksen Court; and increased slightly at UNI in Fall 2001.

As shown below, the percentage of lower division students living in residence halls in Fall 2001 as compared to Fall 2000 increased at SUI and decreased at ISU and increased at UNI.

**PERCENTAGE OF STUDENTS LIVING IN RESIDENCE HALLS**

|                     | SUI              |                  | ISU              |                  | UNI              |                  |
|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                     | <u>Fall 2000</u> | <u>Fall 2001</u> | <u>Fall 2000</u> | <u>Fall 2001</u> | <u>Fall 2000</u> | <u>Fall 2001</u> |
| Lower Division      | 52.3%            | 54.6%            | 62.5%            | 58.6%            | 67.6%            | 65.6%            |
| Total Undergraduate | 28.3%            | 28.7%            | 38.1%            | 37.4%            | 37.4%            | 36.5%            |
| Total Students      | 19.4%            | 19.7%            | 32.1%            | 32.2%            | 33.5%            | 32.8%            |

**Basic Room and Board Rates** Residence hall basic room and board rates at each Regent University are shown below for double occupancy and full board.

|                             | 1999-00 | 2000-01 | 2001-02 | Proposed 2002-03 |           |          |
|-----------------------------|---------|---------|---------|------------------|-----------|----------|
|                             |         |         |         | Rate             | \$ Change | % Change |
| University of Iowa          | \$4,188 | \$4,398 | \$4,671 | \$5,255 *        | \$584     | 12.5%    |
| Iowa State University       | \$4,171 | \$4,432 | \$4,666 | \$5,020          | 354       | 7.6%     |
| University of Northern Iowa | \$3,914 | \$4,149 | \$4,398 | \$4,640          | 242       | 5.5%     |

\*Includes \$74 for bundled telecommunications and \$200 dining dollars.

The increases in basic room and board rates for FY 2002 detailed above compare with average increases for the ten-year period ending FY 2002 of 4.5% per year at SUI, 5.1% at ISU, and 5.9% at UNI. Current room and board rates at the Regent universities remain among the lowest compared to selected peer institutions. SUI, ISU, and UNI are second lowest.

**Financial Data** Residence system gross revenue increased over the prior fiscal year at all three universities. FY 2001 net revenue as a percentage of gross revenue increased at UNI and decreased at SUI and ISU compared to FY 2000. FY 2001 expenditures for operations increased from the previous fiscal year for all three universities.

RESIDENCE SYSTEMS  
FY 2001 FINANCIAL DATA SUMMARY

|                                    | (1)<br>Actual<br>FY 2000 | (2)<br>Actual<br>FY 2001 | (3)<br>\$ Change<br>(2) - (1) | (4)<br>% Change<br>(3) / (1) |
|------------------------------------|--------------------------|--------------------------|-------------------------------|------------------------------|
| <b>University of Iowa</b>          |                          |                          |                               |                              |
| Gross Revenue                      | \$28,245,101             | \$30,151,057             | \$1,905,956                   | 6.7%                         |
| Expenditures for Operations        | 19,325,806               | 22,075,770               | 2,749,964                     | 14.2%                        |
| Debt Service & Mand. Transfers     | 3,129,602                | 4,340,776                | 1,211,174                     | 38.7%                        |
| Net Revenue*                       | \$ 5,789,693             | \$ 3,734,511             | \$(2,055,182)                 | (35.5)%                      |
| Net Revenue as % of Gross Rev.     | 20.5%                    | 12.4%                    |                               |                              |
| <b>Iowa State University</b>       |                          |                          |                               |                              |
| Gross Revenue                      | \$41,596,554             | \$46,498,071             | \$4,901,517                   | 11.8%                        |
| Expenditures for Operations        | 29,808,354               | 33,223,306               | 3,414,952                     | 11.5%                        |
| Debt Service & Mand. Transfers     | 5,543,100                | 6,949,789                | 1,406,689                     | 25.4%                        |
| Net Revenue*                       | \$6,245,100              | \$6,324,976              | \$ 79,876                     | 1.3%                         |
| Net Revenue as % of Gross Rev.     | 15.0%                    | 13.6%                    |                               |                              |
| <b>University of Northern Iowa</b> |                          |                          |                               |                              |
| Gross Revenue                      | \$21,060,673             | \$24,522,544             | \$3,461,871                   | 16.4%                        |
| Expenditures for Operations        | 16,691,503               | 18,018,387               | 1,326,884                     | 7.9%                         |
| Debt Service & Mand. Transfers     | 2,148,452                | 3,132,036                | 983,584                       | 45.8%                        |
| Net Revenue*                       | \$ 2,220,718             | \$3,372,121              | \$1,151,403                   | 51.8%                        |
| Net Revenue as % of Gross Rev.     | 10.5%                    | 13.8%                    |                               |                              |

\* After expenditures for operations, debt service, and mandatory transfers.

**Reserves**

All of the reserve funds are set up by bond covenants. Voluntary reserves for the residence systems include the balances of such funds as the Operation and Maintenance Fund and the Improvement Fund. Mandatory Reserves for the residence systems include the balances of the Sinking Funds, Bond Reserve Funds, and Construction Funds. Since depreciation allowance is currently not recognized on the residence system buildings and equipment, appropriate voluntary reserve levels are maintained to cover the costs of renovation and replacement.

Voluntary reserve balances are shown below for each of the Regent universities:

**RESIDENCE SYSTEMS VOLUNTARY RESERVES  
AT CLOSE OF FISCAL YEAR**

|                             | FY 2000            |                              | FY 2001            |                              |
|-----------------------------|--------------------|------------------------------|--------------------|------------------------------|
|                             | Reserve<br>Balance | Percent of<br>Gross Revenues | Reserve<br>Balance | Percent of<br>Gross Revenues |
| University of Iowa          | \$15,094,271       | 53.4%                        | \$12,661,329       | 42.0%                        |
| Iowa State University       | \$10,650,623       | 25.6%                        | \$11,780,080       | 25.3%                        |
| University of Northern Iowa | \$4,768,727        | 22.6%                        | \$6,052,123        | 24.7%                        |

Funds must be transferred from the Surplus Fund to the Improvement fund before they can be expended for renovation and capital improvements to the residence systems.

UNI is presenting Residence System Fund Transfers of \$1.0 million to the improvement fund for Board approval this month (see institutional docket UNI B-3).

**Improvement and  
Repair  
Expenditures**

FY 2001 plant improvement and repair expenditures, excluding equipment replacement, are summarized below:

**RESIDENCE SYSTEMS  
PLANT IMPROVEMENT, REPAIR, AND MAINTENANCE EXPENDITURES\*  
(Excludes Equipment Replacement)  
FY 2001**

|     | Gross Square<br>Footage (GSF) | Building<br>Replacement<br>Value | FY 2001<br>Expenditures | Expenditures<br>Per<br>GSF | Expenditures<br>as Percent of<br>Replacement Value |
|-----|-------------------------------|----------------------------------|-------------------------|----------------------------|--|
| SUI | 2,238,830                     | \$401,207,000                    | \$11,166,437 **         | \$4.99                     | 2.8%   |
| ISU | 2,935,370                     | 483,266,000                      | 4,232,597               | \$1.44                     | 0.9%   |
| UNI | 1,478,168                     | 248,823,000                      | 2,522,003               | \$1.71                     | 1.0%   |
|     | 6,652,368                     | \$1,133,296,000                  | \$17,921,037            | \$2.69                     | 1.6%   |

\* Includes upgrades of existing facilities, not construction of new facilities.

\*\* Includes \$7.5 million in bond proceeds.

For FY 2001, plant improvement, repair, and maintenance expenditures totaled \$17.9 million, representing 1.6% of the total building replacement value of \$1.13 billion. To avoid deferred maintenance, the universities are continuing to upgrade and maintain residence system facilities by expending resources for plant improvement, repairs, and maintenance.



TEN-YEAR PLANS  
FY 2003 - FY 2012

Ten-year plans prepared by the universities include enrollment and occupancy projections, capital renewal plans, and financial forecasts for the next decade. Ten-year enrollment and occupancy projections indicate a steady demand for Regent residence system housing. This demand forms the basis for residence system financial forecasts.

The following information presents a summary of projected trends in total enrollment, housing design capacity, housing occupancy, and occupancy ratios for the ten-year period.

TEN YEAR PROJECTED ENROLLMENT, HOUSING CAPACITY, AND OCCUPANCY

|                             | University of Iowa |         |         | Iowa State University |         |         | University of Northern Iowa |         |         |
|-----------------------------|--------------------|---------|---------|-----------------------|---------|---------|-----------------------------|---------|---------|
|                             | 2001-02            | 2006-07 | 2011-12 | 2001-02               | 2006-07 | 2011-12 | 2001-02                     | 2006-07 | 2011-12 |
| Enrollment (Headcount)      | 28,768             | 29,093  | 28,957  | 27,823                | 27,096  | 26,838  | 14,070                      | 13,685  | 13,673  |
| Current Operating Capacity* | 6,414              | 6,323   | 6,323   | 9,926                 | 8,918   | 8,918   | 5,286                       | 5,286   | 5,286   |
| Total Occupancy*            | 6,409              | 6,322   | 6,322   | 9,602                 | 8,449   | 8,449   | 4,968                       | 4,483   | 4,617   |
| Occupancy Ratio**           | 99.9%              | 100.0%  | 100.0%  | 96.7%                 | 94.7%   | 94.7%   | 94.0%                       | 84.8%   | 87.3%   |

\* Includes residence halls and apartments.

\*\* Percent of capacity

Enrollment projections and financial information for the three Regent universities are presented in greater detail in the ten-year plan summaries for the individual institutions (Attachment A in docket memos G.D. 10a (SUI), G.D. 10b (ISU), and G.D. 10c (UNI)). Ten-year estimates are stated in 2001-2002 dollars. No attempt has been made to estimate the effects of inflation.

PROPOSED RATES  
2002-2003

Each of the Regent universities has proposed rate increases for residence hall room and board, and student apartment rent, for the 2002-2003 academic year as identified in the following table. The proposed increases in the basic room and board rates form the basis for rate increases in other housing and dining contract choices.

RESIDENCE HALL RATES  
DOUBLE OCCUPANCY ROOMS WITH FULL BOARD

|                             | 2001 - 2002 | 2002 - 2003   | \$       | %        |
|-----------------------------|-------------|---------------|----------|----------|
|                             | Rate        | Proposed Rate | Increase | Increase |
| University of Iowa          | \$4,671     | \$5,255       | \$584    | 12.5%    |
| Iowa State University       | \$4,666     | \$5,020       | \$354    | 7.6%     |
| University of Northern Iowa | \$4,398     | \$4,640       | \$242    | 5.5%     |

2002 - 2003

PROPOSED APARTMENT RATES

|                             | Average Increase |
|-----------------------------|------------------|
| University of Iowa          | 7.8%             |
| Iowa State University       | 6.9%             |
| University of Northern Iowa | 5.1%             |

INCREMENTAL COSTS TO UNDERGRADUATE RESIDENT STUDENTS

|                             | Tuition &<br>Fees<br><u>2002-2003</u> | Proposed<br>Residence<br>System<br><u>2002-03</u> | Total<br>Incremental<br>Costs | Total<br>Percentage<br>Increase |
|-----------------------------|---------------------------------------|---|-------------------------------|---------------------------------|
| University of Iowa          | \$669                                 | \$584   | \$1,253                       | 15.3%                           |
| Iowa State University       | 668                                   | 354   | 1,022                         | 12.6%                           |
| University of Northern Iowa | 678                                   | 242   | 920                           | 11.7%                           |

The proposed residence system rate increases when combined with the tuition and fee increases approved in Fall 2001, result in total incremental increases to an undergraduate resident student for double occupancy and full board of \$1,253 at SUI, \$1,022 at ISU, and \$920 at UNI.

Proposed rate increases for all residence hall, board options, and apartment units of the individual universities are provided as Attachment B of docket memos G.D. 10a (SUI), G.D. 10b (ISU), and G.D. 10c (UNI).

FY 2002 AND  
PRELIMINARY  
FY 2003 BUDGET

The preliminary FY 2003 budget proposals, summarized below, contain current FY 2002 Board approved revenue and expenditure detail and revised estimates for FY 2002.

Gross revenues for FY 2003 are expected to increase from the revised FY 2002 estimates at SUI, ISU, and decrease slightly at UNI, while net revenues are expected to increase at SUI and decrease at ISU and UNI.

Debt service and mandatory transfers in each case are expected to increase due to the issuance of new bonds and increased debt service payments for previously issued bonds.

Detailed budgets for the individual universities are provided as Attachment C of the docket memos G.D. 10a (SUI), G.D. 10b (ISU), and G.D. 10c (UNI).

PRELIMINARY BUDGETS SUMMARY

|                                    | (1)                             | (2)                                 | (3)   | (4)                                 | (5)                    | (6)                   |
|------------------------------------|---------------------------------|-------------------------------------|---|-------------------------------------|------------------------|-----------------------|
|                                    | Prior Year<br>Actual<br>FY 2001 | Current Year<br>Approved<br>FY 2002 | Current Year<br>Revised<br>Estimates<br>FY 2002 | Next Year<br>Preliminary<br>FY 2003 | \$ Change<br>(4) - (3) | % Change<br>(5) / (3) |
| <i>University of Iowa</i>          |                                 |                                     |   |                                     |                        |                       |
| Gross Revenue                      | \$30,151,057                    | \$32,654,875                        | \$32,433,465                                    | \$35,269,930                        | \$2,836,465            | 8.7%                  |
| Expenditures for Operations        | \$22,075,770                    | \$24,585,630                        | \$23,231,840                                    | \$25,526,254                        | \$2,294,414            | 9.9%                  |
| Debt Service & Mand. Transfers     | \$4,340,776                     | \$5,035,745                         | \$5,533,973                                     | \$5,749,070                         | \$215,097              | 3.9%                  |
| Net Revenue*                       | \$3,734,511                     | \$3,033,500                         | \$3,667,652                                     | \$3,994,606                         | \$326,954              | 8.9%                  |
| Net Revenue as % of Gross Rev.     | 12.4%                           | 9.3%                                | 11.3%   | 11.3%                               | 0.0%                   |                       |
| <i>Iowa State University</i>       |                                 |                                     |   |                                     |                        |                       |
| Gross Revenue                      | \$46,498,071                    | \$48,888,336                        | \$49,907,173                                    | \$53,008,168                        | \$3,100,995            | 6.2%                  |
| Expenditures for Operations        | \$33,223,306                    | \$35,300,598                        | \$34,992,960                                    | \$37,174,577                        | \$2,181,617            | 6.2%                  |
| Debt Service & Mand. Transfers     | \$6,949,789                     | \$8,785,384                         | \$8,147,689                                     | \$9,219,365                         | \$1,071,676            | 13.2%                 |
| Net Revenue*                       | \$6,324,976                     | \$4,802,354                         | \$6,766,524                                     | \$6,614,226                         | (\$152,298)            | (2.3)%                |
| Net Revenue as % of Gross Rev.     | 13.6%                           | 9.8%                                | 13.6%   | 12.5%                               | (1.1)%                 |                       |
| <i>University of Northern Iowa</i> |                                 |                                     |   |                                     |                        |                       |
| Gross Revenue                      | \$24,522,544                    | \$24,360,695                        | \$24,621,521                                    | \$24,487,852                        | (\$133,669)            | (0.5)%                |
| Expenditures for Operations        | \$18,018,387                    | \$20,251,622                        | \$19,279,005                                    | \$19,456,780                        | \$177,775              | 0.9%                  |
| Debt Service & Mand. Transfers     | \$3,132,036                     | \$3,141,508                         | \$3,141,507                                     | \$3,263,978                         | \$122,471              | 3.9%                  |
| Net Revenue*                       | \$3,372,121                     | \$967,565                           | \$2,201,009                                     | \$1,767,094                         | (\$433,915)            | (19.7)%               |
| Net Revenue as % of Gross Rev.     | 13.8%                           | 4.0%                                | 8.9%  | 7.2%                                | (3.2)%                 |                       |

\* After expenditures for operations, debt service, and mandatory transfers.

Deb A. Hendrickson Approved: Gregory S. Nichols  
 Deb A. Hendrickson Gregory S. Nichols