

**REGENT INSTITUTION**  
**FY 2005 General Fund Budget Summary**  
**STRATEGIC PLANNING GOALS**

Goal #1	Create an undergraduate experience that enables students to fulfill their intellectual, social, and career objectives.	149,853,243
Goal #2	Achieve premier graduate and professional programs in a significant number of areas.	172,420,593
Goal #3	Foster distinguished research, scholarship, and artistic creation.	69,856,989
Goal #4	Facilitate interdisciplinary interaction in teaching, research, and service.	13,858,036
Goal #5	Develop a highly productive organization that supports the mission and values of the University.	<u>62,597,139</u>
<b>TOTAL</b>		<b>\$468,586,000</b>

	Goal	FY 2005 New Revenues and Reallocations				
		Approp.	Tuition	Reallocation	Other	Total
<b><u>Strategic Initiatives</u></b>						
Student Aid Set Aside	1,2		1,605,890			\$1,605,890
Professional School Tuition Supplements	1,2,3		1,666,490			1,666,490
Undergraduate Education	1		2,000,000			2,000,000
Compensation Increases (Faculty and P&S 1.7%)	1-5			4,446,039		4,446,039
Library Acquisitions	1-4			540,000		540,000
State Cancer Registry	3			27,000		27,000
<b><u>Mandatory Cost Changes</u></b>						
AFSCME Compensation Increases	1-5			2,571,000		2,571,000
COGS Contract	1,2,3			300,000		300,000
Opening New Buildings	5		394,000			394,000
Utility Inflation	5		1,528,039	278,961		1,807,000
Risk Management-Property Insurance	5		111,000			111,000
Collective Bargaining	1-5		100,000			100,000
Oakdale O&M	5			500,000		500,000
Shift in Base Funding			573,588		-573,588	0
<b>TOTAL</b>		<b>\$0</b>	<b>\$7,979,007</b>	<b>\$8,663,000</b>	<b>(\$573,588)</b>	<b>\$16,068,419</b>

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**The University of Iowa  
General Education Fund  
FY 2005 Final Budget**

The FY 2005 General Education Fund (GEF) budget has been developed based upon the most current information available to inform revenue projections and an expenditure plan which will continue to be guided by the University's Strategic Plan **and by specific strategic initiatives to reduce dependence of selected units on the GEF. FY 2005 represents the first of three years where budgets will be affected by these initiatives.**

Per Board Office instructions, the beginning base for the FY 2005 GEF budget is the revised FY 2004 GEF budget as approved by the Board in February 2004. This budget is premised on revenue projections for tuition, indirect cost recoveries and interest income with state appropriations at the revised FY 2004 level which means the University will get no appropriations in support of salary and benefit increases, including those determined through collective bargaining.

**REVENUE PLAN**

Overall the University projects additional GEF revenue for FY 2005 of \$7.4 million over the revised FY 2004 revenue budget. In addition, the University proposes GEF reallocations totaling \$8.7 million. A discussion of the components of FY 2005 GEF revenue budget as well as the proposed use of new revenues and funds available from reallocation follows.

FY 2005 Final Revenue Budget Summary

Appropriation	\$219,937,344
Tuition and Fees	\$206,271,000
Indirect Cost Recoveries	\$ 40,853,000
Investment Income	\$ 1,399,656
Other Income	<u>\$ 125,000</u>
Total	\$468,586,000

**Appropriation**

Based on assumptions to be used for this Final Budget, the University's total GEF appropriation for FY 2005 is estimated to be \$219,937,344. This is equal to the final FY 2004 GEF appropriation and \$5.6 million lower than the original FY 2004 appropriation.

Original FY 2004 Appropriation	\$225,576,763
November, 2003 Appropriation Reduction	<u>(\$ 5,639,419)</u>
FY 2004 & FY 2005 Appropriation	<u>\$219,937,344</u>

**Tuition and Fees**

General Education Fund revenue from Tuition and Fees is estimated to be \$206,271,000. Estimates of this revenue for FY 2005 are derived from rate increases (8.29% resident and 4.92%

non-resident), a base budget predicated on lower growth than anticipated in FY 2004 enrollment, a shift in enrollment mix and Professional School Tuition supplements for the Colleges of Law, Nursing, Pharmacy, Dentistry, Public Health, Medicine and Business.

The following is a reconciliation of the FY 2005 Tuition and Fee Budget:

Final FY 2004 Tuition and Fee Budget	\$198,291,993
Tuition Rate Increase	11,400,627
Lower Than Anticipated FY 2004 Enrollment Growth/Shift in Enrollment Mix	(5,400,000)
Professional Schools Tuition Supplements	<u>1,978,380</u>
Estimated FY 2005 Tuition and Fee Budget	\$206,271,000

Financial aid will be established at 17% of anticipated tuition and fees revenue.

### **Indirect Cost Recoveries**

General Education Fund Indirect Cost recoveries derived from sponsored activities (principally research) are budgeted at \$40.9 million for FY 2005. These funds are necessary to support the overhead costs attributable to grants and contracts awarded to the University of Iowa. The amount budgeted for FY 2005 is \$1 million below the FY 2004 budget; however, it is a 5% increase over the current revenue projection for FY 2004. This revenue source as well as the concomitant expense is volatile because it is so dependent upon new awards and renewals and the subsequent timing and nature of grant and contract expenditures. Also, continued initiatives in the Federal Government to reduce legitimate recoveries of overhead costs are a constant concern.

### **Investment Income and Other Income**

Based on experience through April 2004, the amount budgeted for Investment Income (1.4 million) is \$500,000 greater than FY 2004. Other Income (\$125,000) will remain the same in FY 2005.

### **EXPENDITURE PLAN**

The University's General Education Fund (GEF) Task Force was charged with recommending strategies for recurring GEF spending reductions of at least \$12 million based upon an analysis of the total expenditure base of the GEF, not just marginal expenditures. The recommendations protected curricular activities to the extent possible. These important judgments are incorporated in this expenditure budget and will be reflected in the budgets for FY 2006 and FY 2007. Further discussion is contained in the Reallocation section of this proposed budget.

**Salary and Fringe Benefit Funding** **\$7,317,039**

FY 2005 Salary increase funding for all General Education fund employee groups has been accomplished through reallocation. A detailed discussion of this salary increase funding is contained in the reallocation section of this budget proposal.

**Student Aid Set-aside** **\$1,605,890**

Financial aid will be increased in order to maintain it at a level of 17% of anticipated tuition.

**Professional School Tuition Supplements (Net) \$1,666,490**

Tuition supplements represent earmarked amounts for specific colleges and purposes previously approved by the Board of Regents. Students enrolled in the applicable colleges pay this supplement as a part of overall tuition and receive directly the benefits of these additional resources. Budgeted tuition revenue within this category for FY2005 includes Business (MBA/MAC), Dentistry, Law, Nursing, Public Health, Medicine and Pharmacy.

**Undergraduate Education \$2,000,000**

For the past three years, the University of Iowa's first year student enrollments have topped 4,000 students. This represents significant growth over the number of new students admitted at any point in the 1990's. This trend is expected to continue in the Fall of 2004. Total undergraduate student enrollments have increased by over 2,000 students in the past decade. The Office of the Provost has had to make strategic investments in temporary and permanent faculty to assist the undergraduate colleges in managing the larger number of students. The Provost's ability to maintain sufficient support for the undergraduate colleges has been hampered by recent fluctuations in the University's General Fund budget. This allocation will be used to replace funds lost to recent budget reversions and enable the Office of the Provost to maintain crucial support of faculty positions in the College of Liberal Arts and Sciences, Business, Education, Engineering, Medicine, and Nursing.

**Utility Inflation \$1,528,039**

General Fund utility expenses are expected to increase by \$1.8 million. This increase includes amounts necessary to accommodate the continued rising costs of purchased fuels (coal and natural gas) used in heating and cooling academic facilities. Stoker coal increased by 56% over last year's contracted price and fluidized bed boiler coal is increasing by 14% (both the results of competitive bidding). The increase also includes General Fund's share of additional debt service payments for expanded chilled water production capacity. A portion of this \$1.8 million increase (\$279,000) will be supported through reallocation. **This increase is extraordinary. In the prior six years GEF utilities have risen only 6.47%, which includes new facilities coming on line.**

**Property Insurance Premium Increases \$111,000**

Insurance premiums are expected to increase by approximately 15-18% for FY 2005. The increase is primarily due to unfavorable loss experience within the industry and higher reinsurance costs related to flood exposures. The events of September 11, 2001 continue to impact availability and cost of reinsurance for catastrophic exposures like flood. The University's deductible is \$2 million.

**Opening New Buildings \$394,000**

The FY 2005 General Education Fund Budget is being incremented to cover the cost of maintaining the 58,700 gross square foot Blank Honors Center for 2 months (\$73,000), the 69,538 gross square foot Pomerantz Center for 2 months (\$87,000) and the 67,500 gross square

foot Journalism Building for 6 months (\$234,000). These amounts include utilities, maintenance and custodial, as well as information technology costs.

**Collective Bargaining Assessments**

**\$100,000**

This budget item is intended to cover projected increases in charges assessed for bargaining professional services

## REALLOCATIONS

In FY 2005, reallocations will be required to meet salary and fringe benefits guidelines as well as other strategic initiatives and mandated or unavoidable costs. Additional detail regarding the source of funds for reallocation and the proposed application of these funds is provided below.

**Reallocation Sources** **\$8,663,000**

Unit Budget Reductions \$3,000,000

In April 2004, the Board was informed of a decision to reduce GEF units by \$3 million in order to balance the FY 2004 budget. This reduction was accomplished using a differential approach that exempts Student Financial Aid and Library acquisitions and reduces administrative units by a higher percentage than collegiate units. A decision has been made to make these reductions permanent for FY 2005 and beyond. Therefore, in FY 2005 these released funds are available for reallocation.

FY 2005 Task Force Reductions \$2,000,000

Using the final report from the General Education Fund Task Force which identified \$12 million in potential GEF expenditure reductions, the President has identified \$2 million in targeted GEF expenditure reductions for FY 2005. A summary of the components of this \$2 million in targeted reductions follows:

Intercollegiate Athletics	\$ 300,000
Utilities	\$ 250,000
Custodial Services	\$ 250,000
Fringe Benefit Cost Savings	\$ 200,000
Ntitle Program	\$ 200,000
University of Iowa Research Foundation	\$ 200,000
Audio Visual Center, Video Center, Conferences and Institutes	\$ 150,000
Information Technology	\$ 150,000
Childcare Subsidies to Student Financial Aid Budget	\$ 100,000
University Relations Publications	\$ 55,000
Printing Services	\$ 50,000
KSUI & WSUI	\$ 45,000
Museum of Art	\$ 30,000
Elimination of Bottled Water Purchases	<u>\$ 20,000</u>
<b>Total</b>	<b><u>\$2,000,000</u></b>

These reductions are reflected in the FY 2005 budget. Decisions regarding up to an additional \$10 million of targeted reductions in the GEF Task Force Report will be made in the next several months. These decisions will be implemented for the FY 2006 budget and beyond. A more detailed report regarding the Task Force recommendations was provided to the Board separately in the form of the Task Force report.

Savings From Fringe Benefit Rate Changes \$3,663,000

As reported to the Board in April 2004, fringe benefit rates for FY 2005 have been negotiated and finalized with the Federal Government and these new rates will generate savings in fringe benefit costs over FY 2004. These lower fringe benefit rates are primarily due to favorable experience in

the utilization of health care. A copy of the fringe benefit rates for FY 2004 and the new rates for FY 2005 are attached.

**Proposed Application of Reallocation Resources** **\$8,663,000**

**Strategic Reallocation Initiatives**

Salaries (Faculty and P & S 1.7%) **\$4,446,039**

For non-union professional and scientific staff and faculty, the University's overall objective is to achieve, from all sources of funds, an average increase policy in the range of 1% - 2.5%, with deans and vice presidents given discretion within that range. Non-union professional and scientific staff and faculty salary increments 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.

Given the results of comprehensive salary market studies conducted this year on faculty and non-union professional and scientific staff, the University has elected to reallocate significant funds to provide for salary increase that will help ensure competitiveness in the recruitment and retention of faculty and non-union professional and scientific staff. Funds equal to 1.7% of faculty and non-union professional and scientific salaries plus fringe benefits costs will be reallocated to each General Education Fund supported budgetary unit. This amount is derived from central reallocations. Additional collegiate and departmental reallocations will be utilized as a means to increase average salary adjustments for those units beyond 1.7%.

Faculty quality and vitality are the hallmark features of a successful University. As faculty are continually asked to teach more or larger classes, generate more grant, contract, or practice revenue to support their salaries, publish scholarly work in increasingly competitive venues, and direct students, staffs, and programs, a University must be able to offer salaries and benefit packages that recognize their numerous contributions and reward them for their successes.

At the University of Iowa, average faculty salaries have fallen behind what peer institutions are currently paying their faculty. As reported to the Board of Regents in their May 2005 docket, average faculty salaries at the University of Iowa currently are 96% of the peer average. The University is most at risk of losing our outstanding associate professors to other schools whose salaries are much higher than ours. Over 80% of the departments in College of Liberal Arts and Sciences (CLAS) have salaries at the associate professor level that are lower than salaries at other schools and over 70% of CLAS departments pay full professors less than elsewhere, often as much as \$10,000 to \$15,000 less (after accounting for cost of living adjustments). The dean in CLAS and most other colleges have had to raid the salary increments of full professors and top associate professors to make competing offers at the assistant professor level. After 5 years of this practice, the results have been deleterious to faculty salaries at the full and associate professor level. We desperately need to remedy this situation in the near future and this 1.7%, although minimal, is a step in the right direction.

CLAS is not the only college struggling with competitive faculty salaries. Education and Law are examples of other non-clinical units with relatively low salaries. In addition, some clinical departments in the Health Science Colleges need to address current salary levels that put them at a competitive disadvantage.

The University cannot afford to hold faculty salaries at their current level. Colleges have been given the authority to increase average faculty salaries by up to 2.5% in FY2005. However, given the fact that these increases are to be funded through reallocations, individual collegiate actions will vary widely. It is likely that whatever increases the Colleges are able to support in FY2005, it will not be enough to change the University's relative peer faculty salary rankings. A longer-term course of action needs to be identified and pursued by the University.

The University's clinical academic departments are in a similar comparative disadvantage. According to 2003 survey data from the American Association of Medical Colleges, the University of Iowa's clinical faculty salaries as a group are in the 40th percentile of a nationwide comparison group. Departmental salaries in Anesthesia, OB/GYN, Surgery, and Urology are in the 20th and lower 30th percentiles.

Pay matrices for professional and scientific staff are proposed to increase 0% at the minimum and 4% at the maximum. This represents a partial step toward correcting compression within pay grades. Compression, as well as the general lack of progressing within pay grades has increased in recent years for long-term professional and scientific staff, as a result of prior year adjustments to professional and scientific minimums in response to the increasing overlap between the merit bargaining and professional & scientific pay schedules.

Fringe rates are an estimation of actual cost to be incurred, but are set well in advance of the relevant fiscal year and must be approved by the cognizant federal agency so the rates can be applied to the federal sponsored projects. Given a decrease in University faculty and staff health care utilization during FY04, FY05 fringe rates have been generally lowered. However, the long term trend is rising fringe benefit costs because of increased utilization and the mandatory employer contribution for merit employees' health care insurance.

For FY 2005, the College of Medicine will apply the salary policy previously approved by the Board for salaries supported by the College of Medicine Faculty Practice Plan (FPP). In September 1994, the Board of Regents approved the change in the compensation plan for clinical faculty in the College of Medicine, which allows flexible salary allocations based on productivity in patient care services. Effective Fiscal Year 1996, this plan identified an academic and clinical service component for each faculty clinician. Under this plan, based on retrospective analysis of clinical services performance, a salary level is established, depending on performance. A salary level can be adjusted up or down.

As a further refinement, the Faculty Practice Plan departments have the option of paying out a portion of the approved salary policy as lump sum payments quarterly or annually rather than as recurring base salary. The lump sum feature is consistent with the methodology used under the UIHC/Faculty Practice Plan Contingent Payment Program. The sums are paid out based on volume of clinical care provided by individual faculty members at UIHC. For FY 2005, The College of Medicine has proposed a faculty salary policy of 1.7%, which is in-line with the proposed policy of the University.

The College is in the second year of a pilot program in the basic science departments (Anatomy, Biochemistry, Microbiology, Pharmacology, and Physiology & Biophysics) to further encourage acquisition of additional extramural funding. In recent years the CCOM has sought to encourage tenure track faculty to fund at least 40% of their salary from extramural sources. With this new plan the College makes lump sum incentive payments mid-year for faculty within departments meeting their financial goals and who bring in extraordinary extramural funding to offset their salary cost by greater than 50%. The plan also has provisions for rewarding faculty based upon sizeable extramural grants from funding organizations that might limit salary support (e.g. shared

instrument or training grants) and for faculty having significant teaching/administrative assignments. This lump sum payment is separate from the annual merit increases. It is the college's intent to evaluate this program at the end of the two-year pilot to determine if the program is successful.

The College of Pharmacy intends to make payments in accord with its pilot plan, approved by the President, pending approval by the Board of Regents. This program, designed to be consistent with the College of Medicine's basic science program, is an attempt to provide additional incentives for faculty to increase their effectiveness and productivity. The University is committed to monitoring both pilot programs to determine how they impact faculty effort.

Library Acquisitions \$ 540,000

The Library is a vital component of the University's academic, scholarly, and research missions. Maintaining collections has been a struggle over the past decade as publishers have continually passed along double digit price increases unto library buyers. In addition, the dollars recent poor performance against foreign currencies has caused further loss of purchasing power for the University's library acquisition budget. The net impact of these two factors could reduce the purchasing power of the acquisition budget by as much as 20% in some areas.

The University Libraries have managed through this difficult period by working with faculty to identify which collections have to be maintained for current scholarly/research interests and by working with other CIC libraries to increase the use of inter-library borrowing. The result of these efforts has been to cancel thousands of serial publications, severely limit the purchase of new monographs, yet provide faculty scholars with access to the most important available information.

As a result of University's strategic commitment towards the acquisition budget in the past and good management by the Libraries, the University has been able to maintain their relative ranking among the top research libraries. Overall, the University Libraries are among the top 15 public universities in term of holdings and the University's Law Library has the largest collection among all public Law School Libraries in the United States.

The University will continue this strategic investment in FY05 by reallocating funds to support a 5% inflationary increment to the Libraries acquisition budget.

State Cancer Registry \$ 27,000

The State of Iowa Cancer Registry was successful last year in receiving a seven year renewal of its contract with the National Cancer Institute (NCI). Support from NCI over the seven year period will total \$26.4 million. The first year of the new contract was FY 2004. In the course of negotiations, NCI mandated a higher level of cost sharing than was provided in the past seven year period. The accelerated level of cost sharing is to be phased over the seven year period. This reallocation represents the second year in phasing to the higher level of cost sharing.

**Other Reallocation Initiatives**

AFSCME (merit staff) Bargained Salary and Fringe Benefit Costs \$2,571,000

For employees covered by the AFSCME contract, salary increases and the employer share of fringe benefit increases will be provided as specified in the contract.

COGS (graduate assistants) Bargained COLA Increase (1 %) \$ 300,000

Funds are being reallocated within this budget to cover the cost of a bargained 1 % COLA increase for Graduate Assistants.

Oakdale O & M \$ 500,000

Given the multiple appropriation reductions that have been imposed over the last several years and given the fact that the Oakdale budget does not have any significant sources of other revenues, expenditure requirements for FY 2005 to maintain Oakdale space will exceed projected revenues. This is primarily due to steep increases in the price of fuels necessary to operate Oakdale's utility enterprise. At the same time, space on the Oakdale Campus is being utilized increasingly for academic purposes. This GEF allocation is necessary to provide for this disparity between projected revenues and essential operations and maintenance expenses.

Utility Inflation \$ 278,961

General Fund utility expenses are expected to increase by \$1.8 million. This increase includes amounts necessary to accommodate the continued rising costs of purchased fuels (coal and natural gas) used in heating and cooling academic facilities. Stoker coal increased by 56 % over last year's contracted price and fluidized bed boiler coal is increasing by 14 % (both the results of competitive bidding). The increase also includes General Fund's share of additional debt service payments for expanded chilled water production capacity. A larger portion of this \$1.8 million increase (\$1,528,000) will be supported through new revenue. **This increase is extraordinary. In the prior six years, GEF utilities have risen only 6.47%, which includes new facilities coming on line.**

**THE UNIVERSITY OF IOWA**  
**FY 05 PRELIMINARY BUDGET**  
**General Fund**  
**Source and Application of New Revenue**

**NEW REVENUE:**

Tuition and  
Fees:

Tuition Growth under Budget FY 2004	(5,400,000)	
Tuition Rate Increase	11,400,627	
Professional School Tuition Supplements	<u>1,978,380</u>	7,979,007
Indirect Cost Income:		
Indirect Cost under Budget FY 2004	(2,600,000)	
Indirect Cost Increase	<u>1,526,756</u>	(1,073,244)
Other Income		<u>499,656</u>
<b>Total New Revenue</b>		<b><u><u>7,405,419</u></u></b>

**NEW USES**

Description	Appropriation	Tuition	Other	Total
Student Aid Set Aside		1,605,890		1,605,890
Professional School Tuition Supplements (Net)		1,666,490		1,666,490
Undergraduate Education		1,595,000		1,595,000
Graduate and Professional Education		405,000		405,000
Utility				
Inflation		1,528,039		1,528,039
Opening New Buildings-Journalism, Blank Honor Center & Pomerantz Center		394,000		394,000
Risk Management-Property Insurance		111,000		111,000
Collective Bargaining Costs		100,000		100,000
Shift in Base Funding		<u>573,588</u>	(573,588)	<u>-</u>
<b>TOTAL NEW USES</b>	<b>-</b>	<b><u><u>7,979,007</u></u></b>	<b><u><u>(573,588)</u></u></b>	<b><u><u>7,405,419</u></u></b>



**UNIVERSITY OF IOWA HOSPITALS AND CLINICS**  
**FINAL FY 2005 OPERATING BUDGETS OF THE**  
**UNIVERSITY OF IOWA'S STATEWIDE HEALTH SERVICE UNITS**

**STRATEGIC PLAN**

The University of Iowa Hospitals and Clinics' focus in FY 2005 will be to: preserve high quality patient care, support the companion missions of teaching and research, and protect the ability to recruit and retain highly skilled health care staff members. Funding from the State of Iowa for health care services for the poor and disadvantaged was reduced again in FY 2003 and in FY 2004 through cuts to the Indigent Patient Care state appropriation and cuts in the appropriations to Psychiatric Hospital, Center for Disabilities and Development and Specialized Child Health Services. However, growth in demand for patient services is anticipated for FY 2005 at the University of Iowa Hospitals and Clinics, resulting in increased total expenditures and revenues from patient receipts.

UIHC will be developing a new strategic plan after the Board of Regents and University of Iowa correlate their new plan. The current key drivers in developing the FY2005 operating budgets will be referred to throughout this document.

- 1) Assure the availability of a sufficient patient base and resources to sustain the University of Iowa Hospitals and Clinics' educational mission as the prime clinical training base for the University of Iowa's health science education programs by achieving incremental growth in service volume.
- 2) Preserve the University of Iowa Hospitals and Clinics' role as the only comprehensive referral teaching hospital in Iowa by staying at the frontiers of medicine and health care delivery through clinical differentiation.
- 3) Establish the University of Iowa Hospitals and Clinics as the workplace of choice to attract and retain excellent people in a rewarding environment.

**CONSTRAINTS ON REVENUE SOURCES**

The University of Iowa Hospitals and Clinics derives almost all of its revenue from paying patients whose charges are paid for primarily through third party reimbursement mechanisms. In FY 2004 only 4.6 percent of the University of Iowa Hospitals and Clinics' net patient revenues were derived from a state appropriation dedicated for indigent patient care service provided by the hospital. This percentage drops to 4.0 percent in FY 2005.

The specific budget assumptions for reimbursement that will limit the University of Iowa Hospitals and Clinics revenues in FY 2005 include:

- The Balanced Budget Act of 1997 (BBA) continues to have an impact on Medicare funding. In FY 2005, Medicare reimbursements to the University of Iowa Hospitals and Clinics will be \$21.6 million less than before the BBA and related legislation was implemented.
- Iowa Medicaid payments were cut 3.0 percent in FY 2002 resulting in a loss of approximately \$2.0 million in FY 2002, 2003 and 2004, respectively. The Medicaid payment rates are expected to remain flat for FY 2005. It will be increasingly difficult for the University of Iowa Hospitals and Clinics' to continue to provide high levels of patient care services without increased payments.

- The University of Iowa Hospitals and Clinics' Indigent Patient Care Program, the Psychiatric Hospital and the Center for Disabilities and Development will continue to provide patient care at a cost that is significantly greater than the appropriations received. Funding for these programs has decreased the past several years and is currently below FY 1993 levels, even without adjusting for inflation. In spite of implementation of cost containment efforts such as case management, costs are anticipated to continue to rise. The impact of the appropriation cuts are magnified when one considers the mandate to provide unlimited health care to Iowa's growing prison population.

The combined effect of these payment restrictions in FY 2005 will be to reduce the amount the University of Iowa Hospitals and Clinics is actually paid for its patient care services, including state appropriations, to 49.7 percent of gross charges. By way of comparison, the University of Iowa Hospitals and Clinics anticipates receiving approximately 52.1 percent of charges in FY 2004 and received 57.4 percent in FY 2003.

At the same time that revenues from the Federal and State governments have been reduced, the rate of hospital inflation has increased dramatically. Medical care costs, as measured by historical experience in sector specific Producer Price Index (PPI) measures indicate that costs to hospitals have increased at a faster pace than most other goods and services for the past five years. The PPI for hospitals increased 5.3 percent for the twelve months ended March 2004. This is significantly higher than the general rate of producer inflation that was reported at 1.1 percent for the same twelve months. (PPI-“General Medical and Surgical Hospitals” and “Total Manufacturing Industries” Federal Bureau of Labor Statistics, U.S. Department of Labor, preliminary, March 2004.)

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

Additional net revenues are required in FY 2005 to support appropriate staffing levels, high quality of care and higher patient volumes at the University of Iowa Hospitals and Clinics. These additional net revenues will come from three sources: cost reductions, new volume and a rate increase to be effective July 1, 2005. The combination of the new volume and the rate increase will yield an increase in net revenues combined with non-patient revenue sources of 7.4 percent.

A rate increase of 9.5 percent will yield increased collections of approximately 1.5 percent because the payers for approximately 75.0 percent of the volume pay on a basis other than UIHC's listed price. These payers include Federal Medicare, State Medicaid, and Iowa Blue Cross. It is the actual collections that generate the funds to carry cost increases in wages, benefits, supplies and other operating costs, not the rate increase. A rate increase of 9.5 percent in FY 2005 will be the same as the increase approved by the Board of Regents for fiscal year 2004, and is absolutely necessary to support hospital operations and meet salary and wage commitments negotiated by the State of Iowa and through the Board of Regents.

### **DEMANDS FOR VOLUME**

The University of Iowa Hospitals and Clinics predicts increasing demand for its services as shown in the following chart. Inpatient acute admissions are expected to increase 3.5 percent and clinic visits are expected to increase 5.0 percent in FY 2005. Length of stay is expected to decrease by .5 days. In FY 2005, the case mix index, a measure of inpatient severity, is expected to remain at the same high level, due to the continued demand for sub-specialty services at the University of Iowa Hospitals and Clinics. To meet this increase in demand, the University of Iowa Hospitals and Clinics is increasing cardiovascular services, expanding operating room and intensive care services, opening the new radiation oncology Center of Excellence and continuing to expand initiatives to lower length of stay to allow more admissions.

<b><u>Combined Health Service Units</u></b>	<b><u>Actual 2001</u></b>	<b><u>Actual 2002</u></b>	<b><u>Actual 2003</u></b>	<b><u>Projected 2004</u></b>	<b><u>Budget 2005</u></b>
Acute Admissions (excl. newborns)	23,286	23,388	24,104	25,592	26,488
Surgical Cases	18,986	19,814	20,269	20,724	21,761
Clinic Visits including Emergency	592,752	615,242	631,443	658,424	691,346
Average Length of Stay for Acute	7.51	7.59	7.24	6.90	6.40
Case Mix- all patients	1.5712	1.5866	1.6272	1.6023	1.6023

### **INDIGENT PATIENT CARE PROGRAM**

The University of Iowa Hospitals and Clinics continues to be proud of its long-standing collaboration with the State of Iowa to care for indigent Iowans under the University of Iowa Hospitals and Clinics Indigent Patient Care Program that is partially funded by an appropriation under Chapter 255 of the Code of Iowa. The FY 2005 appropriation is equal to the FY 2004 appropriation and 5.4 percent less than the FY 2003 appropriation.

The University of Iowa Hospitals and Clinics assumes the full financial risk of caring for this population of Iowans who are identified by their home counties as having no other means to pay for medically necessary care. For a fixed amount of appropriation, the University of Iowa Hospitals and Clinics provides transportation, temporary lodging and meals, medical and surgical care, social and psychiatric services, and pharmaceuticals. By law, there is no limit on the amount of expense that the University of Iowa Hospitals and Clinics may need to incur to meet the medical needs of this population. As a result, the University of Iowa Hospitals and Clinics has historically rendered more care than the appropriation has funded. The same will be true for FY 2005 when the value of the services rendered is expected to be approximately \$78.2 million for hospital and other services and approximately \$30.1 million for physician services from the Carver College of Medicine for a total amount of \$108.3 million, against an appropriation of \$27.3 million. In FY 2005, the appropriation will only cover about 25.2 percent of the value of care rendered to indigent patients.

Another aspect of this collaboration between the University of Iowa Hospitals and Clinics and the State of Iowa is the intergovernmental transfer agreement with the Department of Human Services. Under this agreement, the University of Iowa Hospitals and Clinics will return approximately \$29.6 million of Federal Medicaid matching funds in FY 2004 the Department of Human Services related to supplemental indirect medical education and supplemental disproportionate share payments. A similar transfer will occur in FY 2005. This means the State of Iowa receives \$108.3 million in health care services for its poor and disadvantaged citizens at little or no cost to the state taxpayers. For FY 2005, it is estimated that this situation will continue.

Continued collaboration to serve indigent Iowans will help support the University of Iowa Hospitals and Clinics' strategic goal to assure the availability of a sufficient patient base and resources to sustain the University of Iowa Hospitals and Clinics' educational mission as the prime clinical training base for the University of Iowa's health science education programs by achieving incremental growth in service volume.

### **FINAL BUDGET DETAILS**

A detailed explanation of the Form 2 FY 2005 Operating Budget Proposal for each of the University of Iowa Hospitals and Clinics' appropriation units follows. Each aspect of these operating budgets is linked with the strategic plan for Fiscal Years 2001-2005.

#### **EXPLANATION OF FORM 2 FY 2005 OPERATING BUDGET PROPOSAL**

## University Hospitals

### Column (1) FY 2003 Actual

Actual performance for FY 2002-2003.

### Column (2) FY 2004 Final Revised Budget

Budget as approved by the Board of Regents, State of Iowa.

### Column (3) FY 2005 Base Budget Reductions

The University of Iowa Hospitals and Clinics' Indigent Patient Care Program is partially funded by an appropriation under Chapter 255 of the Code of Iowa. No reduction is anticipated from the final revised FY 2004 appropriation.

### Column (4) FY 2005 Non-Salary Increments

These increases are anticipated inflation adjustments for professional and scientific supplies and utilities.

#### Revenues

Sales and services	<u>\$ 9,821,905</u>
Total revenues	<u>\$ 9,821,905</u>

#### Expenditures

Professional and scientific supplies	\$ 8,406,105
Utilities- Labor- per University assessment	11,600
Utilities-Non-Labor- per University assessment	<u>1,404,200</u>
Total expenditures	<u>\$ 9,821,905</u>

The University of Iowa Hospitals and Clinics must generate funds to support its strategic goals. These include assuring the availability of a sufficient patient base and resources to sustain the University of Iowa Hospitals and Clinics' educational mission as the prime clinical training base for the University of Iowa's health science education programs, as well as preserving the University of Iowa Hospitals and Clinics' role as the only comprehensive referral teaching hospital in Iowa.

Column (5) FY 2005 Salary/Fringe Increments

These salary increases and related fringe benefit costs represent amounts to be paid to staff for a combination of performance and experience and are in accord with applicable collective bargaining agreements. In general, the FY 2005 salary program increase is an average of 2.5 percent. However, certain provisions of collective bargaining agreements that include Professional and Scientific Salaries and the General Services salaries will result in increases beyond the 2.5 percent average, depending on the percentage of staff represented by collective bargaining.

Revenues

Reimbursement of indirect costs	\$ 274,400
Sales and services	13,802,800
Other income	<u>130,100</u>
Total revenues	<u>\$ 14,207,300</u>

Expenditures

Faculty salaries	\$ 459,200
Professional and scientific salaries	9,397,800
General service salaries	4,199,800
Hourly wages	<u>150,500</u>
Total expenditures	<u>\$ 14,207,300</u>

These salary program enhancements will help the University of Iowa Hospitals and Clinics in attaining its strategic goal to establish the University of Iowa Hospitals and Clinics as the workplace of choice thereby attracting and retaining excellent people in a rewarding environment.

Column (6) FY 2005 Sum of Columns (3), (4) and (5)

This is the summation of the details in the three previous columns.

Column (7) FY 2005 Adjustment Reallocations

These reallocations realign the budget consistent with FY 2004 and projected FY 2005 spending. The overall increase in adjustment reallocations is related to the increased costs associated with the expanded services budgeted in FY 2005.

Revenues

Sales and services	\$ 20,796,400
Total revenues	<u>\$ 20,796,400</u>

Expenditures

Faculty salaries	\$ 1,296,400
Professional and scientific salaries	7,000,000
General service salaries	2,500,000
Professional and scientific supplies	10,046,200
Rentals	<u>(46,200)</u>

Total expenditures \$ 20,796,400

Column (8) FY 2005 Proposed Budget

This is the sum of FY 2004 budget and the increments and adjustments for FY 2005 discussed above.

**Psychiatric Hospital**

Column (1) FY 2003 Actual

Actual performance for FY 2002-2003.

Column (2) FY 2004 Final Revised Budget

Budget as approved by the Board of Regents, State of Iowa.

Column (3) FY 2005 Base Budget Reductions

No appropriation reductions are anticipated.

Column (4) FY 2005 Non-Salary Increments

These increases are anticipated inflation adjustments for professional and scientific supplies and utilities.

Revenues

Sales and services	\$ 259,200
Total revenues	<u>\$ 259,200</u>

Expenditures

Professional and scientific supplies	\$ 92,800
Rentals	100
Utilities- Labor- per University assessment	7,200
Utilities-Non-Labor- per University assessment	<u>159,100</u>
Total expenditures	<u>\$ 259,200</u>

The University of Iowa Hospitals and Clinics must generate funds to support its strategic goals. These include assuring the availability of a sufficient patient base and resources to sustain the University of Iowa Hospitals and Clinics' educational mission as the prime clinical training base for the University of Iowa's health science education programs, as well as preserving the University of Iowa Hospitals and Clinics' role as the only comprehensive referral teaching hospital in Iowa.

Column (5) FY 2005 Salary/Fringe Increments

These salary increases and related fringe benefit costs represent amounts to be paid to staff for a combination of performance and experience and are in accord with applicable collective bargaining agreements. In general, the FY 2005 salary program increase is an average of 2.5 percent. However, certain provisions of collective bargaining agreements that include Professional and Scientific Salaries and the General Services salaries will result in increases beyond the 2.5 percent average, depending on the percentage of staff represented by collective bargaining.

Revenues	
Reimbursement of indirect costs	\$ 500
Sales and services	<u>561,100</u>
Total revenues	<u>\$ 561,600</u>

Expenditures	
Faculty salaries	\$ 62,700
Professional and scientific salaries	326,200
General service salaries	169,500
Hourly wages	<u>3,200</u>
Total expenditures	<u>\$ 561,600</u>

These salary program enhancements will help the University of Iowa Hospitals and Clinics in attaining its strategic goal to establish the University of Iowa Hospitals and Clinics as the workplace of choice to attract and retain excellent people in a rewarding environment.

Column (6) FY 2005 Sum of Columns (3), (4) and (5)

This is the summation of the details in the three previous columns.

Column (7) FY 2005 Adjustment Reallocations

These amounts reflect reallocations that will be necessary to accommodate the reduction in sales and services funding.

Revenues	
Sales and services	\$ (629,309)
Total revenues	<u>\$ (629,309)</u>

Expenditures	
Faculty salaries	\$ (1,396,300)
Professional and scientific salaries	970,000
General service salaries	(155,500)
Professional and scientific supplies	(52,409)
Rentals	<u>4,900</u>
Total expenditures	<u>\$ (629,309)</u>

Column (8) FY 2005 Proposed Budget

This is the sum of FY 2004 budget and the increments and adjustments for FY 2005 discussed above.

**Center for Disabilities and Development**

Column (1) FY 2002 Actual

Actual performance for FY 2002-2003.

Column (2) FY 2004 Final Revised Budget

Budget as approved by the Board of Regents, State of Iowa.

Column (3) FY 2005 Base Budget Reductions

No appropriation reductions are anticipated.

Column (4) FY 2005 Non-Salary Increments

These increases are anticipated inflation adjustments for professional and scientific supplies, rentals, and utilities.

Revenues	
Sales and services	<u>\$ 65,500</u>
Total revenues	<u><u>\$ 65,500</u></u>
Expenditures	
Professional and scientific supplies	\$ 34,200
Rentals	1,100
Utilities- Labor- per University assessment	2,300
Utilities-Non-Labor- per University assessment	<u>27,900</u>
Total expenditures	<u><u>\$ 65,500</u></u>

The University of Iowa Hospitals and Clinics must generate funds to support its strategic goals. These include assuring the availability of a sufficient patient base and resources to sustain the University of Iowa Hospitals and Clinics' educational mission as the prime clinical training base for the University of Iowa's health science education programs, as well as preserving the University of Iowa Hospitals and Clinics' role as the only comprehensive referral teaching hospital in Iowa.

Column (5) FY 2005 Salary/Fringe Increments

These salary increases and related fringe benefit costs represent amounts to be paid to staff for a combination of performance and experience and are in accord with applicable collective bargaining agreements. In general, the FY 2005 salary program increase is an average of 2.5 percent. However, certain provisions of collective bargaining agreements that include Professional and Scientific Salaries and the General Services salaries will result in increases beyond the 2.5 percent average, depending on the percentage of staff represented by collective bargaining.

Revenues	
Reimbursement of indirect costs	\$ 27,100
Sales and Services	<u>272,600</u>
Total revenues	<u><u>\$ 299,700</u></u>
Expenditures	
Faculty salaries	\$ 13,200
Professional and scientific salaries	185,800
General service salaries	96,000
Hourly wages	<u>4,700</u>
Total expenditures	<u><u>\$ 299,700</u></u>

These salary program enhancements will help the University of Iowa Hospitals and Clinics in attaining its strategic goal to establish the University of Iowa Hospitals and Clinics as the workplace of choice to attract and retain excellent people in a rewarding environment.

Column (6) FY 2005 Sum of Columns (3), (4) and (5)

This is the summation of the details in the three previous columns.

Column (7) FY 2005 Adjustment Reallocations

These amounts reflect reallocations that will be necessary to accommodate the reduction in sales and services funding.

Revenues	
Sales and services	\$ (230,539)
Total revenues	<u>\$ (230,539)</u>
Expenditures	
Faculty salaries	\$ (4,500)
Professional and scientific salaries	(499,979)
General services salaries	(77,660)
Hourly wages	12,800
Professional and scientific supplies	341,900
Rentals	<u>(3,100)</u>
Total expenditures	<u>\$ (230,539)</u>

Column (8) FY 2005 Proposed Budget

This is the sum of FY 2004 budget and the increments and adjustments for FY 2005 discussed above.

**Specialized Child Health Services-Cancer, Hemophilia, High Risk Infant, Mobile and Regional Clinics and Muscular Dystrophy**

Column (1) FY 2003 Actual

Actual performance for FY 2002-2003.

Column (2) FY 2004 Final Revised Budget

Budget as approved by the Board of Regents, State of Iowa.

Column (3) FY 2005 Base Budget Reductions

No reduction is anticipated.

Column (4) FY 2005 Non-Salary Increments

These increases are anticipated inflation adjustments for professional and scientific supplies and equipment.

Revenues	
Federal support	\$ 28,800
Total revenues	<u>\$ 28,800</u>
Expenditures	
Professional and scientific supplies	\$ 28,300
Equipment	<u>500</u>
Total expenditures	<u>\$ 28,800</u>

The University of Iowa Hospitals and Clinics must generate funds to support its strategic goals. These include assuring the availability of a sufficient patient base and resources to sustain the University of Iowa Hospitals and Clinics' educational mission as the prime clinical training base for the University of Iowa's health science education

programs, as well as preserving the University of Iowa Hospitals and Clinics' role as the only comprehensive referral teaching hospital in Iowa.

Column (5) FY 2005 Salary/Fringe Increments

These salary increases and related fringe benefit costs represent amounts to be paid to staff for a combination of performance and experience and are in accord with applicable collective bargaining agreements. In general, the FY 2005 salary program increase is an average of 2.5 percent. However, certain provisions of collective bargaining agreements that include Professional and Scientific Salaries and the General Services salaries will result in increases beyond the 2.5 percent average, depending on the percentage of staff represented by collective bargaining.

Revenues

Federal support	\$ (106,111)
Sales and services	118,397
Other income	<u>150,014</u>
Total revenues	<u>\$ 162,300</u>

Expenditures

Faculty salaries	\$ 11,500
Professional and scientific salaries	111,600
General service salaries	36,900
Hourly wages	<u>2,300</u>
Total expenditures	<u>\$ 162,300</u>

These salary program enhancements will help the University of Iowa Hospitals and Clinics in attaining its strategic goal to establish the University of Iowa Hospitals and Clinics as the workplace of choice to attract and retain excellent people in a rewarding environment.

Column (6) FY 2005 Sum of Columns (3), (4) and (5)

This is the summation of the details in the three previous columns.

Column (7) FY 2005 Adjustment Reallocations

These amounts reflect reallocations that will be necessary to accommodate the reduction in sales and services funding and other income.

Revenues

Federal support	\$ 54,011
Sales and services	(194,104)
Other income	<u>(261,687)</u>
Total revenues	<u>\$ (401,780)</u>

Expenditures

Faculty salaries	\$ (67,194)
Professional and scientific salaries	(333,273)
General services salaries	(96,913)
Hourly wages	106,600
Professional and scientific supplies	(7,500)
Equipment	<u>(3,500)</u>
Total expenditures	<u>\$ (401,780)</u>

Column (8) FY 2005 Proposed Budget

This is the sum of FY 2004 budget and the increments and adjustments for FY 2005 discussed above.

## **Oakdale Campus**

**\$3,063,335**

The Oakdale Campus budget outlines the distribution of appropriations and other income components to the University of Iowa for the operation of the Oakdale Campus. Budget decisions are made in accordance with goals and objectives set forth in the University Strategic Plan. The Oakdale Campus budget is designed to provide a working environment to stimulate research and outreach activities on the Oakdale Campus. The activities on this campus 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.

### **INCOME**

Appropriations for FY 2005 are projected to be \$2,657,335 with "Other Income" of \$406,000. Both the appropriation base budget and "Other Income" remain unchanged. The total Oakdale Campus budgeted revenue is \$3,063,335.

### **EXPENDITURES**

**SALARIES:** Salary increases for professional and scientific staff reflect an average 1.7 percent, which includes increments for promotions, equity increases and marketplace adjustments. The salary increases for merit staff include negotiated increases as per the labor contract for FY 2005 and annualization of merit step increases given in FY 2004. Fringe benefit decreases were included for both professional and scientific staff and merit staff.

**UTILITIES:** The FY 2005 utility budget of \$990,621 will be supplemented by the General Fund by \$500,000 in order to accommodate the continued increase in gas prices. Oakdale Campus utilities are not provided to the adjacent Oakdale Research Park.

**SUPPLIES:** The supplies budget includes services and material that are required to maintain an environment to conduct research. Supplies were partially restored to \$360,424.

**EQUIPMENT:** The equipment budget was restored to \$16,200.

**BUILDING REPAIRS:** The building repairs budget was restored to \$125,000.

**State Hygienic Laboratory**

**\$6,723,261**

**FY 2005 REVENUE**

Appropriations for FY 2005 are projected to be \$3,802,520 with "Other Revenues" of \$2,920,741. The FY 2005 appropriation is the same as the FY 2004 revised appropriation. The net increase in "Other Revenues" of \$11,119 is a result of an increase in projected Sales and Service revenue. The change in budgeted revenue is based on revenue received for 10 months of operation in FY 2004. Accordingly, the total budgeted revenue is \$6,723,261.

**FY 2005 EXPENDITURES**

**SALARIES:** Salary increases for professional and scientific staff reflect an average 1.7 percent, which includes increments for promotions, equity increases, marketplace adjustments and similar imperatives. The salary increases for merit staff include negotiated increases as per the labor contract for FY 2005 and annualization of merit step increases given in FY 2004. Fringe benefit changes are also included for both professional and scientific staff and merit staff. The budget proposes professional and scientific staff salaries of \$4,024,820, merit staff salaries of \$2,080,423 and hourly wages of \$16,752.

**SUPPLIES:** The supplies budget includes laboratory supplies and rentals required to conduct laboratory testing.

THE UNIVERSITY OF IOWA  
Primary Care Initiative  
Final Budget Summary  
Fiscal Year 2005

**FY 2005 BASE**

**\$759,875**

The FY 2005 base (\$759,875) is the same as the final revised budget for FY04.

**FY 2005 INCOME**

The appropriation for the Primary Care Initiative (PCI) in FY 2005 is \$759,875. The University of Iowa Health Sciences Center operates five continuing programs with this appropriation. These initiatives fill important gaps in the state's efforts to educate, retain and track health professionals. Program allocations are: Integrated Health Professions Education Project \$84,219; Department of Family Medicine Faculty Expansion \$326,764; Regional Medical Education Centers Grant Program \$178,217; Iowa Health Professions Inventory \$100,859; and the Rural Physician Support Program \$69,816.

**FY 2005 EXPENDITURES**

The salary budget for faculty is \$504,981, and salary allocations for professional and scientific staff are \$134,312. Salaries budgeted for merit staff are consistent with contractual obligations negotiated by the State. The merit staff expense is \$28,561.

Expenditures for supplies are budgeted at \$92,021. The supply budget supports travel, data processing, conferences, telecommunications, and educational resources.

## **Statewide Family Practice Program**

**\$2,090,948**

### FY 2005 INCOME

The statewide program's appropriation for FY 2005 is \$2,075,948. Non-appropriated income is estimated at \$15,000. Total revenues will be \$2,090,948. Eighty percent (80%) of the appropriated funds are scheduled to be spent in the UI-affiliated family physician training programs consistent with statutory requirements, and 20% of the appropriation will be spent on University-sponsored activities in support of the community-based training programs. The College of Medicine provides educational, administrative and research support.

### FY 2005 EXPENDITURES

The salary budget proposed for faculty and salary allocations proposed for professional and scientific staff will stay essentially level from FY 04 to FY 05. Salary budgets proposed for the merit staff are consistent with contractual obligations negotiated by the State.

The budget proposes faculty salary expenditures of \$1,660,758, professional salaries of \$303,887, and general service salaries of \$90,678. The faculty salaries are community-based teaching positions. The professional and general service salary lines are University-based positions that provide administrative and technical support to the Statewide Family Practice Training Program.

The amount budgeted for hourly wage employees is \$8,861. Those funds will pay for the wages of student research assistants and provide extra compensation to faculty who temporarily leave their regular duties at the University of Iowa to participate as visiting instructors at the community-based training sites.

Expenditures for supplies are proposed at \$26,764. The supply budget supports the central office operations, including travel, data processing, disposable supplies and other administrative support expenditures associated with the statewide program.

# SPECIAL PURPOSE

## **STATE OF IOWA CANCER REGISTRY**

**\$178,739**

### **PURPOSE:**

Cancer became a reportable disease in Iowa in April 1982 by an amendment to the Iowa Administrative Code. The Iowa Department of Public Health has delegated responsibility for cancer data collection in Iowa to the Iowa Cancer Registry. The program objectives include:

- assembling and periodically reporting measurements of cancer incidence, survival and mortality among Iowans and providing these data to the National Cancer Institute (NCI);
- monitoring annual cancer incidence trends to identify unusual changes in cancer occurrence among various geographic or demographic subgroups;
- providing information on changes over time in the extent of disease at diagnosis, trends in therapy, and associated changes in patient survival;
- promoting studies designed to identify factors relating to cancer prevention and control;
- responding to special needs of the state of Iowa for cancer data and analyses; and
- providing educational opportunities and specialty training.

Since 1973, the Iowa Cancer Registry has been a member of the NCI's Surveillance, Epidemiology and End Results (SEER) Program. There are only 14 state and regional cancer registries throughout the United States that participate in this prestigious program. Iowa represents and provides data on the rural agricultural and Midwestern population.

The Iowa Cancer Registry is funded primarily through a contract with NCI. This contract was renewed for seven years beginning August 1, 2003, and it mandates considerably higher cost-sharing requirements from local sources than did prior contracts. Specifically, it calls for 15% cost-sharing in FY05 and increases by 1% each succeeding year to reach 20% in FY10. In contrast, cost-sharing in the previous contract was never greater than 10% and in recent years was closer to 4%, with the state of Iowa providing the majority of cost-sharing funds. For FY05, the state of Iowa is contributing \$178,739 or 4.1% of the total budget, whereas the University of Iowa is contributing \$474,750 or 10.9% of the total budget. One of the reasons the NCI increased the required level of local cost-sharing results from the philosophy that the state of Iowa benefits from the existence of this Registry, as does the SEER Program. In future years, it may be necessary to request an increase in state funding to more accurately reflect the benefit to the citizens of Iowa resulting from the existence of this important registry program.

### **BENEFIT TO THE STATE OF IOWA:**

The SEER Program's broad scope and rigorous standards make it the most authoritative source of cancer statistics in the United States. This national and international resource provides a vital, dynamic measure of progress toward cancer prevention and control and helps guide a vast array of research, prevention, diagnosis, treatment, and planning efforts. The existence of the Iowa Cancer Registry allows for the study of the cancer experience of Iowans and focuses national attention and research dollars on this issue.

The Iowa Cancer Registry employs more than 45 full-time workers, approximately 40% of whom comprise a field staff that resides in communities throughout the state. The Iowa Cancer Registry performs several activities for the state of Iowa including: 1) providing cancer information used in the Iowa Department of Public Health's (IDPH) Iowa Health Information Tracking Systems (IHITS) database, 2) evaluating potential cancer cluster inquires across Iowa, 3) assessing the cancer burden for Iowa's comprehensive cancer control program, 4) conducting evaluation of

progress toward cancer mortality/incidence goals for Healthy Iowans 2010, 5) providing mortality, cancer incidence, and census data for Iowa Health Fact Books, 6) responding to cancer data requests from Iowans, and 7) providing long term follow-up cancer information for Iowans participating in IDPH's breast and cervical cancer early detection program.

Currently, for every dollar the state of Iowa invests in the Iowa Cancer Registry, approximately \$20.72 of federal funds are returned to Iowa through the core SEER contract. This does not include funds that are received for related studies that are directly attributable to the existence of the Registry, which currently amount to several additional million dollars annually. The presence of the Registry and its database have helped attract numerous research projects and funds to Iowa from other federal agencies such as the Environmental Protection Agency, the Centers for Disease Control, and the National Institutes of Health.

**Iowa Consortium for Substance Abuse Research and Evaluation FY05**

**\$64,871**

The Iowa Consortium for Substance Abuse Research and Evaluation (Consortium) is an alliance committed to strengthening substance abuse prevention and intervention activities through collaborative research. The Consortium coordinates research and knowledge transfer among researchers, assists professionals in the field, and informs public policy makers in the area of substance abuse. The Consortium's Coordinating Board is made up of representatives from the University of Iowa, Iowa State University; the University of Northern Iowa, state departments of Public Health, Corrections, and Drug Control Policy; and representatives from local substance abuse service agencies.

The Consortium facilitates multidisciplinary research to evaluate substance abuse prevention and treatment efforts in the State of Iowa. Research and evaluation activities involve practitioners, treatment providers, state agency representatives, government policymakers, and researchers from institutions of higher education. The Consortium addresses its mission through the following activities:

- Supporting and conducting substance abuse research and evaluation within the State of Iowa;
- Strengthening substance abuse prevention and intervention strategies operating within the State of Iowa;
- Supporting the education of new researchers in substance abuse;
- Contributing to the education of students and professionals in fields such as health care, education, corrections, human services and counseling; and
- Contributing to the development of public policy related to substance abuse.

In the coming year, the Consortium will continue its unique capacity for interdisciplinary alcohol and drug research and evaluation in Iowa. Specific projects include:

- Evaluating community and jail based substance abuse treatment programs in the state.
- Implementing and evaluating evidence-based practices in substance abuse treatment settings at the community level.
- Developing efficiency procedures and minimizing bias when following clients after they are discharged from treatment.
- Evaluating youth substance abuse prevention programming at the local and state level.
- Participating in the selection of instruments for statewide screening of substance abuse.
- Participating in the development of guidelines for reducing suicides associated with substance abuse.
- Participating in the prioritizing of service and treatment delivery in Iowa's prisons in light of rapidly diminishing resources.
- Assessing substance abuse treatment needs and service delivery to older Iowans.
- Enhancing and evaluating therapeutic communities as a treatment for women in prison.

Appropriations have been reduced by \$3,682, after mid-year revisions in October, 2003. Funds for FY05 will help provide for the continuation of the Consortium's unique capacity for interdisciplinary alcohol and drug research in Iowa. The current and past budget cuts jeopardize the Consortium by minimizing resources necessary to sustain infrastructure and to build capacity. The cuts suffered by the Consortium diminish the ability to conduct resource development activities and outreach, which is critical to the Consortium's survival

## **Center for Biocatalysis and Bioprocessing**

**\$881,384**

The Center for Biocatalysis and Bioprocessing (CBB) Laboratory serves as the primary contract research facility for biocatalysis and bioprocessing in the State of Iowa. Biocatalysis harnesses enzyme-catalyzed reactions occurring in living cells to produce valuable chemical and biochemical products. Bioprocessing, or downstream processing steps are required for the recovery and purification of biological (industrial) products for wide ranging health, nutritional and chemical uses. These technologies are necessary to implement modern “biotechnology” based approaches to solve problems in agricultural, chemical, nutritional and pharmaceutical industries.

The University of Iowa has assembled its Biocatalysis Research Group -- an experienced and multidisciplinary cluster of more than fifty-five faculty with broad expertise in biocatalysis/bioprocessing. Housed administratively within the CBB, the group is recognized for its individual and collective scientific talent that has secured in excess of \$15 million annually in extramural research support. Collectively, the Center represents one of the strongest clusters of scientists, laboratory personnel, graduate and postdoctoral students in the area of biocatalysis and bioprocessing in the United States and in the world.

Laboratories in the CBB are an essential link in the technology transfer mission of The University of Iowa. These laboratories provide unsurpassed fermentation, biocatalysis and bioprocessing facilities and equipment for the conduct of multidisciplinary industry/academic research. The Good Laboratories Practice (GLP) pilot plant-scale bioprocessing laboratory brings research findings from the bench through the first stages of scale-up necessary for industrialization. These unsurpassed facilities attract significant funding and interactions from industries, universities, and foundations throughout the world. They enable the CBB to function competitively in fulfilling its goals and obligations to bring industrial interactions to the State of Iowa.

A variety of mechanisms help establish relationships between academic scientists and their industrial counterparts. The CBB works within the University of Iowa and assists the Iowa Department of Economic Development in developing industrial relationships. The CBB encourages ongoing contracts with corporations within Iowa, the United States and internationally. Last year more than 50 companies utilized the CBB's vast technical resources and funded a high percentage of the CBB's research and contract activities.

The CBB pursues an aggressive industrial outreach effort in order to help Iowa industry reduce the time to introduce new products and processes into the marketplace. Industries are also attracted to major biotechnology centers in other states such as Michigan, Wisconsin, Maryland, Minnesota, Nebraska and California. To encourage continued industrial interaction with the CBB and to fully utilize the large-scale fermentation and bioprocessing laboratory, the CBB must maintain a competitive and viable funding base. CBB experience dedicated to industrial research and development projects supports initial contacts with industry (to identify the scope of a specific project), entices companies to consider the state of Iowa for their research and contract needs, and fosters projects that are of mutual interest and which promote long-term contractual relationships and industrial partnerships. A five-year, multimillion dollar National Science Foundation-Engineering Research Center grant received in 2003 enables the CBB to leverage state of Iowa support with other federal and industrial funding sources.

## **IOWA BIRTH DEFECTS REGISTRY**

**\$44,636**

### **PURPOSE:**

The Iowa Birth Defects Registry (IBDR) was established by the Iowa General Assembly (Chapter 23 of the Iowa Code) in 1983. At that time, a pilot surveillance program was begun in 23 Iowa counties and, in 1986, was expanded to all 99 Iowa counties. Through the past 20 years, the IBDR has received national attention for its role in birth defects surveillance and has served as a model for other states establishing surveillance programs. The IBDR is the only active, birth defects surveillance program in the Midwest, and, through a combination of surveillance, research, education and outreach activities, serves families in all 99 Iowa counties.

The objectives of the IBDR are integrated and fully consistent with those of the University of Iowa Colleges of Medicine and Public Health. These objectives are to:  
maintain statewide surveillance for birth defects; and  
monitor trends in birth defects occurrence and mortality.

Nationally, the IBDR is one of only eleven programs that conducts active surveillance for birth defects. Data generated by the IBDR permits comparison of birth prevalence rates for birth defects in geographic areas of interest (e.g., cities or counties) with state and national rates. In addition, these data have been used to monitor trends in birth defect occurrence by population characteristics such as maternal age and residence. Statewide surveillance is warranted to accurately evaluate trends in birth defect occurrence and to guide health promotion and disease prevention efforts in Iowa.

A number of investigators and public health professionals utilize IBDR data to:

- conduct research studies to identify genetic and environmental risk factors for birth defects;
- promote education activities for the prevention of birth defects; and
- provide outreach to patients and families to appropriate clinical, educational and social services.

As examples, Drs. Paul Romitti (College of Public Health) and Jeffrey Murray (College of Medicine) were awarded a five-year renewal agreement with the Centers for Disease Control and Prevention. The agreement is targeted to establish a "Center for Excellence in the Research and Prevention of Birth Defects" in Iowa. Dr. Romitti is also involved in collaboration with investigators at Emory University and the National Institutes of Health to study factors related to Down Syndrome. In addition, Dr. Romitti, along with Dr. Katherine Mathews (College of Medicine), have been awarded a three-year agreement to expand surveillance activities to include surveillance of children with Duchenne and Becker Muscular Dystrophy. Annual renewal of each of these agreements will require identification of state funds to support surveillance staff.

Education and health promotion efforts that utilize IBDR data include lectures, press releases, articles, public service announcements, and disseminating prenatal educational materials. Through collaboration with the Iowa Department of Public Health, the IBDR is implementing a program to provide parents of children diagnosed with birth defects resource materials and referrals to appropriate clinical, educational and social services. Overall, the IBDR is a public health registry in vigorous pursuit to promote the health and welfare of infants and children in Iowa.

**BENEFIT TO THE STATE OF IOWA:**

1. Apply social and public responsibility to provide accurate, timely data that directs program planning, health policies, birth defects prevention efforts, and welfare of Iowa's infants and children
2. Act as an innovative research partner to elucidate the impact of genetics and environment in the development of birth defects and to evaluate the efficacy of birth defect treatments.
3. Translate surveillance and research findings about birth defects into adaptive health campaigns/health promotion efforts that families can understand and implement.
4. Increase public awareness of birth defect prevention and maintain public education as a key directive within IBDR responsibilities.
5. Foster communication between agencies involved in surveillance and potential to provide referral services to families
6. Answer public concerns regarding birth defects using data available from all 99 counties and disseminate findings locally, statewide and nationally.
7. Maintain a "Center for Excellence in the Research and Prevention of Birth Defects" in Iowa and recognition as an archetype for other registries around the country.

## **Center for Advanced Drug Development (CADD) FY 2005**

**\$110,343**

The Division of Pharmaceutical Service of the UI College of Pharmacy, the only comprehensive FDA registered facility in a College of Pharmacy in the U.S., offers the unique capacity to produce under contract limited quantities of new medicines under FSA approval. The capacity is particularly valuable to firms wishing to bring new products through clinical trials. The present budget seeks funds to continue support for the companion CADD.

The Center offers non-production services contract services relevant to the clinical trials process which complement those of the Division of Pharmaceutical Service. Services include, but are not limited to:

- management of FDA relationships for clients, especially in the processing of new drug applications,
- development and execution of new chemical assays for new dosage forms and chemical entities,
- development and execution of stability studies of candidate medicine dosage forms and
- testing of active pharmaceutical ingredient/excipient for compliance.

Initially, clients were drawn from the existing client base of the Division of Pharmaceutical Services. New clients are being drawn from biotechnology companies, manufacturers of pharmaceutical excipients, and a growing pool of U.S. and foreign pharmaceutical firms.

The Center has made substantial progress since its inception in November 1992. To stay compliant with good manufacturing/laboratory practices as outlined in FDA regulations an engineer II was hired to be responsible for instrumentation installation, operational and performance qualification and maintenance.

FDA requirements regarding electronic records, enforced since March 2002, require all computers and scientific instruments which are computer interfaced to be validated. An engineer II was hired to be responsible for computer hardware and software, computers interfaced with instrumentation and the local area network.

This 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. Because pharmaceuticals occupy such a potentially important part of the state's high technology portfolio as well as a critical role in the University's economic development efforts, continued investment in the Center will increase economic resources in a strongly competitive environment.

### **Impact of 2005 Budget**

The allocation from the economic development appropriations for the Center for Advanced Drug Development for FY05 will be the same as the appropriation FY04, requiring internal reallocation to address salary increases for the staff. This will limit CADD's ability to complete current contractual requirements and to stimulate continued interest on the part of pharmaceutical and biopharmaceutical companies that seek CADD's services as clients.

## **Oakdale Research Park**

**\$92,961**

The University's Oakdale Research Park (ORP) represents a substantial commitment by the State and the University to further sustained interaction with business. In addition, the Oakdale Research Park represents a sizeable investment by the federal government, the City of Coralville, and a number of private building developers and owners. Established by the University in 1989 at the urging of the State, the project is building a nucleus of businesses in Iowa that are drawn by the strengths of the University. This is in keeping with the UI's strategic plan to reach out to external constituencies and to participate in Iowa's economic growth. Current corporate tenants on the park include Pinnacor, LMS CADSI, The Stanley Group, Police Law Institute, Breakthrough to Literacy, Inc., Apovia, Inc., Patient Education Institute, Pearson Government Solutions and Integrated DNA Technologies, Inc.. The State-funded laboratory of the Center for Biocatalysis and Bioprocessing (CBB) is located on the Park as are human health and medicine laboratories and the National Advanced Driving Simulator, a major co-venture with the U.S. Department of Transportation. UI infectious disease research programs, including the Emerging Pathogens Laboratory, occupy an addition to the human health and medicine laboratories and further expansion of that laboratory is underway. The College of Public Health established a research presence on the Park in FY 2004. Appovia, Inc., a vaccine development company with strong research ties to the UI CBB, continues research and development activities in expanded laboratory facilities. Technology Innovation Center (TIC) business incubator graduate Integrated DNA Technologies, Inc. established its bioinformatics division on the Park in FY 2004.

FY 2005 funding is needed to partially support the essential operating expenses for the 189-acre Research Park. ORP received \$92,961(after October revisions) in State support in FY 2004, while the balance of ORP's support comes from Park income. Expenses include a variety of professional services (e.g., engineering, landscape architecture, legal) marketing, support for the University staff engaged in the project, maintenance of the Oakdale Research Park office, and preparation and maintenance of common areas within the park. The cost of providing the essential services has increased. In the face of a 61 percent reduction in State support since FY 2000, the Park will strive to maintain the current level of services and amenities delivered to ORP affiliates.

**Technology Innovation Center**

**\$43,701**

The Technology Innovation Center (TIC) is a business incubator for start-up companies that grows fledging businesses into freestanding businesses. TIC is also an interim site for research units of major corporations and a point of contact for those off campus seeking access to the research resources of the University of Iowa. Established by the University in 1984 at the urging of the State, the University's Oakdale Research Park benefits TIC and, in turn, receives benefits from TIC. A \$500,000 award from the State's Advanced Research Commercialization (ARC) program supported construction of much-needed flexible laboratory "incubator" space that was assigned to two TIC start-up companies in FY 2004. Expenditures by TIC allow continued delivery of shared services to tenants of the Center. Sixteen tenants are now in the TIC and in its short existence 29 tenants have graduated successfully to become freestanding, expanding businesses. One company successfully graduated from the TIC and three new tenant companies were accepted in FY 2004.

TIC's revised budget in FY04 was \$43,701 in State support, while the balance of its support comes from the University. The TIC has become an important part of the UI's strategic plan for building ties with those off campus and for participation in the economic vitality of the State. For FY 2005 the level funding will not support fully the incubator facility and delivery of essential professional services and amenities to tenant companies. In response to the 61 per cent reduction since FY 2000, the TIC will continue to strive to maintain the current level of core services and amenities delivered to TIC affiliates.

**The University of Iowa**  
**Residence System Proposed Final Budget**  
**2004-05**

The University is proposing the attached annual budget for the residence system for fiscal 2004-05. Estimated revenues total \$38,852,574 and proposed expenses for operations total \$28,276,547, leaving \$10,576,027 net revenue available for debt service, mandatory transfers, and transfers to voluntary reserves. These projected net revenues are \$310,429 lower than the preliminary budget submitted to the Board in March.

Factors leading to the decreased net income projections are:

- Slightly lower contract income from University Apartments resulting from the decision to not increase rates for the upcoming year
- Lower projected interest income due to changes in the timing of capital expenditures
- Significantly higher food cost inflation estimates based on current market conditions
- Higher utility rate increases than originally estimated

Voluntary reserve balances at June 30, 2005 are projected to be \$12,792,343. This amount is \$732,387 lower than projected in March, due primarily to lower projected net revenues and timing differences of projected capital expenditures.

Occupancy projections for the residence system remain relatively unchanged from the time of the preliminary budget. Current enrollment projections for new first-year students are consistent with recent years, and at this projected level, demand for residence hall space is projected to meet or exceed capacity for fall 2004.

At the time of the preliminary budget submitted to the Board in March, the University was planning for construction of a proposed new west campus residence hall beginning during fiscal 2004-05, and an associated bond issue to finance the construction. Because the anticipated construction of the new building has been delayed, the final budget for 2004-05 has been adjusted to remove the proposed additional debt service and the estimated June 30, 2005 balance in the bond construction fund related to the project.

Revenues are based on rates approved by the Board at its meeting of April 21, 2004, fall residence hall occupancy of 5,498, residence hall board contracts numbering 4,756, and 694 apartments occupied.

**The University of Iowa  
Residence System Proposed Final Budget 2004-05**

	<b>Actual 2002-03</b>	<b>Revised Estimate 2003-04</b>	<b>Preliminary Budget 2004-05</b>	<b>Proposed Final Budget 2004-05</b>
<b>OPERATIONS (Modified Cash Basis)</b>				
Revenues	\$ 34,980,611	\$ 37,724,281	\$ 38,923,222	\$ 38,852,574
Expenditures for Operations	25,061,687	27,179,266	28,036,766	28,276,547
Net Revenues	9,918,924	10,545,015	10,886,456	10,576,027
% of Revenues	28.4%	28.0%	28.0%	27.2%
Debt Service (due July 1)	5,149,070	5,003,963	6,418,983	6,024,733
Mandatory Transfers	600,000	600,000	600,000	600,000
Net After Debt Service & Mandatory Transfers	\$ 4,169,854	\$ 4,941,052	\$ 3,867,473	\$ 3,951,294
% of Revenues	11.9%	13.1%	9.9%	10.2%
University Overhead Payment From Surplus	\$ 371,652	\$ 373,032	\$ 393,560	\$ 372,456
<b>CASH AND INVESTMENT BALANCES (June 30)</b>				
Revenue Fund	\$ 427,390	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Operation & Maintenance Fund	602,060	5,203,200	5,516,000	5,516,000
Improvement Fund	2,806,407	7,863,505	7,008,730	6,276,343
Surplus Fund	122,077	14,066,705	13,524,730	12,792,343
Subtotal--Voluntary Reserves	3,957,934	4,059,558	4,597,366	4,597,366
Sinking Fund	4,099,535	6,348,855	7,651,855	6,348,855
Bond Reserve Fund	5,271,473	10,000,000	10,000,000	0
Bond Construction Fund	0	13,908,413	22,249,221	10,946,221
Subtotal--Mandatory Reserves	9,371,008	27,975,118	35,773,951	23,738,564
<b>Total Cash Balances (June 30)</b>	<b>\$ 13,328,942</b>	<b>\$ 27,975,118</b>	<b>\$ 35,773,951</b>	<b>\$ 23,738,564</b>
<b>REVENUES AND EXPENDITURES DETAIL</b>				
<b>Revenues</b>				
Contracts	\$ 31,103,806	\$ 33,673,272	\$ 34,632,585	\$ 34,573,836
Interest	780,898	648,412	912,610	885,861
Other Income	3,095,907	3,402,597	3,378,027	3,392,877
Total Revenues	\$ 34,980,611	\$ 37,724,281	\$ 38,923,222	\$ 38,852,574
<b>Expenditures for Operations</b>				
Salaries, Wages & Benefits	9,638,805	10,508,822	11,036,688	10,988,666
Cost of Food or Goods Sold	2,635,597	3,176,018	3,288,675	3,523,816
Other Operating Expense	5,594,084	5,884,454	5,953,400	5,933,648
Utilities	3,991,866	4,162,014	4,264,162	4,343,638
Repairs & Maintenance	3,201,335	3,447,958	3,493,841	3,486,779
Total Expenditures	\$ 25,061,687	\$ 27,179,266	\$ 28,036,766	\$ 28,276,547

## **Intercollegiate Athletics Final Budget FY 2005**

The intercollegiate athletics program budget reflects increased revenue projections from football ticket price increases, two additional men's home basketball games, increased endowment earnings and Big Ten football and basketball television contracts.

Consolidation of various expenses continues to be made to reflect the merger of the men and women's athletic departments. A variety of opportunities will present themselves in the years ahead to capture savings as a result of economies of scale. Listed below are the significant adjustments to the budget from the previous fiscal year.

Athletics/Recreation student fees, as previously approved by the Board of Regents, are part of the bonded Athletics/Recreation Enterprise and are reflected as revenue in the Athletics operating budget. The portion of these fees not required for debt service in FY 2005 is reserved in this budget for recreation projects and support to be determined by the University Administration.

Big Ten Conference revenue distribution share will increase by approximately 4%.

Ticket prices for football have been increased. On average the public ticket price has gone up \$4 a game, faculty staff ticket price has gone up \$3 a game and the student ticket price has gone \$2.50 a game. This increase is expected to generate an additional 2.2 million.

Although there will be no ticket price increases for men's basketball, there will be two additional home games. These additional games are expected to generate \$375,000.

New revenue streams (such as chairback rentals in Kinnick Stadium) are being recognized in Other Income.

General Education Fund support for Athletics has been reduced by \$300,000 in FY 2005. In addition to this reduction, Athletics was also required to revert during the FY04 budget year \$170,000. Allocations of General Fund support were provided originally to be utilized in funding increasing scholarships and salaries for women's athletics.

Additional fund raising opportunities have been initiated or expanded to augment the department budget.

Scholarship costs are expected to increase by approximately \$333,000 due to increases in tuition, fees, and room and board. All scholarship expenses are reflected in the appropriate sport accounts. Fifth year degree completion aid is included in each sport account.

Salaries have been increased by an average of 2%.

Sport expenses will increase because of higher costs associated with salaries in football and volleyball. Also, team travel costs for football will be higher because the schedule this fall has the team flying to each away game. In FY04 the team traveled to two games by bus. Other sport's team travel budgets have been increased due to higher fuel costs.

Medical sport costs continue to increase each year. We are anticipating approximately a 33% increase or \$178,500.

Fees associated with processing ticket orders (credit card & on-line fees) for all venues are anticipated to increase by approximately 50% or \$140,000.

## **FY 2004 Budget vs. Projected Actual**

Projected revenue is approximately \$2.3 million above budget. This is primarily due to increased football ticket sales. Other factors include additional Big Ten Conference television revenue, additional bowl revenue (second Big Ten team in BCS), Outback Bowl income and earnings on endowed scholarships.

Projected expense is above budget by approximately \$1.85 Million. This is due to bonus incentives (per contract) that were achieved by our head football coach as well as increased expenses for medical costs, on-line ticket processing fees, football game settlement/guarantee expenses, security expenses for all sporting events and facility expenses associated with Carver Hawkeye Arena and the Jacobsen Building.

The net revenue expected to be earned in FY 2004 will be applied toward prior year deficits reported in FY 2001 and FY 2002 as well as for ongoing critical capital needs of the department. This had been explained earlier to the Board as the University's expectation.

University of Iowa Athletic Budget  
**FY 2005 Proposed Budget**

	FY 2004 Regent Approved Budget	FY 2004 Current Estimate		FY 2005 Proposed Budget
<b>INCOME:</b>				
<b>Men's Sports</b>				
Football	** \$ 13,783,200	\$ 15,632,015	Higher Gate Receipts & Guarantees	\$ 16,186,000
Basketball	4,462,000	4,318,698	Lower attendance at games	4,694,200
Wrestling	226,000	179,751	Lower attendance at games	226,000
All Other	2,500	7,286		2,500
<b>Total Men's Sports</b>	<b>\$ 18,473,700</b>	<b>\$ 20,137,750</b>		<b>\$ 21,108,700</b>
<b>Women's Sports</b>				
Basketball	\$ 200,000	\$ 177,100	Lower attendance at games	\$ 200,000
Volleyball	10,000	8,750		10,000
All Other	12,000	13,054		9,300
<b>Total Women's Sports</b>	<b>\$ 222,000</b>	<b>\$ 198,904</b>		<b>\$ 219,300</b>
<b>Other Income</b>				
Student Activity Fees	1,401,944	\$ 1,401,944		\$ 1,526,431
Athletic Conference	10,419,000	10,642,067	Higher Conf Distribution	10,609,000
Univ. General Support	2,389,361	2,223,359	\$170,000 reduction in support	1,923,359
Interest	300,000	350,000		400,000
Alumni/Foundation Support	4,597,566	5,136,081	Higher interest rates	4,912,689
Novelties--Bookstore	500,000	950,000	Bowl appearance	950,000
Radio, Football & Basketball	1,300,000	1,300,000		1,325,000
General	2,495,975	2,478,975	HS Sale & Fees	2,504,000
<b>Total Other Income</b>	<b>\$23,403,846</b>	<b>\$24,482,426</b>		<b>\$24,150,479</b>
<b>TOTAL INCOME</b>	<b>\$ 42,099,546</b>	<b>\$ 44,819,080</b>		<b>\$ 45,478,479</b>
<b>EXPENSES:</b>				
<b>Men's Sports</b>				
Football	\$ 11,205,896	\$ 12,832,402	Bonus, Bowl compensation	\$ 13,258,685
Basketball	3,822,125	3,800,395		3,708,410
Wrestling	823,210	870,854		872,853
Other Sports	2,783,749	2,851,679	Higher Medical Costs	2,946,024
<b>Total Men's Sports</b>	<b>\$ 18,634,980</b>	<b>\$ 20,355,330</b>		<b>\$ 20,785,973</b>
<b>Women's Sports</b>				
Basketball	\$ 1,866,848	\$ 1,876,244		\$ 2,058,152
Volleyball	749,225	733,936		890,674
Other Sports	5,370,965	5,308,146	Lower scholarship expense	5,675,878
<b>Total Women's Sports</b>	<b>\$ 7,987,039</b>	<b>\$ 7,918,326</b>		<b>\$ 8,624,704</b>
<b>Other Expenses</b>				
Training Room	\$ 787,000	766,569		887,691
Sports Information	644,415	606,564		621,109
Admin. & General Expenses	6,831,634	7,067,470	Sports Promotion, Post Season Bonus, Gen Exp	7,015,446
Debt Retirement	1,701,944	1,701,944		819,419
Reserve for Recreation Projects				1,000,000
Academic & Counseling	1,307,504	1,293,815		1,396,769
Buildings & Grounds	4,205,030	4,602,743	Higher Utility, Tkt Ofc Credit Card Exp, HVAC	4,327,367
<b>Total Other Expenses</b>	<b>\$ 15,477,528</b>	<b>\$ 16,039,105</b>		<b>\$ 16,067,801</b>
<b>TOTAL OPER. EXPENSE</b>	<b>\$ 42,099,546</b>	<b>\$ 44,312,761</b>		<b>\$ 45,478,479</b>
<b>Total Operating Balance</b>	<b>\$0</b>	<b>\$506,319</b>		<b>\$0</b>

## Athletic Scholarships - University of Iowa

### Scholarships Included in Operating Budget

05/27/04	<u>FY 2002 Budget</u>	<u>FY 2003 Budget</u>	<u>FY 2004 Budget</u>	<u>FY 2005 Budget</u>
Total # Women's Scholarships	141.00	141.00	126.48	126.48
Recipients	220.00	220.00	199.00	199.00
Total Dollar Value	2,242,500	2,606,425	3,080,039	3,335,700
Total # Men's Scholarships	157.40	157.40	144.66	144.66
Recipients	220.00	220.00	213.00	213.00
Total Dollar Value	2,374,975	2,832,425	3,275,365	3,664,111
Total # Scholarships	298.40	298.40	271.14	271.14
Recipients	440.00	440.00	412.00	412.00
Total Dollar Value	4,617,475	5,438,850	6,355,404	6,999,811

Explanation of How  
Displayed in Budget  
(eg, within sports budgets)

Scholarships are included within the Sport Budget

Band, Trainers, Managers	215,015	232,315
Summer School Estimate	<u>319,240</u>	<u>0</u>
	534,255	232,315
<b>Total</b>	6,889,659	7,232,126

## **INTERCOLLEGIATE ATHLETICS**

### **Revenue from FY05 budget that athletics provides to other university entities:**

- Scholarships (Tuition, Room & Board and Fees)--\$7,232,000
- Public Safety--\$762,000 (Game Management Expense)
- University Hospitals (medical costs)--\$715,000
- Utility Consumption--\$800,000
- Maintenance (buildings & green space)--\$915,000
- Custodial Services--\$450,000 (University Facilities Services Group)
- Insurance--\$75,000 (Risk Management Office)
- University Business Services Charges--\$581,500
- Telecommunication Services--\$275,000 (Voice and Data)
- Parking Services--\$75,000 (Parking Lot Maintenance)
- University Marching Band--\$200,000
- Residence Services (Training Table for Football—includes pre-season)--\$300,000
- Summer Camps (room & board, parking dept. reimbursement)--\$425,000

**Total \$12,805,500**

**The University of Iowa  
FY 2005 Final Budget  
Restricted Funds**

The FY 2005 Restricted Fund budget is based upon the most current information available to inform revenue and expenditure projections for each of the funds contained therein. The Restricted Fund includes the Organized Activities Fund, the Auxiliary Enterprise Fund, the Current Restricted Fund and the Plant Fund and involves virtually every department on campus in revenue and expenditure planning. Revenues are derived from federal and non-federal support for sponsored programs (primarily research and student aid), sales and services, reimbursed indirect costs, tuition and fees, bond proceeds, transfers from current unrestricted funds, tuition replacement appropriations and capital appropriations. The expenditure plan provides for salary adjustments, meets certain non-discretionary cost increases, and reflects the University's best efforts at planning to meet its most critical needs and to provide essential services within the limits of available resources, guided by the Strategic Plan.

The Organized Activities Fund includes Continuing Education Programs, Medicine and Dentistry Practice Plan funds, Sports Camp activities, Conferences and Institutes, and various publications and workshops related to academic departments. The Auxiliary Enterprise Fund includes Intercollegiate Athletics, Residence Halls, the Iowa Memorial Union operations, Student Health, Recreational Services, Hancher Auditorium, Parking and Transportation, Cambus, and various smaller enterprises serving faculty, staff, students and the public. The Current Restricted Fund includes sponsored activities, predominately research and student financial aid funded from federal and non-federal sources.

This budget contains \$10.5 million, which has been appropriated for Tuition Replacement to address FY 2005 debt service on academic bond issues. A total of \$11.2 million of capital appropriations has been included for Art – Phase I (\$5 million) and Journalism (\$6 million).

The University of Iowa  
Fringe Benefit Rates

	<b>FY 05</b>	<b>FY 04</b>
Clinical Faculty	<b>22.10%</b>	21.00%
Non-Clinical Faculty	<b>26.00%</b>	27.50%
Prof & Scientific (incl. SEIU)	<b>32.00%</b>	35.00%
Merit	<b>44.00%</b>	47.00%
House Staff	<b>8.70%</b>	8.30%
Grad Assistants	<b>17.70%</b>	12.50%
Post Docs	<b>17.70%</b>	9.40%
Fellowships	<b>7.30%</b>	6.70%
Fellowships (FT52)		-
Temporary	<b>10.00%</b>	7.50%
Bi-weekly students	<b>3.30%</b>	3.00%
Misc & Extra Comp	<b>5.00%</b>	6.40%