

**The University of Iowa
General Education Fund
FY 2010 Final Budget**

The FY 2010 General Education Fund (GEF) budget has been developed based on the most current information available regarding revenue projections and an expenditure plan guided by The Iowa Promise and an extensive process of consultation with deans and with faculty and staff constituencies. All other University of Iowa budgets have been developed simultaneous with the General Education Fund budget and under similar and in most instances identical policies and budget guidelines. State appropriations are a major portion of the University's budgeting considerations, as are the supplemental ARRA grants appropriated for FY 2010. Integrated into all budget planning is the combination of these two revenue sources and the transition to FY 2011 without ARRA funding support.

The following principles were also used as decisions on reductions and investment were contemplated:

- Preserve quality of core missions: education, research, service/patient care
- Protect affordability
- Protect personnel
- Pursue opportunities to increase revenues
- Identify opportunities for innovation and excellence
- Articulate strong strategic vision and priorities
- Consultation through shared governance

The President has created six strategic task forces to produce this summer and fall a series of recommendations that are expected to lead in some instances to transformational changes within the University. The recommendations of these task forces will be integral to FY 2011 budget planning. The separate task forces consist of undergraduate education, graduate and professional education, research and creative work, internationalization and diversity, civic engagement and outreach, and strategic budgeting.

GENERAL EDUCATION FUND

A. REVENUE

\$ 588.6 million	FY 2009 Revised GEF Base Budget
\$(34.0) million	State Appropriation Reduction
\$ 21.7 million	Tuition
\$ 1.7 million	Facilities and Administrative Cost Reimbursement
<u>\$(1.0) million</u>	Interest Income
\$(11.6) million	Net Revenue Reduction
<u>\$ 577.0 million</u>	FY 2010 GEF Budget
<u>\$34.9 million</u>	ARRA Funds

Appropriations

The University's base General Education Fund support from appropriations in FY 2009 was \$276.5 million or 46.9% of the University of Iowa's General Education Fund. Among the Regent institutions the University of Iowa's appropriation base was 46.7% of the total general education fund appropriations provided to all three Regent institutions.

The University's General Education Fund state appropriation has been reduced by \$7 million in the current year (FY 2009). This reduction will be carried forward into FY 2010.

Based on the appropriation legislation recently passed by the General Assembly, the Regents will receive an appropriation reduction of \$80.1 million of which the University of Iowa's General Education Fund appropriation is being reduced by \$34.0 million. As a result, the University's General Education Fund appropriation of \$235.5 million will be 12.6% less than the revised FY 2009 appropriation. All of the budgeting that follows is predicated on this appropriation reduction.

For FY 2010, the University of Iowa has also been appropriated \$35.4 million of ARRA funds. The use of federal ARRA stimulus funding provided to the University will be considered non-recurring and a means to bridge strategic budget decisions in FY 2010, FY 2011 and beyond without the abrupt displacement of valued educational programs or University faculty and staff. These stimulus funds will also be used to invest in selected innovations that will enable the University to better adapt to fiscal expectations in FY 2011 and beyond.

Tuition

Information through May 2009 indicates that FY 2009 tuition revenue will be approximately \$6.0 million above the original budget (\$268.3 million). A revised budget request reflecting this expected revenue increase and the reduction in state appropriations for FY 2009 was provided to and approved by the Board at its April meeting.

In December 2008, the Board of Regents approved tuition increases for FY 2010 of 4.2% for resident undergraduates, 7.6% for non-resident undergraduates, and 5.6% for graduate and professional students. With level enrollments and a stable resident/non-resident mix, these increases would yield approximately \$17.6 million in new tuition revenue prior to offsets for student financial aid.

The interdependence of the University's tuition revenue from enrollment increases and enrollment demands for academic and student support services is fundamental to the budgeting process.

In addition to the base tuition increases, the Board also approved professional school and upper division undergraduate tuition supplements. These supplements will yield approximately \$4.1 million in FY 2010 for corresponding programmatic improvements, prior to offsets funding student financial aid.

Facilities and Administrative Cost Reimbursement (Indirect Cost Recoveries)

Information through May 2009 indicates FY 2010 indirect cost recoveries in the General Education Fund will be \$1.7 million higher than the FY 2009 budget (\$43.2 million).

The University's on-campus indirect cost rate of 50.0%, effective July 1, 2007 for all new awards and competitive renewals, will take approximately three to four years to realize its full revenue impact.

Beginning in FY 2009, the component of indirect cost recoveries attributable to collegiate and departmental administration within the General Education Fund was assigned to each individual college. Collegiate and departmental administration within the General Education Fund is currently 17.72% of recoveries. This relationship is defined within the approved Facilities and Administrative rate agreement between the University and the HHS Department. In subsequent fiscal years, this component of the collegiate allocation will be adjusted up or down based upon the indirect cost recovery growth derived from that college during the average of the prior three fiscal years. In FY 2010 this component's increase will be \$0.2 million.

The impact of a large number of supplemental research grant opportunities through NIH and NSF stimulus funding is uncertain and is not a factor in this budget. As the awards process develops the University will make projections of the indirect cost recovery impact as well as the concomitant cost of research administration and compliance activities.

Interest Income

Information through May 2009 indicates FY 2010 interest income will be \$1.0 million lower than the FY 2009 budget (\$1.4). This decrease is due to anticipated low interest rates during FY 2010 and the assumption of cumulative investment issues not normalizing until the end of calendar year 2009.

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American Recovery and Reinvestment Act (ARRA)

As a result of the American Recovery and Reinvestment Act (ARRA) of 2009, the U.S. Department of Education established the State Fiscal Stabilization Fund program. One of the components of this program, the Education Stabilization Fund, provides funds to States to restore State support for public higher education.

For FY 2010, the University of Iowa has been appropriated \$35.4 million of ARRA funds. Use of this funding must be considered non-recurring and a means to bridge strategic budget decisions in FY 2010, FY 2011, and beyond without the abrupt displacement of valued educational programs or University faculty and staff.

As a recipient of these funds, the University must adhere to specific requirements that have been established by the Federal government as well as the State. These funds will be managed outside of the University's General Education Fund, but will be directly aligned with the educational needs supported by the General Education Fund.

The University proposes two categories of use:

Emergency Budget Supplements: \$19.9 million

Funds from this category will be directed to supplement General Education Fund budgets to diminish FY 2010 layoffs and furloughs within General Education Fund supported units and for selected other appropriated budget units – e.g. University Hygienic Lab. Colleges/departments will assign specific expenses to ARRA allotments based upon guidance from the Board Office and federal and state grant requirements.

Competitive Awards: \$ 15.5 million

Funds from this category will be distributed based upon a competitive process.

Successful applications must promote recurring change that can be sustained through revenue enhancements, cost reductions, or reallocations of other resources available in FY2011 and beyond. Applications must also qualify under federal guidelines for use of ARRA funds and achieve one or more of the following:

1. Meets critical student educational or support needs not met with current funding and that cannot be met through other funding sources, reallocation, or program changes.
2. Increases capability to raise revenues in the near-term and sustainably with emphasis on the General Education Fund.
3. Supports creation or preservation of employment essential to the University's success.
4. Increases UI capacity to teach or conduct other academic activities more effectively, including innovative methods of instructional delivery.
5. Produces sustainable excellence in teaching, research, and outreach, particularly those defined by the University Strategic Initiatives Task Forces.
6. Decreases recurring costs of program management or the cost of operations and maintenance of General Education Fund-supported buildings, especially the reduction of long-term energy consumption.
7. Implements Lean, Six Sigma, Kaisen Event or similar formal efficiency recommendations.
8. Supports UI compliance with related federal and state requirements.

The Provost and Senior Vice President will review ARRA applications, with the advice of others, and make recommendations to the President for decision.

The exact amount of ARRA awards in the supplement and competitive components may need to be adjusted to optimize meeting goals of the federal program.

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B. REALLOCATION AND COST SAVING MEASURES

For FY 2010, the University will incur substantial reallocations in order partially to fund unavoidable cost increases and to enable the budget to bridge the significant adjustments of the state's appropriation levels in FY 2010 and FY 2011. Additional reallocations by individual collegiate units and administrative departments are occurring as well to manage the earlier FY 2009 \$7.0 million reduction in appropriations.

The University's FY 2010 reallocation policy was guided by the overall operational plan generally described in this document coupled with available resources. The operational plan has, in turn, been guided by the budget principles cited earlier and by the need to address unavoidable or essential cost factors described in this document.

In FY 2010 and FY 2011 there will be enormous challenges requiring considerable new reallocation to manage revenue losses from state appropriations – even with critical use of non-recurring federal stimulus funds.

The University has directed that budgeting done by colleges and all other General Education Fund units fully identify how they will manage the loss of state appropriations (\$34 million) without the non-recurring federal stimulus funds. This allows the collegiate units and the University to look forward to budget transition of FY 2011 and to meet that challenge in its actions throughout FY 2010.

The budget transition is not being done on an equal basis. Many units have been protected in whole or in part. The largest undergraduate college – the College of Liberal Arts & Sciences – has been protected in part given its mission in meeting record enrollment demands and the stress of flood impacted departments whose students and faculty are displaced in multiple locations. The University's safety and security programs have been protected entirely as have risk management operations. Other areas protected are student financial aid, selected student services, and the Library acquisitions budgets.

The following measures are being considered by both academic and administrative units based upon an additional decline in appropriations of 12.6%. Each contributes to addressing a loss in financial support but are applied differently based upon decisions to protect selected functions cited in the prior paragraph.

- Cancellation of faculty/staff searches
- Job reductions through attrition

- Increased teaching loads and reduced administrative appointments
- Class section reductions and class size increases
- Consolidation and merger of programs
- Reduction in available faculty scholarship and sponsored program time
- Reduction in graduate student support
- Reduction in co-sponsored interdisciplinary programs
- Reduction in support for student extracurricular activities
- Reduction in travel
- Consolidation of campus libraries
- Financial and administrative consolidation of Oakdale with the main UI campus
- Reorganization of central IT services
- Systematic reduction of GEF support for Iowa Public Radio in conjunction with I.S.U. and U.N.I.
- Capital project deferrals of \$2 million
- Significant reductions and refocus of building operation & maintenance service levels and service delivery

The University will execute an early retirement program and a phased retirement program; each to be established July 1, 2009. The programs will offer pre-described incentives to interested and approved employee participants, while providing colleges and divisions an effective cost-saving tool to be used in reaching budget reduction targets in FY 2010 and beyond. The programs will be available for a defined time period only and approvals of applications will be selective based upon savings achieved.

An expected and unavoidable need requiring reallocation of funds in FY 2010 will be campus flood recovery efforts. The University continues to monitor and reassess recovery and mitigation expenses. Multiple funding sources will be needed to cover FEMA match and FEMA ineligible expenses, and the University General Fund will be included. The University provides the Board staff current flood recovery financial information every two weeks and will continue giving the Board updates at each Board meeting.

Another area of considerable reallocation focus will be the use of funding in FY 2010 to reduce future recurring operating costs at the University. Examples include intense building energy changes through the use of "Energy Hawk" teams and the accelerated reassignment of all Oakdale Hall occupants when the University Hygienic Lab moves into its new facility. The latter action will permit the building to be razed and produce enormous energy savings and reduce by \$48 million the University's deferred maintenance backlog. Those actions will be linked to the consolidation of the Oakdale campus within the General Education Fund.

C. EXPENDITURES

SALARY POLICIES AND FRINGE BENEFITS

Salary adjustments on July 1 reflect the Board of Regents' policy of a 0% increase on July 1st to base salaries for faculty and staff. It also honors all collective bargaining agreements. Fringe benefits will be charged in accord with the federally approved rate structures of the University.

Faculty

For FY 2010, the University has proposed a faculty salary policy of a 0% increase on July 1, 2009. The University proposes that units be allowed to provide on a case-by-case basis promotional increases (e.g. assistant to associate professor), as well as meet counter offers, equity matters, and acute compression issues. In addition, Colleges which have plans allowing variable, non-recurring compensation to faculty based on productivity will continue to be authorized to do so in FY 2010 subject to individual plan reviews and approvals by the Office of the Provost and University Human Resources. The Office of the Provost recently conducted a comprehensive review of the at-risk variable compensation plans for faculty in order to ensure these plans continue to achieve programmatic goals and objectives and are financially linked to revenue enhancements. The plans are as follows:

College of Medicine: The College will apply the variable compensation plans approved by the Board of Regents. All payments are subject to the approval of the College of Medicine Compensation Review Committee and as appropriate the Board of University of Iowa Physicians. The College of Medicine has three types of variable compensation plans applicable to its faculty:

- **University of Iowa Physicians Practice Plan (UIP):** 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 allocations based on productivity in patient care services. This plan identified an academic and clinical service component for each faculty clinician. Under the plan a compensation level is established that is based upon a retrospective analysis of clinical service performance. The compensation level can be adjusted up or down. As a further refinement, the UIP (faculty practice) departments may designate a portion of the total compensation as variable compensation. The variable compensation is paid out as lump sum payments quarterly or annually rather than as recurring base salary. This variable compensation is driven by departmentally defined compensation plans that intend to reward faculty based on productivity and quality of care and service.
- **Basic Science Incentive Plan:** Originally approved in July 2003, by the Board of Regents, the College has applied the incentive plan within the basic science departments only (Anatomy, Biochemistry, Microbiology, Pharmacology, and Physiology & Biophysics) to further encourage acquisition of additional extramural funding. The CCOM has sought to encourage tenure track faculty to fund at least 50% of their salary from extramural sources. With this 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 administrative assignments related to the teaching mission.

- **UI Health Care Senior Leadership Incentive Program:** In October 2007, the Board of Regents received the UIHC Trustees report which highlighted the new, lump sum payment compensation plan targeted to the overall integration and alignment of goals. The overall pool would be 20% of the base salaries for those covered in the incentive program. At the initiative of VP Robillard and this group, no lump sum payouts will be made to eligible recipients in FY 2010.

College of Dentistry: The College of Dentistry will apply the policy previously approved by the Board of Regents for salary supported through the College of Dentistry Contingency Compensation Plan. The College of Dentistry has two types of variable compensation plans applicable to its faculty:

- **Department of Oral & Maxillofacial Surgery Clinic:** In April 1996, the University approved the Department of Oral and Maxillofacial Surgery Clinic Service compensation policy, which allows lump sum compensation in accord with policies within the College of Medicine clinical units. No award will exceed 25% of the faculty member's base salary and will recognize clinical service and administrative responsibilities.
- **Other Clinic Departments:** In March 2003, the Board of Regents approved the change in the compensation plan for faculty in the College of Dentistry, which allows compensation awards to the faculty based on their contributions to the clinical enterprise during the previous year. No award will exceed 20% of the faculty member's base salary and will be based on an objective scoring system that recognizes patient care, teaching, scholarship, and service.

College of Pharmacy: The College of Pharmacy will apply the policy previously approved by the Board of Regents for salary supported through the College of Pharmacy Incentive Pay Plan. This program, approved by the Board of Regents in June 2004, was designed to be consistent with the College of Medicine's basic science program to increase extramural funding. It is used to provide additional incentives for faculty to increase their effectiveness and productivity.

College of Nursing: The College of Nursing will apply the policy previously approved by the Board of Regents for salary supported through the College of Nursing Faculty Practice Plan. In July 1999, the Board of Regents approved the development of a Faculty Practice Plan which would be separate from the Colleges of Medicine and Dentistry. Funds available for distribution will be allocated in a manner that recognizes all principal areas of teaching, research and service.

Non-Bargaining Professional and Scientific (P&S) Staff

The University of Iowa has 7,450 (FTE) professional and scientific staff of which 2,480 are covered under the SEIU bargaining agreement. The non-bargaining professional and scientific staff is expected to be given a 0% base pay adjustment on July 1, 2009 in accord with the Board of Regents policy on salary increases for FY 2010. The University proposes that units be allowed to provide on a case-by-case basis reclassification increases, equity and acute market adjustments and counter offers.

The University will continue to utilize the exceptional performance pay policy approved by the Board in 2006 for non-bargaining P&S staff; and, it will be both selective and reflective of the University's economic circumstances. Achievements recognized by the awards include activities such as completion of a major project, sustained exceptional performance, outstanding productivity and revenue generation. This is entirely non-recurring compensation.

Collective Bargaining Units

The University will fully implement the terms and attendant costs of all collective bargaining agreements which are specified in the "Unavoidable or Essential Cost Increases" section of this report.

Salary and wage costs for FY 2010 in percentage increase terms for each of the relevant agreements are as follows:

	<u>FTE</u>	<u>General Fund</u>	<u>FTE</u>	<u>Total UI</u>
AFSCME/Merit	1,250	1.36%	5,000	1.89%
COGS (graduate assistants) ⁽¹⁾	1,660	0.00%	2,700	0.00%
SEIU (health care workers)	-	-	2,480	1.67%

(1) Does not include scholarship increases equal to the tuition rate increase. FTE for graduate assistants is defined as 50% time (HTE).

Fringe Benefit Rates

In March 2009, the University completed negotiations with the Federal Department of Health and Human Services which established the FY 2010 fringe benefit rates for each employee category. This includes a specific, predetermined rate for each of the twelve classes of faculty and staff. The rates have changed from year to year based upon increasing costs and the projection model required by the federal government. FY 2010 fringe benefit rates are as follows:

Clinical Faculty	24.00%
Non-Clinical Faculty	30.30%
Professional & Scientific (incl. merit exempt)	38.50%
SEIU	40.50%

Merit	53.00%
House Staff	9.50%
Graduate Assistants	19.50%
Post Docs	19.50%
Fellowships	4.00%
Temporary	8.70%
Bi-Weekly Students	3.00%
Miscellaneous & Extra Compensation	5.40%

These rates are applied to salaries as they are paid to fund the employer's share of fringe benefit costs. The rates for the University's 4,300 Merit System Staff who bargain collectively are based upon benefits determined by the state through its bargaining process with AFSCME.

The University's lengthy process to initiate changes to its flexible health/dental/life benefit system results in a University-wide reduction in the increased cost of these benefits that is approximated at \$2 million in FY 2010. The General Education Fund portion of this cost avoidance is \$0.5 million. Additional changes are to take effect in FY 2011.

UNAVOIDABLE OR ESSENTIAL COST INCREASES

Impact of Fringe Benefit Rate Changes on Salary Base

As cited above, fringe benefit rates for FY 2010 have been negotiated and finalized with the federal government. The effect of changes in fringe benefit rates on the existing General Education Fund compensation base is a net increase of \$0.6 million. These increases are attributable to cumulative historic costs of covered benefits, changes in the average salary for employees in each fringe benefit pool, and the University's internal charge back system (federally mandated) to recover its payments of fringe benefit costs. Implementation of the January 1, 2009 changes and subsequent January 1, 2010 changes to the University's health, dental and life flex benefit plan contributes to a moderation of cost.

The University's fringe benefit plans are divided into three basic groups. AFSCME covered employee's health plans and other benefit plans are governed by the State of Iowa. Organized Graduate Assistants plans are negotiated by the Regents/University with COG's and are distinct from other staff. Health plans and other benefits for Faculty and P&S staff (both SEIU bargained and non-bargained staff) are managed by the University as a single group plan.

Beginning in FY 2010, the fringe benefit rate for SEIU employees will be calculated independently from P&S staff resulting in a somewhat lower fringe benefit rate charged for P&S staff. These cost savings will be reflected in the FY 2010 budgets for all operating units with P&S staff. This change reduces General Education Fund benefit costs by \$0.5 million.

Additionally in FY 2010, Merit exempt staff (non-AFSCME bargaining staff) fringe benefits will be calculated at the same rate as P&S staff. Merit exempt staff receive benefits similar to those in the P&S category therefore will be calculated as such.

Student Success Initiatives

To promote the retention of first-year students and improve four-year graduation rates, the University had planned to use incremental tuition revenue for initiatives based on proven retention practices including:

- Expansion and improvement of the learning communities programs
- Expansion of peer-led supplemental instruction for the most challenging courses
- Development of a program for early identification of and intervention with students at risk of failing to persist
- Direct contact with senior administrators and faculty via freshman seminar courses

Due to appropriation reductions for FY10, most of these initiatives will not be possible.

An initiative just announced is the First-Year Seminar course (for credit) for each new freshman student. These courses will be taught by senior faculty and university administrators. It is an expansion of a program started a couple of years ago, but will hopefully lead to all new freshmen attending a small group session taught by a senior University faculty or official. Because much of this cost is from volunteers, it will move forward independent of other funding decisions.

Non-Salary Utility Inflation

General Fund non-salary utility expenses are expected to increase by \$1.6 million. This increase includes the General Fund's share of additional debt service payments for expanded chilled water production capacity serving the campus, energy conservation investments, and general inflationary increases for supplies, services, fuel and purchased electricity.

The University continues to investigate opportunities for reducing purchased fuel costs, decreasing its reliance on coal and reducing the University's carbon footprint by burning renewable fuels. The University's 2007 Energy Plan has established two aggressive energy objectives for 2013. By July 1, 2013, the University aims to reduce energy consumption by 10% for all owned, major, conditioned facilities and anticipates that 15% of all energy (combination of purchased and self generated) consumed by the University campus will be produced from renewable sources. Renewable energy sources include solar, wind, waste management, resource recovery, refuse-derived fuel, biomass, wood burning, small hydro, and other carbon neutral sources.

The University's supplier of biomass for combustion, Quaker Oats in Cedar Rapids, was substantially hurt by flooding in 2008. As a result, deliveries of the oat hulls by-product to the University have been on a limited basis. It is hoped this source of fuel will increase back to its former percentage of University fuels later in 2009.

Opening New Buildings: Costs to occupy new, improved or reassigned space

The projected cost of utilities, custodial services, information technology and general maintenance for new, improved, or reassigned General Education Fund-supported buildings in FY 2010 are expected to be \$2.4 million. Included in this total are:

The University Hygienic Laboratory	\$1,564,000
The Iowa Memorial Union-common student and academic department use space	270,000
University Capitol Centre – international programs and common use space	300,000
Chemistry	153,000
Campus Recreation and Wellness Center	48,000
2501 Crosspark Road – research space	100,000
P. Sue Beckwith, M.D. Boathouse – recreation space	7,000
	<u>\$2,442,000</u>

Building Renewal

The University of Iowa's 2006 Campus Master Plan recognizes that a strong plan for the future builds on the University's commitment to responsible and effective stewardship of today's campus environment. This commitment includes taking a long-term institutional view towards total cost of ownership of its facilities. Achieving this financial model requires a disciplined investment strategy addressing funding for facility renewal. Overall, the University has 17,008,000 square feet of space, of which 7,627,000 is supported by the General Education Fund.

The University's strategic objective affirmed by the Board continues to be attaining annual financial support for facilities renewal equal to 1% of the replacement cost of all General Education Fund-supported buildings. Contributing to this goal is the General Education Fund Building Renewal budget, operations and maintenance budget directed to renewal, State capital appropriations for facilities, State Academic Building Revenue Bonding authorizations and any other central sources of support such as designated gifts and grants. The replacement cost of the University's General Education Fund-supported buildings is now \$3.03 billion (does not reflect damage or partial restoration of flood-damaged facilities).

As total facilities replacement cost continues to rise due to inflation and new buildings/major additions, the financial model must include a future capital renewal set aside equal to 1.5% of replacement value for each new major addition or building project approved. The University is programming these amounts for new facilities like the College of Public Health building and Iowa Institute for Biomedical Discovery building. The consequence of not doing this is long-term degradation of University facilities. This is an ambitious, yet essential undertaking that along with the 1% target above was strongly urged by the Board in FY 2006 as a part of its review by the Regent's Property and Facilities Committee.

Significant progress toward the 1% goal has been possible over the last several fiscal years allowing the University to increase its General Education Fund Building Renewal support to \$10.8 million annually. In FY 2010, the University will increase this funding by an additional \$677,000.

Use of these funds will emphasize projects that improve energy efficiencies, reduce long-term operational costs or remove safety or accessibility concerns. Projects such as decommissioning of Oakdale Hall will result in future operational savings by avoiding increased energy and deferred maintenance costs. These funds may also be needed for flood recovery efforts.

Campus Safety and Security

The commitment to protect students, faculty, staff and visitors remains paramount. To achieve the goal of maintaining a safe campus, the University of Iowa has developed a comprehensive set of policies, processes, protocols, and technologies to address campus security. This follows the Board's adoption of its safety and security policy in FY 2008.

For the past two years, the University has strategically invested in several safety and security initiatives. For example, the University has improved its campus emergency communications and response by installing an immediate telephone and text message delivery system ("Hawk Alert"), erected voice-capable outdoor warning sirens, increased its ability to identify, assess and resolve potentially threatening situations, and expanded its police officer and dispatching coverage. The University has also systematically been adding card access security systems to existing buildings.

In FY 2010, the University plans to make available \$0.5 million to improve campus security. Additional support is needed for counseling services, student misconduct investigations, and expanded police officer coverage. Capital funds are needed to connect outdoor warning systems with indoor warning devices, to install additional surveillance capabilities, and to extend the centralized building card access systems.

Sustainability

The University's commitment to environmental stewardship and sustainability remains a top priority for the campus. Over the past few years the University has taken many steps toward advancing its position on sustainability, including:

- Cooperatively developing with the other universities a set of sustainability goals adopted by the Board in February
- Establishing and staffing an Office of Sustainability
- Responding to the Governor's Executive Order #6 with new energy policies and conservation goals
- Establishing a Sustainability Steering Group, a faculty/staff/student advisory committee, and creating focused task forces of volunteers as has been done successfully in the past (e.g. Green Power Task Force)
- Joining the Chicago Climate Exchange
- Burning renewable energy (such as oat hulls or purchased biogas) to reduce fuel costs, fossil fuel CO2 emissions and reliance on coal
- Crafting and adopting minimum energy standards for new construction and major renovations

- Becoming an institutional member of the U.S. Green Building Council (USGBC)
- Collaborating with the College of Engineering on renewable fuel options and related education and research opportunities
- Beginning the Oakdale Renewable Energy Plant project
- Establishing a sustainability certificate program for students
- Building leadership in wind energy research

In FY 2010, the University will reallocate \$0.6 million in combination with additional collegiate reallocations to hire a group of five new tenure-track or tenured faculty members to catalyze an initiative of national excellence in sustainability. This will be done through a competitive process organized by the Provost Office. Additional investments will be in a variety of forms including the reduction of the University's carbon footprint by maximizing renewable energy sources. The University will continue to encourage and facilitate the collaborative efforts of faculty, students, and staff. The Governor's Executive Order #6 has outlined a direction for energy sustainability in Iowa and the University of Iowa will pursue that direction in collaboration with I.S.U. and U.N.I.

Other

Other unavoidable or essential General Education Fund projected cost increases include the following:

Annualization of FY 2009 Merit Employee Step Increases	\$ 599,000
FY 2010 Merit Employee Contract Costs (steps)	538,000
Faculty Promotions	387,000
Graduate Assistant Contracted Scholarship Costs	588,000
Professional School and Upper Division Undergraduate Tuition Supplement Commitments	3,513,000
Student Financial Aid Set-Aside	5,267,000
Flood Relief and Carrying Costs	3,900,000
F&A Distribution to Colleges Based Upon Productivity	203,000
Human Subjects Review Programs & Other Research	476,000
Regulatory Support	
High Risk Drinking Reduction Initiatives	150,000
Library Acquisitions	694,000
Equipment	307,000
Amortization of Capitalized Systems	423,000
General Education Fund Insurance Premium Increase	1,142,000
Various Administrative/Collegiate Support Commitments	893,000

GENERAL EDUCATION FUND SUPPORT FOR ATHLETICS

The University of Iowa's Athletics Department operates as a self-supporting unit. It receives no General Education Fund support and is billed the full cost of University support services.

The FY 2010 budget developed for Athletics will continue to reflect a full assessment to the department for central services costs such as utilities, maintenance, and administration overhead for operations.

D. INITIATIVES

The Iowa Promise: A Strategic Plan for the University of Iowa 2005-2010

Below are the strategies and indicators of progress supported by the FY 2010 budget. Additional details regarding the initiatives, including funding by revenue source, are reported in the attached Form 1B.

Core Salary/Benefit Increases	\$116,000	P&S Salary and Benefits (\$396,000) Merit Staff Salary and Benefits (-\$280,000)
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Strategies:

- Recruiting and retaining excellent staff;
- Maintaining competitive compensation for staff;

Indicators of Progress: (Five Year Plan Targets)

- #29 – Monitor competitiveness of P&S staff salaries.

Additional Investment in Faculty	\$1,825,000	Faculty Salary and Benefits (\$1,438,000) Faculty Promotions (\$387,000)
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Strategies:

- Providing nationally competitive faculty salaries;
- Recruiting and retaining excellent faculty;
- Developing methods for identifying programs of emerging distinction that are central to improving the University's stature;
- Identifying, through a University-wide reallocation process, financial resources to support excellence and emerging distinction;
- Identifying opportunities for investment in existing University strengths and extramural funding opportunities;

Indicators of Progress: (Five Year Plan Targets)

- #13 - Increase external funding 2.5% per year;
- #14 - Increase the number of annual external grant applications from 3,041 to 3,200;
- #15 - Increase to 10 the average number of national faculty fellowships and scholarships awarded per year;
- #28 – Increase non-clinical tenured/track faculty salaries to the top third of peer group; increase clinical medicine salaries to the 50th percentile in the AAMC;
- #43 – Increase the number of options and licenses of UI intellectual property from 30 to 75.

Additional Investment in Students	\$10,251,000	Student Financial Aid Set-Aside (\$5,267,000) Professional School Tuition Supplements (\$3,513,000) Grad Asst Salary, Benefits and Scholarships (\$721,000) Sustainability Positions (\$600,000) High Risk Drinking Reduction Initiatives (\$150,000)
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Strategies:

- Providing access through an appropriate blend of merit and need-based financial aid and by increasing the amount of aid available;
- Providing competitive financial support for graduate scholars and professional students;
- Improving access and opportunity for underrepresented students and students of disadvantaged socioeconomic status by increasing scholarships while decreasing reliance on loans;
- Introducing students to the process by which research, scholarship, and creative work are produced and enabling their participation in that process, which is the key “value added” of a comprehensive research university;
- Developing more freshman seminars, honors courses, and other small class venues where students can interact with tenured faculty;
- Strengthening the honors program and other opportunities for high-achieving students;
- Promoting their facility for critical thinking, writing, and other communication skills, creative endeavor, and the use of information technology;
- Providing them with opportunities to develop leadership and teamwork skills and an understanding of business and other organizations;
- Continuing efforts to internationalize the educational experience;
- Providing curricular and co-curricular opportunities that will enable them to understand and succeed in a multicultural and global community;
- Ensuring the availability and robustness of information technology services and support required for extraordinary and day-to-day research, scholarship, and creative activity;
- Providing competitive financial support for graduate scholars and professional students;
- Educating highly competent and committed health professionals and research scientists for Iowa and beyond.

Indicators of Progress: (Five Year Plan Targets)

- #2 – Increase the one-year retention rate from 83.2% to 86.0%;
- #3 – Increase the six-year graduation rate from 66.2% to 70.0%;
- #8 - Create additional opportunities for students to engage in research, scholarship, and creative work;
- #16 - Increase graduate assistant salary and scholarship levels to the top third of peer group;
- #19 – Increase the racial/ethnic minority student enrollment as a percentage of total enrollment from 8.7% to 10.9%;
- #26 – Increase the undergraduate racial/ethnic minority student first-year retention rate from 79.6% to 85.2%.

Renewing Environments for Learning & Research	\$11,250,000	Utility Energy Increase, Inflation, & Conservation Investment (\$1,593,000) Opening New Buildings (\$2,442,000) Library Acquisitions Inflation (\$694,000) Building Renewal and Equipment (\$984,000) Flood Relief & Carrying Costs (\$3,900,000) Amortization of Capitalized Systems (\$423,000) Campus Safety & Security (\$500,000) Human Subjects Review Programs and Other Research Regulatory Support (\$476,000) GEF Insurance Premium Increase (\$1,142,000) F&A Distribution to Colleges (\$203,000) Various Administrative/Collegiate Support Commitments (\$893,000) GEF Task Force Savings (-\$2,000,000)
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Strategies:

- Augmenting support for our research collections, libraries, museums, and information technologies - broadly defined - that are critical to teaching and learning;
- Creating safe environment in which to live, learn, and work.
- Advancing health care and the public's health through excellence in biomedical and population-based research.

Indicators of Progress: (Five Year Plan Targets)

- #13 – Increase external funding 2.5% per years;
- #14 – Increase the number of annual external grant applications from 3,041 to 3,200;
- #15 – Increase to 10 the average number of national faculty fellowships and scholarships awarded per year;
- #30 – Maintain top 15 Association of Research Libraries (ARL) ranking among public research libraries;
- #37 – Reallocate \$1 for every \$2 in new capital appropriations received to address critical deferred maintenance and safety improvement needs;
- #43 – Increase number of options and licenses of UI intellectual property from 30 to 75.

**UNIVERSITY OF IOWA HOSPITALS AND CLINICS
FINAL FY 2010 OPERATING BUDGETS OF THE
UNIVERSITY OF IOWA'S STATEWIDE HEALTH SERVICE UNITS**

STRATEGY

In FY 2010, the strategic focus for the University of Iowa Hospitals and Clinics (UIHC) will continue to center on the offering of a broad spectrum of clinical services to all patients, serving as the primary teaching hospital for the University, and providing a base for innovative research to improve health care.

UI Hospitals and Clinics is committed to providing patient-focused care—available to every person, around the clock—in an environment devoted to innovative care, excellent service, and exceptional outcomes. These three commitments identified in the strategic plan are the key drivers in drafting the FY 2010 operating budgets. Achievement of each commitment will occur by following defined goals, strategies, and tactics.

- 1) Innovative Care
 - Care Delivery - UIHC will be recognized as a state and national leader in developing and implementing new and more efficient health care delivery models that emphasize quality-driven patient experience.
 - Clinical Programs – Select UIHC clinical services will be leaders in the state and national market by offering cutting edge clinical services, robust clinical research, and strong training opportunities.
- 2) Excellent Service
 - Patient Satisfaction – Patients and families will be highly satisfied with their entire UIHC experience in all settings.
 - Referring Physician Satisfaction – UIHC will be recognized by referring physicians for its efficient and effective support to their patients.
 - Staff, Faculty, and Volunteer Engagement – Staff, faculty, and volunteers are valued and engaged in the pursuit of UIHC's vision.
- 3) Exceptional Outcomes
 - Safety – UIHC will provide a continuously improving, safe environment for all patients and staff at all times.
 - Clinical Outcomes – UIHC will use a continuous improvement process to achieve exceptional clinical outcomes.

The following are key strategies implemented to achieve UIHC's goals:

- Development and optimization of several key product lines, including Heart & Vascular, Solid Organ Transplant, Neurosciences, Pediatrics and Cancer.
- Initiatives to reduce length of stay
- Begin renovations to expand acute and ICU bed capacity as well as conversion to single patient rooms
- Implementation of process improvement teams in three key areas, surgical throughput, patient access and discharge process.
- Aggressive improvement in labor productivity and effectively flexing to match resources to volumes
- On-going policy of contracting with third-party payors at fair and reasonable rates
- Investment in radiology to increase throughput and provide state-of-the-art technology
- Continued emphasis on revenue cycle and supply chain initiatives
- Use critical modules of the EPIC information technology infrastructure which provide significant enhancements to clinical information, operating room, ICU, and electronic medication systems
- Continued ambulatory service initiatives to increase patient access and physician productivity

CHALLENGES

There are ever-increasing pressures on the healthcare industry to maintain funding sources while keeping operating expenses in check. In FY09 UIHC faced a number of significant challenges. Due to payor mix changes and significant reductions in Medicaid rates, changes in some third party contracts and growth of the IowaCare program, UIHC saw average per case payments in late FY09 drop down to a level below the FY08 average. On the expense side there has been assertive efforts to reduce costs. Examples of this include an annualized reduction in salary costs January through May 2009 of (\$8M) due to implementation of a hiring board and focus on productivity management. Also during the year due to supply chain efforts, there have been annual savings of (\$2.6M) associated with medical supplies primarily used in the operating rooms.

The challenges in FY 2010 will be just as great. An average “all-in” compensation increase of 2.3 percent is projected for next year. Wage increases continue to be impacted by collective bargaining agreements, market competitive salaries and the associated benefit costs. While we continue to standardize product utilization and implement supply chain savings initiatives, medical and surgical supply costs are estimated to rise 4 percent or more due to price increases and changes in technology. Pharmaceutical cost increases are anticipated in the 7 percent range. Utilities and other administrative services purchased from the University of Iowa will increase 5 percent and 8 percent, respectively. Within the FY 2010 budget is the elimination of 200 filled positions resulting from normal attrition, normal retirements and layoffs, as well as a number of on-going non-salary cost cutting initiatives.

The State of Iowa has appropriated \$27.3 million with an additional \$47 million available if the \$27.3 million is exhausted for the care of the state’s indigent population at the UIHC in FY 2010. The IowaCare appropriation does not provide funding of physician, dental services, pharmaceuticals or durable medical equipment, but UIHC and UI physicians provide these services. While the Iowa Department of Human Services can terminate IowaCare enrollment if funding is exhausted, stopping such a program during the year would prove difficult. Also, the full impact of the current recession on the State of Iowa’s economy is not fully known at this point.

VOLUMES

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 by 3.1 percent and outpatient activity is also anticipated to grow at a 2.9 percent rate in FY 2010. Length of stay is expected to decrease by 0.19 days. In FY 2010, the case mix index, a measure of inpatient severity, is expected to remain at a high level. To meet this increase in demand, the University of Iowa Hospitals and Clinics is increasing cardiovascular services, expanding operating room and intensive care services, completing Lean Sigma projects to enhance patient access, and continuing to expand initiatives to lower length of stay to allow for more admissions.

<u>Combined Health Service Units</u>	<u>Actual 2006</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Projected 2009</u>	<u>Budget 2010</u>
Acute Admissions (excl. newborns)	26,030	27,829	29,349	29,680	30,393
Surgical Cases	21,008	21,952	22,592	23,841	24,871
Clinic Visits	673,947	688,078	701,966	741,037	757,481
Average Length of Stay for Acute	6.64	6.55	6.52	6.58	6.39
Case Mix - All Patients	1.6920	1.7567	1.7722	1.8128	1.8300

RATES

Additional net revenues will be required in FY 2010 to meet the 1% operating margin budgeted. These additional net revenues will be achieved through new volumes and a rate increase of 6.0 percent approved by the Board in April to be effective July 1, 2009. Market data indicates that UIHC continues to have lower rate adjustments when compared to academic medical center peers and other Midwest healthcare institutions.

As always, UIHC is concerned with the effect of higher charges on its patient population. A study completed by the University HealthSystem Consortium shows that the impact on insured patients is minimal, with little or no change to deductibles and co-payments. Self-pay patients, who account for fewer than 4 percent of UIHC charges, have limited exposure due to UIHC's discount policy for the medically indigent. The following chart illustrates how increases in rates affect various payor groups:

Rate Increase Impact by Payor:

- Medicare
 - Charges and cost affect DRG and APC rate setting
 - Charges affect new technology rate setting
 - Outlier thresholds and payments are based on charges and cost
 - Coinsurance up to policy maximum
- Medicaid
 - Charges and cost affect DRG and APC rate setting
 - Outlier thresholds and payments are based on charges and cost
- Managed Care
 - Payors with outpatient percent of charge payment provisions
 - Stop-loss thresholds and payments
 - Carve-out arrangements (i.e. high cost drugs, prosthesis, new technology, etc)
 - Coinsurance up to policy maximum
- Commercial Non-Contracted
 - Payment based on charges
 - Coinsurance up to policy maximum
- Self Pay
 - Individuals not otherwise eligible for uncompensated care discount policy

UIHC Policy Guidelines for Uncompensated Care Discount Percentages:

Income Percent of Federal Poverty Guidelines				
	<200%	201%-250%	251%-300%	301%-350%
Patient Balance	Discount Percentages			
> \$50,000	100%	80%	60%	40%
\$40,000 - 50,000	100%	80%	60%	40%
\$30,000 - 39,999	100%	80%	60%	40%
\$20,000 - 29,999	100%	80%	60%	40%
\$0 - \$19,999	100%	60%	40%	20%

**The University of Iowa
OAKDALE CAMPUS
Budget Summary
FY 2010**

\$ 3,829,403

The FY2010 appropriation (\$2,521,028) is \$200,436 (7.37%) less than the FY2009 revised base.

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 were 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. For example this budget supports significant building and maintenance costs associated with space occupied by the University Hygienic Lab. Other activities on this campus include the Obermann Center for Advance Studies, the Technology Innovation Center and a number of academic and health care-related activities.

INCOME

Appropriations for FY2010 decreased from \$2,792,052 to \$2,521,028 due to the FY2009 reversion of \$70,588 and the FY2010 reduction of \$200,436. The combined total appropriation reduction of \$271,024 equates to a 9.7% loss in appropriated funds. Other income is projected at \$1,148,000 due to continued success of faculty securing sponsored research on the Oakdale Campus. Revenue from rentals and interest earnings are projected to be flat. The total Oakdale Campus budgeted revenue is \$3,829,403.

EXPENDITURES

- Salaries:** Salaries and benefits are estimated at \$1,865,752 for FY2010. This includes negotiated step increases for eligible merit employees based on the AFSCME labor contract for FY2010 and annualized merit step increases from FY2009. Merit position benefits will remain the same at 53% of budgeted salary dollars.
- Utilities:** The FY 2010 utility budget will remain the same at \$1,468,519. This amount will continue to be supplemented through a General Education Fund subsidy. Oakdale Campus utilities are not provided to the adjacent Oakdale Research Park.
- Supplies:** The supplies budget includes services and materials that are required to maintain an environment to conduct research. In FY2010 the supply budget is \$382,632.
- Equipment:** The equipment budget was reduced to \$12,500 in FY2010.
- Building** The building repairs budget was reduced to \$100,000 in FY2010.

**The University of Iowa
STATE HYGIENIC LABORATORY
Budget Summary
FY 2010**

\$7,368,817

The FY2010 appropriation (\$4,077,715) is \$324,201 (7.36%) less than the FY2009 revised base.

FY 2010 REVENUE

Appropriations for FY 2010 are projected to be \$4,077,715 with "Other Revenues" of \$3,291,102. The FY 2010 appropriation has decreased by \$324,201. "Other Revenues" have decreased by \$154,173 based on decreases in funding levels from anticipated research activity and sales and service. Accordingly, the total budgeted revenue is \$7,368,817.

FY 2010 EXPENDITURES

SALARIES: Due to revenue decreases and internal reallocation, salaries decreased for professional and scientific staff and merit staff and increased for faculty due to approved clinical track appointments. Fringe benefit changes are also included for professional and scientific staff. Approximately \$90,473 was reallocated from professional and scientific staff positions to faculty positions. The budget proposes faculty staff salaries of \$90,473, professional and scientific staff salaries of \$4,617,550 and merit staff salaries of \$2,096,570 and hourly wages of \$2,900.

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

Other revenue and operating expenses are significantly driven by external factors beyond the State Hygienic Laboratory's control and influences, such as the recent novel (swine) influenza outbreak which is anticipated to present in higher numbers in the fall.

IMPACT STATEMENT

This appropriation provides substantial support to allow the Hygienic Laboratory to carry out its statutory responsibility to support Iowa's government agencies, particularly IDPH, in the protection of health and environment. In addition, UHL still needs to determine funding sources to sustain the statewide courier service (\$705,174/yr) and the facility and services (rent) for the Ankeny laboratory facility (\$123,500/yr.). These two expenses were approved for appropriations support in 2009 by the Board of Regents but were subsequently not funded.

The influenza (swine) outbreak "has required the use of UHL resources to meet pressing concerns with" patient care and treatment "This episode once again demonstrates the fact that:

1. Emergencies arise from a wide range of circumstances
2. Rapid detection and analysis is necessary to an appropriate public response."

The appropriation helps fund the equipment, reagents and experienced staff necessary to provide this response. In the future whether the cause is flooding, pandemic influenza, mumps, whooping cough, or a radiologic release the UHL must be ready to assure a rapid and effective response.

THE UNIVERSITY OF IOWA
Statewide Family Practice Program
Budget Summary
Fiscal Year 2010

\$2,061,809

The FY2010 appropriation (\$2,061,809) is \$163,926 (7.37%) less than the FY2009 revised base.

FY 2010 BASE

The FY 2010 base appropriation (\$2,061,809) is \$163,926 less than the FY 2010 revised appropriation (\$2,225,735).

FY 2010 INCOME

The statewide program's appropriation for FY 2010 is \$2,061,809. Non-appropriated income is estimated at \$10,000. Total revenues, therefore, will be \$2,071,809. Eighty percent (80%) of the appropriated funds are scheduled to be spent directly in the UI-affiliated physician training centers consistent with statutory requirements, and 20% of the appropriations (\$412,362) 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 for the community sites.

FY 2010 EXPENDITURES

Salaries budgeted for faculty and professional/scientific (P&S) personnel have been reduced by 7.37% and 11.9% respectively. The salary budget proposed for merit staff is consistent with contractual obligations negotiated by the State.

The amount budgeted for hourly wage employees is \$10,000. Those funds will 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 through the College's Visiting Professor Program. Funds for that activity were reduced in recent years through the reallocation process in order to sustain faculty and professional positions.

Expenditures for supplies are proposed at \$22,412. Support for a full-time P&S position was eliminated allowing the statewide program to satisfy the FY 2010 budget reduction and provide additional funds to replenish the declining supply budget for one year. The supply budget supports the central office operations, including travel, data processing, disposable supplies and other administrative support expenditures associated with the statewide program.

IMPACT OF REDUCTION APPROPRIATIONS

FY10 appropriations are \$163,926 below the revised (final) amount for FY 2009. Most of the reduction (80%) is in faculty salary support for training operations across the UI's statewide network of residency programs. This loss of state support will be made up by the community training centers on a one-time basis.

The other 20% of the reduction will occur in the statewide program's administrative support budget in the form of reduced staff effort and travel.

THE UNIVERSITY OF IOWA
Primary Care Initiative
Budget Summary
Fiscal Year 2010

\$748,195

The FY2010 appropriation (\$748,195) is \$59,485 (7.36%) less than the FY2009 revised base.

FY 2010 INCOME

The appropriation for the Primary Care Initiative (PCI) for FY 2010 is \$748,195. The University of Iowa Health Sciences Center operates four 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: Department of Family Medicine Faculty \$320,100; Regional Medical Education Centers Grant Program \$214,680; Iowa Health Professions Inventory \$119,900; and Rural Physician Support Program \$93,515.

FY 2010 EXPENDITURES

The faculty salaries are for specific Department of Family Medicine faculty and community-based teaching positions. The professional salary lines are University-based positions that provide administrative and technical support for the various programs within the PCI. The funds for hourly wage employees provide support for student research assistants. The supply budget supports travel, data processing, conferences, telecommunications, and educational resources.

IMPACT OF REDUCED APPROPRIATIONS

FY 2010 appropriations are \$59,485 less than the revised (final) amount for FY 2009. The reduced PCI budget for FY 2010 was achieved by eliminating the Culturally Competent Care Initiative, withdrawing support from the UI medical students' mobile care unit, and ending PCI support for the College's Medical Education-Community Orientation Program (MECO).

The University of Iowa
STATE OF IOWA CANCER REGISTRY
Budget Summary
FY 2010

\$171,851

The FY2010 appropriation (\$171,851) is \$13,663 (7.36%) less than the FY2009 revised base.

In 2009, an estimated 6,300 Iowans will die from cancer, 14 times the number caused by auto fatalities. Cancer and heart disease are the two leading causes of death in Iowa. For the years 1973-2006, over 495,609 cancers were diagnosed among Iowans, with more than 204,919 Iowans having died from cancer. In 2009 alone, we expect 16,000 new cancers will be diagnosed among Iowa residents. However, on the positive side, during the past 10 years there has been a measurable reduction in mortality resulting from cancer. These statewide cancer incidence and survival data are available due to the existence of the Iowa Cancer Registry.

Since 1973, the Iowa Cancer Registry has been a member of the NCI's Surveillance, Epidemiology and End Results (SEER) Program. There are only 18 state and regional cancer registries throughout the United States that participate in this prestigious program. Iowa represents rural agricultural and Midwestern populations and provides data included in many NCI publications. The objectives of the Registry include: 1) collecting data on each Iowan diagnosed with cancer and reporting these data to the NCI; 2) monitoring annual trends in the incidence of cancer among Iowans and the number of deaths related to cancer; 3) monitoring changes over time in prevalence of cancer, trends in therapy, and survival rates; and 4) promoting and conducting research studies designed to assist with cancer prevention and control.

Cancer is a reportable disease in Iowa, and the Iowa Department of Public Health has designated responsibility for cancer data collection to the Registry. Each year the Registry responds to a few hundred requests from Iowans for data, analyses, and cancer cluster investigations. Additionally, Registry staff members participate in community outreach efforts designed to provide useful cancer-related education for citizens in Iowa. The Registry functions as a data resource for local, national and international research. The Registry also serves as the source of data for measuring progress with cancer and measuring the cancer burden for the Iowa Cancer Consortium, a cancer prevention and control group that represents over 50 agencies in Iowa. Cancer Registry data are useful in guiding the planning and evaluation of cancer control programs in Iowa (e.g., determining whether prevention, screening and treatment efforts are making a difference). This knowledge helps in setting priorities for the allocation of health resources.

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 Registry is funded primarily through a contract with the NCI, but the contract requires a portion of funding for the Registry be obtained from non-federal sources such as the state of Iowa. Currently, for every dollar the state of Iowa invests in the Iowa Cancer Registry, approximately \$23.76 of federal funds are returned to Iowa through the core SEER contract. Additionally, 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; annually several millions of dollars are received from these agencies that are directly attributable to the existence of the Registry.

The state of Iowa appropriation is used to help meet the NCI's cost-sharing requirement by supplementing core support for the Registry, including salaries, computer services, equipment and general expenses. The current proposed reduction in state funding will be handled by staff attrition and by allowing open positions to remain open for a longer than usual period of time. However, in order to maintain the NCI contract funding, it is essential that the need to reduce costs be balanced with the continuing need to meet the NCI contractual requirements of timeliness, completeness, and quality.

The University of Iowa
IOWA CONSORTIUM FOR SUBSTANCE ABUSE RESEARCH AND EVALUATION
Budget Summary
FY2010

\$64,023

The FY2010 appropriation (\$64,023) is \$5,090 (7.36%) less than the FY2009 base.

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, the University of Northern Iowa, Iowa State University; 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:

- Interviewing recipients of substance abuse treatment across the state and reporting outcomes to IDPH.
- Updates to a state of Iowa epidemiological profile to assess the prevalence of substance use, abuse, and dependence and related problems.
- Evaluating community and jail-based substance abuse treatment programs in the state.
- Facilitating implementation of evidence-based practices in treatment agencies statewide.
- Evaluating youth substance abuse prevention programming at the local and state level.
- Assisting the State in implementing quality improvement techniques at the state and agency levels.
- Evaluating culturally competency treatment to increase service options for diverse populations.
- Evaluating a project to reduce alcohol use by youth in Linn and Jackson Counties.
- Analyzing data and reporting outcomes of the Iowa Youth Survey, a statewide survey of 6th, 8th, and 11th graders, about youth attitudes and experiences regarding substance abuse, violence, and their perceptions of peer, family, school, and community environments.

Funds for FY10 will help provide for the continuation of the Consortium's unique capacity for interdisciplinary alcohol and drug research and evaluation in Iowa. The Consortium's annual budget request process to external sponsors allows for staff salary increases; however there are no approved increases at this time.

The University of Iowa
CENTER FOR BIOCATALYSIS AND BIOPROCESSING
Budget Summary
FY2010

\$834,433

The FY2010 appropriation (\$834,433) is \$66,342 (7.36%) less than the FY2009 revised base.

The Center for Biocatalysis and Bioprocessing (CBB) Laboratory serves as the primary contract research facility for fermentation, fermentation-derived metabolites, protein expression and downstream processing, and biocatalytic process in the State of Iowa. It is the only facility for production of therapeutic proteins for human Phase I trials in the State of Iowa. Biocatalysis harnesses enzyme-catalyzed reactions occurring in living cells to produce valuable biofuels and chemicals. Bioprocessing, or downstream processing steps are required for the recovery and purification of biological (industrial) products for wide ranging therapeutic, health, nutritional and chemical uses. These technologies are necessary to implement modern "biotechnology" based approaches to solve problems in agricultural, chemical, nutritional and bio/pharmaceutical industries. Traditionally, CBB has operated under GLP conditions to provide pre-clinical materials. In 2008, CBB upgraded the facility to GMP status. Currently, CBB is capable of producing clinical grade materials for Phase I and Phase II trials, for biotherapeutic products. More than 25 campaigns have been run since late 2007, and one IND has been filed by a client. CBB has now become a very unique facility in a University setting, the type of which does not exist in any US universities. The funding to build the GMP facility came via Grow Iowa Values Fund grant.

The University of Iowa has assembled its Biocatalysis Research Group -- an experienced and multidisciplinary cluster of more than fifty 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, protein purification, 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. CBB also takes active role in the economic development activities of the University of Iowa, and bringing biotechnology companies to the University Technology Park.

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 42 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, Georgia, Maryland, Minnesota, Nebraska, Utah and California. Today, CBB is one of its kind, state of the art microbial pilot plant

facility, unmatched by any other University. In order to continue this and keep pace with both biotherapeutic and industrial biotechnology industrial interactions, 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.

FY10

Given the excellent progress we have made at CBB, in terms of elevating our technology platform (GMP) as well as in the area of biocatalysis (green chemistry for products), this has required adding resources and also salary increases. Over the last 9 years, CBB has experienced significant reduction in funding, which has impacted our ability to retain the best talent for continued growth. Given the competitive nature of this area and also considering the fact that we are constantly competing with industries in terms of talent retention, providing career opportunities and compensation for CBB-staff, increased funding is essential. Starting last fiscal year, CBB is also paying additional rent for the GMP laboratory facilities. In addition, CBB continues to fulfill the academic goals in terms of graduate student fellowships, conferences and related activities.

This new budget reflects a 7.36% decrease of the state allocation.

The University of Iowa
IOWA REGISTRY FOR CONGENITAL AND INHERITED DISORDERS
Budget Summary
FY2010

\$44,145

The FY2010 appropriation (\$44,145) is \$3,511 (7.37%) less than the FY2009 revised base.

The Iowa Registry for Congenital and Inherited Disorders (IRCID) was established by the Iowa General Assembly (Chapter 23 of the Iowa Code) in 1983. Since that time, the IRCID has received national attention for its role in birth defects surveillance and has served as a model for other states establishing surveillance programs. In recent years, the Registry has expanded its mission to include surveillance of developmental disabilities (Duchenne-Becker Muscular Dystrophy), stillbirths (not only those with a birth defect), and selected, confirmed newborn screening disorders. The IRCID is the only active, statewide birth defects surveillance program in the Midwest. The IRCID is also one of only six programs nationally to conduct muscular dystrophy surveillance and one of only two to conduct stillbirth surveillance, and one of only four to conduct surveillance for newborn screening disorders. Through these activities, the IRCID serves families in all 99 Iowa counties.

The objectives of the IRCID are integrated and fully consistent with those of The University of Iowa College of Public Health. These objectives are to:

- maintain statewide surveillance for birth defects; and
- monitor trends in birth defects occurrence and mortality.

Data collected permit comparison of birth defects rates in geographic areas of interest (e.g., cities or counties) with state and national rates. In addition, data are used to monitor trends in birth defect occurrence by population characteristics such as maternal age. Statewide surveillance is necessary to accurately evaluate such trends and to guide health promotion and disease prevention efforts in Iowa.

A number of investigators and public health professionals also utilize IRCID 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, Dr. Paul Romitti (College of Public Health) and faculty in the Colleges of Public Health, Medicine, and Pharmacy were awarded a five-year renewal agreement with the Centers for Disease Control and Prevention. The agreement is targeted to continue a 'Center for Excellence in the Research and Prevention of Birth Defects' in Iowa. Dr. Romitti and Dr. Katherine Mathews (College of Medicine) were awarded a five-year renewal agreement to expand 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 IRCID data include lectures, press releases, articles, public service announcements, and disseminating prenatal educational materials. Annually, the IRCID attempts to publish an annual report to disseminate information regarding birth defects surveillance, research and prevention efforts ongoing in Iowa. Also, through collaboration with the Iowa Department of Public Health, the Registry has implemented a program to provide parents of children diagnosed with birth defects resource materials and referrals to appropriate clinical, educational and social services. Overall, the IRCID 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:

- Provide accurate, timely data that directs program planning, health policies, prevention efforts, and welfare of Iowa's infants and children.
- Act as an innovative research partner to disseminate information about the impact of genetics and environment in the development of these disorders and to evaluate the efficacy of treatments for these disorders.
- Translate surveillance and research findings into efforts that families can understand and implement.
- Increase public awareness of prevention programs and maintain public education.
- Foster communication between agencies involved in surveillance and referral services.
- Answer public concerns regarding these disorders using data available from all 99 counties and disseminate findings locally, statewide and nationally.

STRATEGIC CHANGES:

Funds provided typically are used for partial salary support for IRCID staff and for partial support for design, printing and distribution costs for the IRCID annual report. To fund salaries for the current fiscal year, funds appropriated for partial support for publication costs of the IRCID annual report were reduced. Additional funding will need to be identified to continue with publication of the report.

**The University of Iowa
Center for Advanced Drug Development (CADD)
Budget Summary
FY 2010**

\$110,560

The FY2010 appropriation (\$110,560) is \$7,718 (6.53 %) less than the FY2009 revised base.

The Center for Advanced Drug Development (CADD) is a division of the University of Iowa, College of Pharmacy. The Center offers contract services to the pharmaceutical and biotechnology industry which complement those of the College's Division of Pharmaceutical Service. The Division of Pharmaceutical Service, the only comprehensive FDA registered facility in a College of Pharmacy in the U.S., offers the unique capability to produce under contract limited quantities of new medicines under FDA 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.

This Center which is an integral resource in the states bioeconomy economic development agenda offers non-production services and contract services relevant to the clinical trials process which complement those of the Division of Pharmaceutical Service, and explicitly include:

- Management of FDA relationships for clients, especially in the processing of new drug applications,
- Development and execution for 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/excipients for compliance.

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. In addition, as the state looks ahead to an investment to enhance its biotechnology infrastructure for both animal and human health, the Center will play a major role (along with the Center for Biocatalysis and Bioprocessing and the College of Pharmacy) in the University's ability to interact with the biotechnology industry to shorten the time to market for new therapies. This new initiative will also attract interest from a completely new industry base, composed of mainly start-up companies, who may be recruited to Iowa.

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

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Impact of the 2010 Budget

The allocation from the economic development appropriations for the Center for Advanced Drug Development for FY 10 will decrease by \$7,718 from FY 09, requiring continued internal reallocation to address salary for staff.

We will have to supplement these salaries with funds from another revenue account. Consequently, the lost revenues would also require a corresponding reduction in the expenditures of that account in order to maintain a balanced budget. These reductions would most likely be in the areas of laboratory supplies, offices expense, hourly employees, or equipment/building repairs.

This will continue to limit the Center's ability to stimulate ongoing interest on the part of the pharmaceutical and biopharmaceutical companies that seek CADD's services.

**The University of Iowa
UNIVERSITY OF IOWA RESEARCH PARK
(Formerly Oakdale Research Park)
Budget Summary
FY 2010**

\$92,697

The FY2010 appropriation (\$92,697) is \$6,470 (6.52%) less than the FY2009 revised base.

The University of Iowa Research Park (formerly Oakdale Research Park) represents a substantial commitment by the State and the University to further sustained interaction with business. In addition, the Research Park represents an investment of more than \$135 million by the federal government, the State, the City of Coralville, and a number of private building developers and owners. Four other projects valued at \$60 million are under construction or planned. The Park is part of the IOWA Centers for Enterprise which integrates UI economic development activities.

Established by the University in 1989 at the urging of the State, the Park is building a nucleus of businesses in Iowa that are drawn by the strengths of the University. The labor shed for nearly 2,000 employees of laboratories and companies affiliated with the Park and the Technology Innovation Center business incubator covers 91 cities and towns in 29 Iowa counties - approximately one-third of the State. This is in keeping with the UI's strategic plan for engagement with external constituencies and participation in Iowa's economic growth. Current corporate tenants on the park include LMS North America, The Stanley Group, Vangent, Inc., Pearson Educational Measurement, Integrated DNA Technologies, Inc. Bioinformatics Division, Innovative Software Engineering, Noel-Levitz, Ophtherion, Cargill International and The Brighton Group. A total of 22 technology companies have established a presence on the Park since 1993.

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, fully operational co-venture with the U.S. Department of Transportation. UI infectious disease research programs, including the Emerging Pathogens Laboratory, are undergoing further expansion. The College of Public Health also maintains a research presence on the Park. The analytical method development and drug stability testing unit of the University of Iowa Pharmaceuticals facility, a unit of the College of Pharmacy, is also at the Research Park. The new University of Iowa Hygienic Laboratory is scheduled to open at the Park in January 2010.

FY 2010 funding is needed to partially support the essential operating expenses for the 189-acre Research Park. ORP will receive \$92,697 in State support in FY 2010, a decrease of \$6,470 (6.52%). The difference will be made up from other University sources. The balance of the Research Park's support comes from Park income and from the University. Expenses include a variety of professional services (e.g., engineering, landscape architecture and legal), marketing, and support for University staff engaged in the project, operation of the Park office, and preparation and maintenance of common areas within the park. For FY 2010, the current level of funding will not support fully the delivery of essential services and Park amenities. The cost of providing essential services has increased. A new marketing plan and ground lease policies will result in management efficiencies and greater revenue. Additional funding must be identified for the Park to maintain and enhance the services and amenities delivered to affiliates and enable future growth.

**The University of Iowa
TECHNOLOGY INNOVATION CENTER
Budget Summary
FY 2010**

\$43,823

The FY2010 appropriation (\$43,823) is \$3,057 (6.52%) less than the FY2009 revised base.

The Technology Innovation Center (including its companion facility, the UI BioVentures Center) is a business incubator for start-up companies, growing fledging new ventures into freestanding businesses. The Center 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. The Center is part of the IOWA Centers for Enterprise, which integrates UI economic development activities.

Established by the University in 1984 at the urging of the State, the University of Iowa Research Park (formerly Oakdale Research Park) benefits the Center and receives benefits in return. In a major advancement, the University invested Grow Iowa Values Funds and Battelle Infrastructure Funds toward the cost of constructing the BioVentures Center incubator facility (completed in FY 2009) for biotech spin-out and recruited startup companies.

Expenditures by the Center allow continued delivery of shared services and amenities to tenant companies. More than 100 technology start-ups have become Center tenants since 1984. Twenty-one tenants are now in the Center and 40 tenants have met their business goals upon graduating from the Center. One company successfully graduated and three new tenant companies were accepted in FY 2009.

The Center's operating budget in FY 2010 includes \$43,823 in State support, with the balance of its support coming from the University, a decrease of \$3,057 (6.52%) from FY 2009. The difference will be made up from other University sources. Along with the University of Iowa Research Park, the Center has become an important part of the UI's strategic plan for engagement, building ties with those off campus and participating in the economic vitality of the State. For FY 2010 the funding will not support fully the incubator facility and delivery of essential professional services and amenities to tenant companies. A new business plan and rent policies will result in management efficiencies and greater revenue. Additional funding must be identified for the Center to sustain and enhance the current level of core services and amenities and achieve its goal of expanded services and support for tenant companies.

The University of Iowa
LARNED A. WATERMAN IOWA NONPROFIT RESOURCE CENTER
Budget Summary
FY 2010

\$187,402

The FY2010 appropriation (\$187,402) is \$14,899 (7.36%) less than the FY2009 revised base.

The Larned A. Waterman Iowa Nonprofit Resource Center is a University-wide interdisciplinary center which provides education and research about charitable nonprofit organizations on campus and throughout Iowa. It received a FY 2009 appropriation of \$207,548 which was reduced by \$5,247 during the fiscal year and is being reduced again by \$14,899 to \$187,402 for FY2010.

The funding will be applied to these basic infrastructure needs: a program assistant, a half-time secretary at the INRC, and partial payment of salary for the INRC Director. The funding will also provide for a half-time graduate assistant as a teaching assistant for a year-long University-wide course that teaches 150 students. The funding will help support the work of the University's 50-year-old Institute of Public Affairs, by paying salary for a half-time secretary. Funds will be used to support travel across Iowa to provide training for nonprofit and local government agencies.

INRC outreach to the communities of Iowa will be adversely affected. INRC may reduce the amount of time of the student programmer for the Iowa Register of Accountability, the website, the quarterly newsletter and special news notices to our listserv of 2,000 plus organizations and individuals across Iowa. An alternative would be to reduce our out-in-the-state training sessions in the *Iowa Principles and Practices for Charitable Nonprofit Excellence*. We need to weigh this outreach loss against reducing the University wide course that teaches 150 students on campus.

The request for this appropriation was initiated by Governor Culver in his 2007 Regent budget message with strong endorsement in the General Assembly. The Governor and Members of the General Assembly are helping to assure the future of this vital University of Iowa outreach service to Iowans in their home communities through their local charitable nonprofit organizations and local governments.

**The University of Iowa
IOWA FLOOD CENTER
Budget Summary
FY 2010**

\$1,300,000

The Iowa Institute of Hydraulic Research – Hydrosience & Engineering will establish an Iowa Flood Center to advance critical research and applications in flood prediction and floodplain inundation mapping and to train a new generation of experts in flood-related science and engineering. The Center will also empower communities and agencies with the information they need to make informed decisions about flood-related issues.

The 2008 floods in Iowa exposed serious gaps in the application of scientific knowledge of flood hydrology, river hydraulics, flood crest predictions, and how flood frequency and risk is communicated to the public. Although floods are reoccurring phenomena, society has not placed a high priority on funding flood-related research, or to applying engineering and scientific expertise and state-of-the art tools to better protect our communities from these inevitable events. Thus, IIHR, one of the world's preeminent hydraulic research and teaching laboratories, will establish an Iowa Flood Center.

The Center will develop hydrologic models to generate real time flood inundation maps that can be continuously adjusted to simulate the actual or forecasted discharge (or stage) in a river as needed. Also, a new comprehensive hydrologic model for flood frequency estimation (i.e. a 100-year flood) will be developed using a scientific approach that takes into account the evolving nature of the physical system due to changing patterns of climate and human activity.

The Center will share resources and expertise across the state and develop a work force with knowledge of current flood research, prediction, and mitigation and other aspects of floods to populate Iowa agencies and companies.

**The University of Iowa
RESTRICTED FUNDS
Budget Summary
FY 2010**

The FY 2010 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.

Continuing Education

Continuing education courses are required to be self-supporting and therefore, the tuition receipts must be linked with expenses. To accomplish this, continuing education funds are accounted for, along with other self-supporting operations, in the restricted fund category.

Restricted Fund Student Aid

Based on information received from the University of Iowa, Office of Student Financial Aid, the Restricted Student Financial Aid budget is being increased over the FY 2009 budget by 2.3%. This is based, in part, on additional funding anticipated in FY 2010 for the Federal Pell Grant Program and increases in tuition and room/board.

Breakdown of Other Income

Other income includes non-federal gifts, grants and contracts of \$112.8M, Medicine and Dentistry Practice Plans of \$18.5M, interest, dividends and capital gains and losses of \$24M, workshops and seminars of \$6.5M, royalties of \$21.5M, rental of equipment and facilities of \$5M, parking fines of \$.9M, and Other Miscellaneous Revenue of \$10.8M.

FY 2010 Bond Sales/Debt Service

The Bonds and Loans line includes the following potential bond sales for FY 2010 subject to the refinement of schedules and final approval by the Board:

Academic Building Revenue Bonds	\$25 million
ITS Center	\$25 million

Utility System	\$25 million
Athletics – Carver Hawkeye Arena	\$26 million

In addition to FY 2010 projected debt service on existing issues (\$58.5 million), an estimate of \$2.6 million has been included for the issues listed above.

The General Assembly and Governor also approved issuing \$100 million in academic building revenue bonds to finance campus flood recovery. The timing of these bond sales has not been determined but will be coordinated with the Board Office when there is a better understanding of overall cash flow. As a result, the bonds/loans revenue and debt service expense on these sales are not included in this budget.

Tuition Replacement

This budget contains \$9.04 million, which has been appropriated for Tuition Replacement to address FY 2010 debt service on academic building revenue bond issues.

Capital

A total of \$30 million in new capital was appropriated by the General Assembly during the 2007 legislative session for the Biomedical Discovery Institute. This included \$10 million for each of FY 2008, FY 2009, and FY 2010.

During the 2009 session the FY 2008 appropriation was reduced by \$.55 million to \$9.45 million and the entire FY 2009 \$10 million RIIF appropriation was de-appropriated. The \$10.55 million was restored by a FY 2009 appropriation from the health restricted capital fund account, in essence changing the funding source from RIIF to HRCF.

Additionally the FY 2010 \$10 million appropriation from RIIF was de-appropriated and re-established as a FY 2011 appropriation for the same amount.

The chart below summarizes the changes:

Biomedical Discovery			
All RIIF			
	<u>2007 Session</u>	<u>2009 Session</u>	<u>Final Funding Source</u>
FY 2008	10,000,000	9,450,000	RIIF
FY 2009	10,000,000	10,550,000	Health Restricted Capitals Account
FY 2010	10,000,000	-	
FY 2011	-	10,000,000	RIIF
Total	30,000,000	30,000,000	

There will therefore be no new capital from the State in FY 2010.

Economic Development

The University of Iowa has been allocated \$1,732,500 from the Grow Iowa Values Fund (GIVF) for the development of intellectual property, commercialization, new business development and job creation. The University will leverage these funds from the GIVF with matching funds dollar for dollar to:

1. Accelerate the commercialization of UI intellectual property through licensing and formation of spin-out companies.
2. Build effective partnerships for economic development between the private sector and The University of Iowa.
3. Partner with the private sector and existing state and regional economic development initiatives in Iowa, including individual companies and venture capitalists, to stimulate the development and/or relocation of successful ventures to Iowa.

**The University of Iowa
INTERCOLLEGIATE ATHLETICS
Budget Summary
FY 2010**

MISSION STATEMENT

The mission of the Department of Intercollegiate Athletics is to provide the administrative and coaching support, facilities, resources, and equipment necessary for student-athletes to graduate from The University of Iowa while participating in broad-based championship caliber athletic competition. The overall well-being of the participant and the integrity of the program will be paramount in all that we do.

VALUES AND COMMITMENTS

Education and enrichment of the student-athlete

The department values competitive athletic and academic experiences that foster self-esteem, a sense of responsibility, effective communication skills and an appreciation for life-long learning. We are dedicated to providing our student-athletes with meaningful skill and character development that prepares Today's Hawkeyes to be Tomorrow's Leaders.

Integrity in all aspects of behavior

The highest level of excellence and integrity shall characterize every aspect of policy, performance and programs in the department. All participants in the department shall be expected to exemplify impeccable integrity - be they student athletes, coaching staff, and administrative professionals or support staff.

Fiscal responsibility

It is a fundamental tenet that the department shall at all times maintain a fiscally responsible and economically sound structure that provides the optimal environment for student-athlete success within budgetary parameters.

Innovation in approach and spirit

In order to meet its goals and develop a problem-solving orientation, the department is dedicated to encouraging innovation and creativity as core values.

Respect for the individual

The department values diversity in its people, whether that diversity is expressed by race, creed, color, national origin, age, sex, disability, sexual orientation and/or gender identity, and recognizes the need to work as a team while valuing each individual's self-worth.

Valuing our heritage

The department is committed to championship caliber athletic achievement and the on-going enhancement of the traditions of intercollegiate athletics at The University of Iowa, including leadership, individual and team achievement, and intense pride and loyalty.

Outreach

The department must strive to enhance the overall mission of the University of Iowa through competitive excellence, academic achievement, and an on-going commitment to service.

Leadership

The department will continue its long history of conference and national leadership through a commitment to leading-edge involvement in issues of relevance to intercollegiate athletics.

**The University of Iowa
INTERCOLLEGIATE ATHLETICS
FY 2010**

The Iowa Athletic Department is a self-sustaining auxiliary enterprise and receives no General Fund support. Student Fees reported in the Athletics budget are in place to fund the debt service payment on Student Recreation Services facilities financed through the Athletics enterprise. The Hawkeye Tennis and Recreation facility is an excellent example of this partnership where a single facility is jointly used by Athletics and Recreation Services. As a result, budget decisions are based upon the ebb and flow of the various department revenue streams. In response to overall anticipated revenue decreases from a year ago, the intercollegiate athletics program budget reflects an overall decrease to reduce general expense accounts by 5%. This decrease in operating expense budgets is offset by increases in scholarship costs.

Revenues:

Football Income is expected to increase by approximately \$1 million due to higher away game settlements, additional parking revenue because of a rate increase and additional handling fees. The price of football tickets was held static in recognition of the current market place.

Men's Basketball Income has shown a steady decline the past few years. Athletics is being conservative in this category until it sees it back on an upswing. Athletics may decrease ticket prices in reaction to the marketplace.

Interest Income will decrease by \$1 million due to lower rates of return on investments.

Athletic Conference revenue is expected to increase by \$684,000 because of contractually negotiated television revenues.

Expenses:

The Athletic Department's overall operating expenses have decreased by 5%. Offsetting this decrease is a 6.7% increase in scholarship expenses, some contractual salary cost increases and increased expenses for utilities.

With the exception of a few contractual salary increases, department salaries have remained flat.

Travel expenses by all sports teams have been decreased by approximately 10.5%.

Training Room expenses are increasing by approximately 12.5%. This is due to shifting of some training personnel expense from UIHC to Athletics.

Facility Debt Service is increasing by a little over \$1 million to accommodate anticipated debt payments for Carver Hawkeye Arena.

**The University of Iowa
Athletics Operating Budget**

	FY 09 Budget	FY 09 Estimate	FY 10 Budget
<u>INCOME:</u>			
Men's Sports			
Football	\$ 18,350,000	\$ 18,934,184	\$ 19,378,307
Basketball	3,474,800	2,539,807	2,301,500
Wrestling	401,000	428,385	401,000
All Other	10,000	9,097	30,000
Total Men's Sports	\$ 22,235,800	\$ 21,911,473	\$ 22,110,807
Women's Sports			
Basketball	\$ 175,000	\$ 157,801	\$ 178,500
Volleyball	10,000	12,743	10,000
All Other	13,000	11,499	13,000
Total Women's Sports	\$ 198,000	\$ 182,043	\$ 201,500
Other Income			
Facility Debt Service/Student Fees	\$ 1,500,000	\$ 491,005	\$ 500,000
Learfield Multi Media Contract Income	4,988,475	4,823,626	5,085,086
Athletic Conference	19,088,000	19,065,716	19,772,000
Financial Aid Set Aside from Athletic Tuition	840,000	840,000	882,000
Interest (excluding interest on debt reserve)	1,270,000	357,000	500,000
Foundation Gift Support	7,033,952	8,198,997	7,517,370
Foundation Kinnick Premium Seat Revenue	5,083,100	5,002,063	5,131,247
Novelties--Bookstore	1,700,000	1,734,516	1,734,000
General Income	2,225,000	2,031,566	2,175,000
Total Other Income	43,728,527	42,544,489	43,296,703
TOTAL INCOME	<u>\$ 66,162,327</u>	<u>\$ 64,638,005</u>	<u>\$ 65,609,010</u>
<u>EXPENSES:</u>			
Men's Sports			
Football	\$ 15,147,532	\$ 14,994,350	\$ 15,211,266
Basketball	4,145,228	3,821,434	3,814,106
Wrestling	1,055,268	1,080,891	1,091,849
Other Sports	3,634,449	3,702,018	3,698,981
Total Men's Sports	\$ 23,982,476	\$ 23,598,693	\$ 23,816,201
Women's Sports			
Basketball	\$ 2,714,932	\$ 2,752,305	\$ 2,606,446
Volleyball	1,023,360	964,802	978,155
Other Sports	6,925,545	6,782,969	6,999,465
Total Women's Sports	\$ 10,663,837	\$ 10,500,076	\$ 10,584,066

Other Expenses			
Training Service	\$ 1,388,255	\$ 1,295,604	\$ 1,565,435
Sports Information	651,220	686,440	639,127
Admin. & General Expenses	9,251,468	9,397,947	9,303,029
Facility Debt Service (net of interest on reserve)	8,734,564	8,734,564	9,836,473
Transfer for New Facility Costs & Reserves	1,600,000	1,600,000	1,000,000
Capital Contribution, Hawkeye Recreation Campus	1,000,000	-	-
Academic & Counseling	1,629,376	1,481,431	1,565,094
Buildings & Grounds	7,261,131	7,243,250	7,299,585
Total Other Expenses	\$ 31,516,014	\$ 30,439,236	\$ 31,208,743
TOTAL OPERATING EXPENSE	<u>\$ 66,162,327</u>	<u>\$ 64,538,005</u>	<u>\$ 65,609,010</u>
Total Operating Balance	\$ -	\$ 100,000	\$ -

The University of Iowa
Intercollegiate Athletics

Number of Participants for 2008-09

Men:

Football	130	
Basketball	13	
Wrestling	42	
Swimming	29	
Gymnastics	18	
Baseball	44	
Tennis	16	
Track & Cross Country	61	
Golf	<u>11</u>	
Total Men Participants		364

Women:

Basketball	14	
Field Hockey	19	
Golf	10	
Gymnastics	22	
Rowing	87	
Soccer	28	
Softball	17	
Swimming	26	
Tennis	11	
Track & Cross Country	44	
Volleyball	<u>20</u>	
Total Women Participants		298

Total Participants **662**

**The University of Iowa
Intercollegiate Athletics
Scholarship Expenses**

Sport	Number Allowed By NCAA	2008-09 Budget	2008-09 Projected	2009-10 Budget
Head Count Sports				
Football	85	2,205,800	2,028,021	2,426,000
Men's Basketball	13	338,600	353,484	350,000
Women's Basketball	15	323,800	349,464	350,000
Women's Gymnastics	12	393,900	351,806	351,000
Women's Tennis	8	192,500	216,427	216,000
Volleyball	12	350,200	318,825	318,000
Equivalency Sports				
Baseball	11.7	270,200	347,825	346,000
Men's Track	12.6	338,600	344,140	344,000
Women's Track	18	458,000	493,121	493,000
Men's Swimming	9.9	271,200	223,500	223,000
Women's Swimming	14	353,400	367,094	367,000
Wrestling	9.9	201,900	222,890	223,000
Men's Golf	4.5	77,000	92,361	92,000
Women's Golf	6	150,800	163,988	164,000
Men's Tennis	4.5	109,200	153,134	153,000
Men's Gymnastics	6.3	214,700	219,468	220,000
Field Hockey	12	320,000	335,534	335,000
Softball	12	257,100	287,089	287,000
Rowing	20	525,800	543,871	543,000
Soccer	14	324,800	388,103	388,000
TOTAL	300.4	7,677,500	7,800,145	8,189,000

**The University of Iowa
Athletic Scholarships**

Scholarships Included in Operating Budget

	<u>FY 2006 Budget</u>	<u>FY 2007 Budget</u>	<u>FY 2008 Budget</u>	<u>FY 2009 Budget</u>	<u>FY 2009 Projection</u>	<u>FY 2010 Budget</u>
Total # Women's Scholarships	141.00	143.00	143.00	143.00	143.00	143.00
Recipients	199.00	201.00	182.00	181.00	211.00	181.00
Total Dollar Value	3,536,300	3,735,100	3,507,400	3,650,300	3,815,322	3,812,000
Total # Men's Scholarships	157.40	157.40	157.40	157.40	157.40	157.40
Recipients	213.00	213.00	219.00	231.00	246.00	231.00
Total Dollar Value	3,884,411	4,079,300	3,834,900	4,027,200	3,984,823	4,377,000
Total # Scholarships	298.40	300.40	300.40	300.40	300.40	300.40
Recipients	412.00	414.00	401.00	412.00	457.00	412.00
Total Dollar Value	7,420,711	7,814,400	7,342,300	7,677,500	7,800,145	8,189,000
Band, Trainers, Managers	245,615	258,000	257,700	270,400	307,675	302,000
Summer School Estimate	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	245,615	258,000	257,700	270,400	307,675	302,000
Total	7,666,326	8,072,400	7,600,000	7,947,900	8,107,820	8,491,000

**The University of Iowa
Intercollegiate Athletics
Ticket Pricing**

FOOTBALL	2008 Season 7 Games	2009 Season 7 Games
Season Ticket Prices (incl.'s premium game)		
Price Per Game / premium game		
Public	\$47/\$57*	\$47/\$57*
F/S	\$38/\$47*	\$38/\$47*
Student	\$22.00	\$22.00
Total Cost		
Public	\$339.00	\$339.00
F/S	\$275.00	\$275.00
Students	\$154.00	\$154.00
* Premium Game - Arizona		
Individual Ticket Price / Premium Game Ticket Price	\$50/\$65	\$52/\$65/\$70
** 2009 season--Arizona & Michigan		

MEN'S BASKETBALL	2008-09 Season 18 Games	2009-10 Season
Season Ticket Prices		
Price Per Game (Weekend/Weekday)		
Public	\$23/\$19	TBD
F/S	\$19/\$15	TBD
Student	\$5.00	TBD
Total Cost		
Public	\$364.00	TBD
F/S	\$294.00	TBD
*Students (2 games free for all UI students)	\$80.00	TBD
Individual Ticket Price (Weekend/Weekday)	\$27/\$22	TBD

WOMEN'S BASKETBALL	2008-09 Season 18 Games	2009-10 Season 17 Games
Season Ticket Prices		
Public	\$90.00	\$90.00
F/S	\$76.00	\$76.00
Senior Citizens	\$66.00	\$66.00
UI Student	Free	Free
Individual Ticket Price-Adult	\$9.00	\$9.00
Individual Ticket Price-Youth	\$5.00	\$5.00

**The University of Iowa
Intercollegiate Athletics**

Revenue from FY10 Budget that Athletics provides to other university entities:

--Scholarships (Tuition, Room & Board and Fees)	\$8,500,000
--Public Safety (Game Management Expenses)	\$1,130,000
--Cambus Charters (Football & Men's Basketball)	\$50,000
--University Hospitals (Medical Costs)	\$850,000
--Utility Consumption	\$1,750,000
--Custodial Services (University Facilities Management)	\$600,000
--Insurance (Risk Management Office)	\$221,000
--University Business Service Charges	\$755,964
--Telecommunication Services (Voice & Data)	\$299,400
--Parking Services (Game Management Expenses)	\$310,275
--University Marching Band	\$180,000
--Residence Services (Training Table for Football—includes pre-season)	\$485,000
--Summer Camps (Room & Board, Parking dept. reimbursement)	\$325,000
Total	\$15,456,639

**The University of Iowa
RESIDENCE SYSTEM
Budget Summary
FY 2010**

The University of Iowa is proposing the attached annual budget for the residence system for fiscal 2009-10. Estimated revenues total \$48,116,473 and proposed expenses for operations total \$35,226,192, leaving \$12,890,281 net revenue available for debt service, mandatory transfers, and transfers to voluntary reserves. These projected net revenues are \$351,127 higher than the preliminary budget submitted to the Board in March.

The increased net revenue projection is due primarily to an increase in projected contract revenues for the 2009-10 fiscal year. The latest projections of enrollment and occupancy for fall 2009 suggest a higher demand for residence hall space than previously forecasted at the time of the preliminary budget. Housing applications from new students, although still tracking slightly lower than fall 2008 numbers, have increased significantly in recent months. At the same time, applications from returning students have increased by 75 over the previous year. Based on these latest projections, residence hall occupancy at the start of the fall 2009 semester will be at or above capacity.

Projected revenues are based on rates approved by the Board at its meeting of April 30, 2009, fall residence hall occupancy of 5,473, residence hall board contracts numbering 5,747, and 640 apartments occupied.

Voluntary reserve balances at June 30, 2010 are projected to be \$8,980,142. This amount is \$282,005 lower than projected in March, reflecting an increase in capital spending from reserves, offset partially by the projected increase in net revenues from operations.

**The University of Iowa
RESIDENCE SYSTEM
Final Budget 2009-10**

	Actual 2007-08	Revised Estimate 2008-09	Preliminary Budget 2009-10	Final Budget 2009-10
OPERATIONS (Modified Cash Basis)				
Revenues	\$ 45,109,482	\$ 46,482,118	\$ 47,168,901	\$ 48,116,473
Expenditures for Operations	30,883,476	34,065,451	34,629,747	35,226,192
Net Revenues	<u>14,226,006</u>	<u>12,416,667</u>	<u>12,539,154</u>	<u>12,890,281</u>
% of Revenues	31.5%	26.7%	26.6%	26.8%
Debt Service (due July 1)	4,968,395	4,977,426	5,003,144	5,003,144
Mandatory Transfers	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>
Net After Debt Service & Mandatory Transfers	<u>\$ 8,657,611</u>	<u>\$ 6,839,241</u>	<u>\$ 6,936,010</u>	<u>\$ 7,287,137</u>
% of Revenues	19.2%	14.7%	14.7%	15.1%
Debt Service Coverage Ratio	286%	249%	251%	258%
University Overhead Payment From Surplus	\$ 438,552	\$ 475,188	\$ 477,883	\$ 462,696
FUND BALANCES (June 30)				
Revenue Fund	\$ 0	\$ 0	\$ 0	\$ 0
Operation & Maintenance Fund	1,000,000	1,000,000	1,000,000	1,000,000
Improvement Fund	11,092,631	7,662,682	6,862,050	7,150,000
Surplus Fund	844,970	339,444	1,400,097	830,142
Subtotal--Voluntary Reserves	<u>12,937,601</u>	<u>9,002,126</u>	<u>9,262,147</u>	<u>8,980,142</u>
Sinking Fund	0	0	0	0
Bond Reserve Fund	5,180,855	5,180,855	5,180,855	5,180,855
Bond Construction Fund	0	0	0	0
Subtotal--Mandatory Reserves	<u>5,180,855</u>	<u>5,180,855</u>	<u>5,180,855</u>	<u>5,180,855</u>
Total Fund Balances (June 30)	<u>\$ 18,118,456</u>	<u>\$ 14,182,981</u>	<u>\$ 14,443,002</u>	<u>\$ 14,160,997</u>
REVENUES AND EXPENDITURES DETAIL				
Revenues				
Contracts	\$ 40,680,495	\$ 42,241,695	\$ 42,651,020	\$ 43,608,162
Interest	1,072,413	230,490	444,336	326,929
Other Income	3,356,574	4,009,933	4,073,545	4,181,382
Total Revenues	<u>\$ 45,109,482</u>	<u>\$ 46,482,118</u>	<u>\$ 47,168,901</u>	<u>\$ 48,116,473</u>
Expenditures for Operations				
Salaries, Wages & Benefits	\$ 12,092,866	\$ 13,345,604	\$ 13,957,302	\$ 14,064,191
Cost of Food or Goods Sold	4,176,164	4,795,102	4,853,761	4,962,930
Other Operating Expense	5,849,672	6,291,413	6,521,651	6,565,384
Utilities	4,949,155	5,248,693	5,321,671	5,240,395
Repairs & Maintenance	3,815,619	4,384,639	3,975,362	4,393,292
Total Expenditures	<u>\$ 30,883,476</u>	<u>\$ 34,065,451</u>	<u>\$ 34,629,747</u>	<u>\$ 35,226,192</u>