



MESSAGE FROM THE PRESIDENT



Greetings from Iowa City!

I recently gave my annual address to the Johnson County Joint Service Clubs. This is always a prime opportunity for us to discuss our plans and goals and I would like to share some of the highlights with you.

In Iowa we are not alone, as a public university or as a state, in our budget woes. Overall public higher education had one of its most difficult funding years ever for 2003-2004.

However, throughout our deliberations about budgeting, we have remained true to the goal of excellence in our vital missions. High quality has always been central to our mission, and lowans tell us it is our most important goal. To provide what lowans want from us, we have committed to protecting 1) high-quality educational programs, especially for undergraduates, 2) recruitment and retention of a diverse community of students, faculty and staff, 3) appropriate student financial aid, 4) investments that will protect or grow revenue within and outside of the general education fund so we can support ourselves as much as possible, and 5) optional compliance with regulatory matters.

We are working hard to be a good economic development partner. We are also conducting some important educational outreach with Iowa's community colleges and students throughout the state. One of the most exciting outreach activities in the coming years will bring the artistic and cultural excellence of Hancher Auditorium to communities.

Hancher, in partnership with other UI units, public libraries and community organizations has been awarded a "Leadership and Excellence in Arts Participation" (LEAP) grant from the Wallace Foundation. This grant will enhance arts participation by young families through performances and artist residencies, augmented by innovative uses of technology. Examples of participating Iowa communities are Spencer, Perry, and Marshalltown.

I have also declared academic year 2004-2005 as the "Year of the Arts and Humanities." The University has had a long cultural partnership with the public which has made our programs in the creative and performing arts and the humanities so strong and meaningful. We will continue to strengthen them during this upcoming celebration of the arts and humanities in Iowa. As the UI continues to confront our budget challenges, we will always remain committed to our core missions. Your support and that of citizens throughout Iowa are vital to that commitment.

In this issue of the Advocate Update, we have provided information on the State budget. I hope it will be helpful to you in understanding the challenges facing the Legislature and the Governor as well as the process and the importance of public opinion in shaping budget priorities.

If you have questions or would like more information on any University of Iowa activity, I would encourage you to contact Mark Braun, Director of State Relations.

David J. Shults

President

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Did you know...

... that according to the *US News & World Report* the The University of Iowa has #1 graduate programs in creative writing, audiology, nursing service administration, and speech pathology, with 15 more programs ranked in the top 10?

...that in 2003, 144 UIHC physicians were named "Best Doctors in America" by their peers?

...that the *Financial Times of London* has ranked the Tippie School of Management at the University of Iowa 49th among the top full-time MBA programs in the world?

For questions, please contact:
Mark J. Braun

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The LEGISLATIVE SESSION BEGINS

The second session of the 80th General Assembly started on January 12th.

During this first week there were some organizational issues to be addressed as well as the swearing in of new members of



the Iowa House of Representatives. During this past legislative interim Representative Brad Hansen (a UI alum) resigned his seat and began taking classes at the University of Iowa Law School. Representative Brad Hansen was replaced by Representative Paul Shomshor.



Representative Dick Myers

Representative Dick Myers resigned his seat to "begin" his retirement which is probably busier than his legislative career. He was replaced by Representative David Jacoby.

In addition, Senator Mary Kramer (a UI alum) who had been the President of the Senate since 1997 resigned her Presidency and her seat on Wednesday. She was appointed by the Bush Administration to become the Ambassador to Barbados.



Senator Mary Kramer

The Senate then elected Senator Jeff Lamberti to become President of the Senate. In addition, the Senate is short one of its members. Senator Chuck Larson (a UI alum) was called to active duty in December and will be on active duty for at least the next year.



Senator Jeff Lamberti



Additionally, the Governor gave his Condition of the State speech on the 13th and Chief Justice Lavarado gave his Condition of the

Judiciary speech on the 14th. The texts of all of the opening speeches by all of the leaders from both chambers as well as the Governor's and Chief Justice's speeches can be found on our webpage at

http://www.uiowa.edu/~govrel/UI_updates/staterel/opening_comments/

On January 16th Governor Vilsack released his proposed budget. Specifically in his budget he recommended a \$13.6 million increase for the University of Iowa to be used to fund the state negotiated salary package and to refill faculty lines that have been held open or eliminated due to budget cuts. In addition, the Governor recommended \$15.4 million for all three universities and the two special schools for major maintenance.



Mark J. Braun
Director of State Relations

2004 IOWA LEGISLATIVE SESSION

TIMETABLE

(If Legislative Rules remain unchanged)

- January 12 - First day of Session.
- January 16 - Final day for individual Senator requests for bill drafts to be submitted to the Legislative Service Agency. (SR27)
- January 23 - Final day for individual Representative requests for bill drafts to be submitted to the Legislative Service Agency. (HR29)
- March 5 - Final day for House bills to be reported out of House committees and Senate bills out of Senate committees.
- March 8 - March 12 - House considers only House bills and unfinished business and Senate considers only Senate bills and unfinished business.
- March 15 - March 26 - Debate not limited by rule.
- March 26 - Final day for Senate bills to be reported out of House committees and House bills to be reported out of Senate committees.
- March 29 - April 2 - House considers only Senate bills and unfinished business and Senate considers only House bills and unfinished business.
- April 5 - Amendments need not be filed on the day preceding floor debate.
- April 5 - Only the following bills are eligible for consideration:
 - Appropriations
 - Ways and Means
 - Legalizing Acts
 - Co-sponsored by Majority and Minority Leaders
 - Companion bills sponsored by House and Senate Majority Leaders
 - Conference Committee Reports
 - Bills passed by both Chambers in different forms
 - Concurrent or Simple Resolutions
 - Bills on the Veto Calendar
 - Administrative Rules Review Committee and delayed committee bills
 - Joint Resolutions nullifying Administrative Rules
 - Unfinished business

April 20 - 100th calendar day of Session.

FY 2005 REVENUE ESTIMATES

State General Fund revenues are estimated by a three-member Revenue Estimating Conference (REC), which meets quarterly. The REC was created by statute in 1987 during government reorganization. Current members are:

- Dennis Prouty, Director, Legislative Service Agency (LSA)
- Holmes Foster, Governor's Designee
- David Underwood, Door Group, Inc.

The December estimate is required to be used by the Governor in the preparation of the budget message and by the General Assembly in the budget process. If the April estimate reduces the December revenue estimate, the Governor must adjust the budget recommendations to account for the reduction in revenue. If the REC increases the April estimate above the December figure, the Governor and General Assembly shall continue to use the lower projection established in December.

On December 8, 2003, the REC estimated FY 2005 total State General Fund tax revenues, prior to transfers, accruals, and refunds, at \$5.189 billion. This reflects growth in revenue of \$82.9 million (1.6%) compared to estimated FY 2004. The FY 2005 revenue estimate includes \$63.4 million in increased sales tax from residential energy utilities. The tax increase is the result of the Governor's item vetoes of 2003 legislation. The Governor stated in the veto message that it was not his intent in vetoing the language to reinstate the 5.0% sales tax on utilities and that he would recommend reenacting the provision during the 2004 Legislative Session.

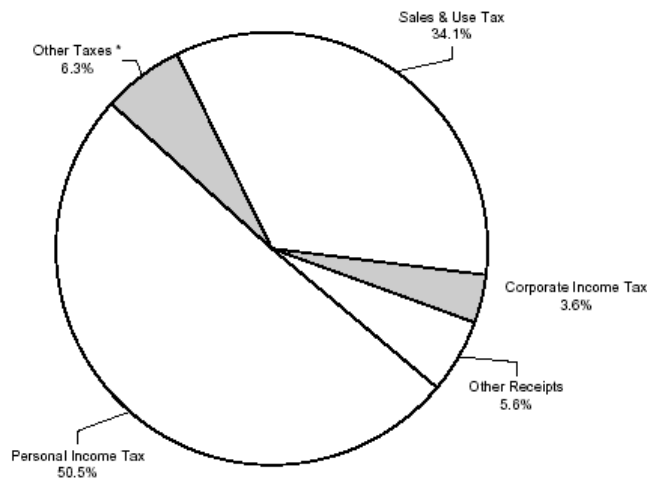
The December REC also estimated transfers to the General Fund and General Fund tax refunds. Fiscal year 2005 transfers were estimated at \$67.2 million, a decrease of \$20.8 million compared to estimated FY 2004. Fiscal year 2005 tax refunds were estimated at \$712.2 million, a decrease of \$23.8 million.

On a net revenue basis, General Fund FY 2005 revenues, after transfers, refunds, and accrued revenues, were estimated at \$4.550 billion, \$67.7 million (1.5%) above the estimated FY 2004 level.

The statutory limitation on expenditures is 99.0% of the adjusted revenue estimate plus any General Fund balances from the prior year in excess of reserve requirements. For FY 2005, no excess is anticipated.

FY 2005 ESTIMATED GROSS GENERAL FUND RECEIPTS

(Dollars in Millions)



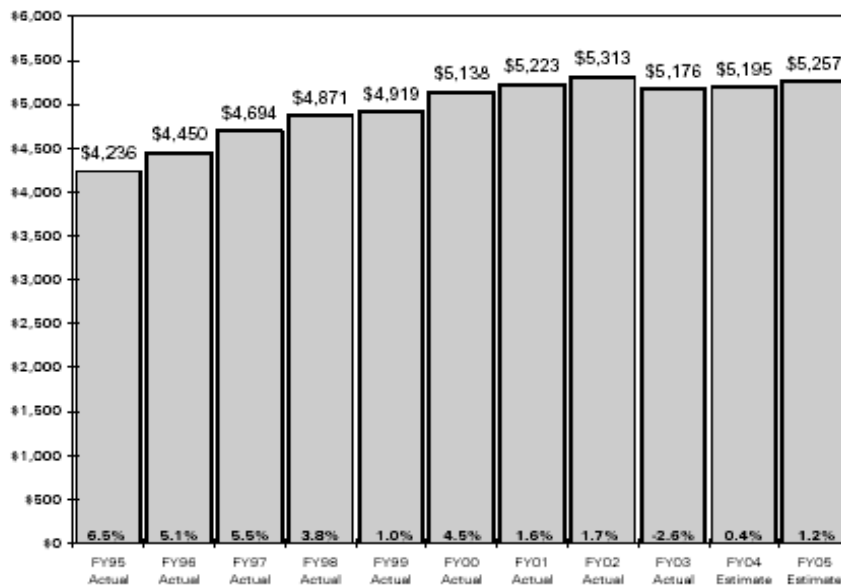
Total Estimated FY 2005 General Fund Receipts: \$5.189 billion

Note: As estimated by the December 8, 2003, Revenue Estimating Conference.
 Cash basis total revenues. Does not include \$67.2 million in transfers, or adjustments for net accrued revenues and refunds.
 Totals may not add due to rounding.
 * Other Taxes include: Inheritance, Insurance, Cigarette, Tobacco, Beer, and Franchise Tax

General Fund Receipts and Percent of Growth

STATE GENERAL FUND RECEIPTS AND GROWTH PERCENT FY 1995 - FY 2005

(Dollars in Millions)



Note: FY 2004 and FY 2005 figures are as estimated by the December 8, 2003, Revenue Estimating Conference. The amounts reflect tax revenues, other receipts, and transfers deposited to the General Fund. The amounts are not adjusted for tax refunds and accrued revenue adjustments.