

**The University of Iowa  
General Education Fund  
FY 2012 Final Budget**

The FY 2012 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 University's new strategic plan - Renewing the Iowa Promise: "Great Opportunities - Bold Expectations".

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.

**GENERAL EDUCATION FUND**

**A. REVENUE**

\$ 591.6 million	FY 2011 Original GEF Base Budget
\$( 12.0) million	State Appropriation Reduction
\$ 44.5 million	Tuition
\$ 1.5 million	Indirect Cost Recoveries
<u>\$ .2 million</u>	Interest Income
\$ 34.2 million	Net Revenue Increase
<b><u>\$ 625.8 million</u></b>	<b>FY 2012 GEF Budget</b>

**Appropriations**

The University's base General Education Fund support from appropriations in FY 2011 was \$221.7 million or 37.5% of the University of Iowa's General Education Fund. Included in this total was \$4.1 million of non-recurring funds from the Iowa Comprehensive Petroleum Underground Storage Tank Fund.

Among the Regent institutions the University of Iowa's appropriation base is 46.7% of the total general education fund appropriations provided to all three Regent institutions.

Based on appropriation legislation recently passed by the General Assembly, the University's FY 2012 General Education Fund appropriation of \$209.7 million will be 5.4% (\$12.0 million) less than the FY 2011 appropriation.

## **Tuition**

Information through May 2011 indicates that FY 2011 tuition revenue will be approximately \$16.0 million above the original budget (\$321.2 million). A revised FY 2011 budget has been provided separately reflecting this expected revenue increase and concomitant expenditure requirements.

In March 2011, the Board of Regents approved the following base tuition increases for FY 2012:

- 5% increase for all resident students (undergraduate, graduate, and professional)
- 6% increase for nonresident undergraduate and graduate students
- 5% increase for nonresident professional students

In addition to base tuition increases, the Board also approved professional school and upper division undergraduate tuition supplements. These supplements will yield approximately \$1.6 million in FY 2012 for corresponding programmatic improvements and for funding student financial aid.

The University is anticipating another large incoming freshman class. These students, in addition to returning classes, improved retention, and a higher mix of non-resident students will result in revenues to supplement tuition rate increases.

In total, the University is projecting \$44.5 million in additional tuition revenue above the original FY 2011 budget. This increase includes the FY 2011 budget ceiling increase cited above and also reflects revenues that are prior to offsets for student financial aid.

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

## **Indirect Cost Recoveries**

Information through May 2011 indicates FY 2011 indirect cost recoveries in the General Education Fund will be \$4.6 million higher than the FY 2011 budget (\$47.1 million). A revised budget has been provided separately reflecting this expected revenue increase and projected concomitant costs. A complicating factor in projecting indirect cost recoveries is the application of substantial, one-time federal ARRA awards. These

awards will impact actuals through FY 2012 but are expected to be much lower in FY 2012.

The University's on-campus indirect cost rate will increase to 51.0% effective July 1, 2011. This rate will continue until negotiations regarding an extension or another new rate takes place.

For FY 2012, the University is currently estimating a 3% increase (\$1.4 million) above the original FY 2011 budget. The majority of this increase is due to expected federal ARRA awards.

### **Interest Income**

Information through May 2011 indicates FY 2011 interest income will be \$0.2 million higher than the original FY 2011 budget (\$1.5 million). This reflects investment earnings on General Education Fund balances only.

The University is expecting FY 2012 interest income to remain at \$1.7 million annually.

## **B. REALLOCATION AND COST SAVING MEASURES**

The University's FY 2012 reallocation policy was guided by the overall operational plan generally described in this document coupled with final determination of available resources and the need to fund unavoidable and other essential cost increases.

For FY 2012, the University is anticipating a minimum reallocation policy of approximately 1% of the FY 2011 original General Education Fund base. Areas such as student financial aid and library acquisitions were protected from this reallocation policy.

## **C. EXPENDITURES**

### **SALARY POLICIES AND FRINGE BENEFITS**

The University will honor all collective bargaining agreements and fringe benefits will be charged in accord with the federally approved rate structures of the University.

The average GEF budget cost for merit staff wage increases in FY 2012 will be 4.27%. The salary policy for faculty and non-bargaining professional and scientific staff will be based on the revenue and reallocation assumptions above.

An overall average budget allocation increase for non-bargaining faculty and staff will be distributed differentially to individuals based upon performance. The policy will provide collegiate and other major units latitude in establishing average salary policies within a defined range regardless of source of funds. This permits units with differential funding models and supplemental reallocations to resolve comparable worth/pay equity concerns, compression problems, market adjustments or other special needs.

Aggregate salary and fringe benefit budgets are monitored and adjusted to reflect projected, actual expenses for the year just ending. Prior year actual and budget expenses will vary for a variety of reasons, and annually the University works to realign the budgets based upon experience of all collegiate and non-academic units within the General Education Fund prior year. For FY 2012, the salary and benefits budget change is expected to be 3.7% higher than FY 2011 actual experience. The differences are due to local (colleges and other units) management decisions during the year, as well as the UI salary and benefit policies approved by the Board for FY 2012.

## **Faculty**

For FY 2012, funds equal to 2% of recurring faculty salaries plus projected fringe benefit costs are expected to be allocated to General Education Fund supported budgetary units. Average faculty salary increases for each college, vice president unit, and other major administrative units are expected to be between 2% and 4%. Units will have latitude in faculty pay adjustments based upon individual circumstances, but the average increase for each unit must fall within the range cited above.

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, units which have plans allowing variable, non-recurring compensation to faculty based on productivity will continue to be authorized to do so in FY 2012. Three colleges and the UI Health Care currently have such compensation plans, and they include:

**UI Health Care:** The UI Health Care will apply the variable compensation plans approved by the Board of Regents. There are three types of variable compensation plans applicable to its faculty:

- University of Iowa Physicians Practice Plan (UIP)
- College of Medicine Basic Science Incentive Plan
- UI Health Care Senior Leadership Incentive Program

**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
- Other Clinic Departments

**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.

**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.

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

The University of Iowa has 8,068 (FTE) professional and scientific (P&S) staff of which 2,466 are covered under the SEIU bargaining agreement.

Funds equal to 2.0% of recurring non-bargaining P&S staff salaries plus projected fringe benefit costs are expected to be allocated to General Education Fund supported budgetary units. The average salary increase policy for non-bargaining P&S staff salaries for each college, vice presidential unit, and other major administrative unit will be between 2.0% and 4.0%, regardless of source of funds.

The University also 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. These costs include current year contract costs and previous

year annualization. General Education Fund costs for FY 2012 salaries are estimated at \$3.1 million.

Salary and wage costs 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	1,126	4.27%	4,781	4.77%
COGS (graduate assistants) <sup>(1)</sup>	1,512	2.00%	2,606	2.00%
SEIU (health care workers)	-	-	2,466	2.83%

(1) Does not include scholarship increases designed to fund 100% of tuition costs. FTE for graduate assistants is defined as 50% time (HTE).

### **Fringe Benefits and Rates**

In February 2011, the University completed negotiations with the Federal Department of Health and Human Services which established the FY 2012 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 2012 fringe benefit rates are as follows:

Clinical Faculty	23.1%
Non-Clinical Faculty	28.4%
Professional & Scientific (incl. merit exempt)	38.5%
SEIU	39.3%
Merit	55.0%
House Staff	20.0%
Graduate Assistants	21.0%
Post Docs	21.0%
Fellowships	10.5%
Temporary	11.0%
Bi-Weekly Students	9.0%
Miscellaneous & Extra Compensation	4.2%

These rates are applied to salaries as they are paid to fund the employer's share of fringe benefit costs. 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 COGS 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.

On January 1, 2011 the University implemented the final phase of several recommended changes to its flexible health/dental/life benefit system. The objective of these changes was to better control cost increases and to distribute benefits as fairly as possible to individual faculty and staff. Health and dental benefits for AFSCME covered staff are determined by the state and were not included in these changes.

In October 2009, the Board approved the University's recommendation to temporarily reduce employer contributions to each of its Defined Contribution Retirement Plans from November 2009 through June 2011. Effective July 1, 2011 these contributions will be restored and the resulting increase in costs (\$5.4 million) were included in the FY 2012 fringe benefit rates cited above.

Other annual increases are attributable to cumulative historic costs of covered benefits, changes in the average salary for employees in each fringe benefit pool, the University's internal charge back system (federally mandated) to recover its payments of fringe benefit costs, and University driven cost saving measures. For FY 2012, costs related to merit staff will increase by \$3.0 million while P&S and faculty costs will decrease by \$2.1 million.

The net effect of changes in fringe benefit rates on the existing General Education Fund compensation base is an increase of \$6.3 million.

## **STRATEGIC INVESTMENTS AND SUPPORT FOR STRATEGIC PRIORITIES**

### **Student Financial Aid**

In FY 2012, the University will budget approximately \$76.1 million for student financial aid set-aside. This \$8.5 million increase includes 17% of the budgeted tuition increase, graduate assistants scholarships, and increases for programs such as National Scholars Awards, Advantage Iowa, Iowa Heritage and Old Gold. The University is committed to meeting its increased financial aid targets for undergraduate lowans with demonstrated financial need.

### **Undergraduate Growth and Initiatives**

Student success remains a top priority of the University. The University's new strategic plan has the goal of creating the best student-centered experiences at a Big Ten public university. Some of the initiatives identified to achieve this goal include:

- Enhance the first-year undergraduate experience and expand "living-learning communities" in residence halls so that every first-year student can participate

- Recruit and reward tenured professors who make significant contributions to student success, and recruit new tenure-track faculty positions dedicated to student success
- Provide more opportunities for upper-level students to participate in undergraduate research, study abroad, internships, service learning, capstone courses, and other enriching learning activities
- Create “learning commons” spaces in the Main Library, in new academic buildings, in new residence halls, and in selected other locations
- Build high-tech interactive classrooms
- Create a safer and healthier living and learning environment by working to reduce underage and high-risk drinking and its negative academic and social consequences

Undergraduate student success is increasingly important as the University experiences record-setting enrollment. In the fall of 2010, the University not only welcomed a record number of incoming freshmen but also achieved its highest retention rate in at least a decade.

For FY 2012, the University will allocate an additional \$4.1 million toward enrollment growth support and the institution’s undergraduate student success initiatives.

### **Utility Inflation (non-salary) and Energy Conservation**

General Fund non-salary utility expenses are expected to increase by \$1.3 million. This increase includes the General Fund’s share of renewal and improvement costs for expanded plant and distribution systems serving the campus, energy conservation investments, and general inflationary increases for supplies, services, fuel and purchased electricity.

The University’s new strategic plan identifies sustainability as both a foundational commitment and a key strategic initiative. This pledge to making sustainability a central priority of all aspects of the University led to the development of “2020 Vision: The University of Iowa’s Sustainability Targets”. This document describes how the University will achieve aggressive improvements in energy conservation, renewable energy reliance, waste reduction, and carbon reduction.

### **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 2012 are expected to be \$2.4 million. Included in this total are:



College of Public Health Building	\$ 1,147,000
ITS Data Center (50% GEF)	691,000
Dentistry Building Addition – Phase 1	345,000
2501 Crosspark Road – research space	200,000

**Building Renewal**

Overall, the University has 17.7 million square feet of space, of which 7.8 million is supported by the General Education Fund. The replacement cost of the University’s General Education Fund-supported buildings is now \$3.3 billion <sup>(1)</sup>.

The University’s strategic objective affirmed by the Board includes two components. The first continues to be attaining annual financial support for facilities renewal equal to 1% of the replacement cost of all General Education Fund-supported buildings. The second is setting aside funding for future capital renewal equal to 1.5% of replacement value for each new major addition or building project approved.

Funding these goals are 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.

In FY 2012 the University’s GEF building renewal budget will be \$10.2 million. The University will allocate \$1.5 million of these funds in FY 2012 toward the new Library Student Commons project within the University’s Main Library building.

<sup>(1)</sup> Value does not reflect damage or partial restoration of flood-damaged facilities.

**Indirect Cost Recoveries Return to Colleges**

Supporting and growing the University’s involvement in research activities remains a vital part of the University’s mission and strategic goals for the future.

The University of Iowa has two programs which allow for GEF indirect cost recoveries to be returned to those colleges engaged in research activities. In FY 2012, the University will allocate the following additional funds to each program:

- Collegiate Administration/Departmental Administration –  
Distribution based upon individual college productivity \$846,000
- Research Incentive Program \$221,000

## **Iowa Public Radio**

The University's FY 2011 operating appropriation for Iowa Public Radio was \$434,000. According to Iowa Public Radio's approved FY2012-FY2016 strategic plan the University's support for FY 2012 will reduce to \$390,630.

## **Other Expenses**

Other General Education Fund projected cost increases include the following:

Professional School and Upper Division Undergraduate Tuition Supplement Commitments	\$1,318,000
Library Acquisitions	765,000
Flood Recovery	1,300,000
UI Oakdale Campus	288,000
Campus Safety and Security	300,000
Various Administrative/Collegiate Support Commitments	137,000

**UNIVERSITY OF IOWA HOSPITALS AND CLINICS  
FINAL FY 2012 OPERATING BUDGETS OF THE  
UNIVERSITY OF IOWA'S STATEWIDE HEALTH SERVICE UNITS**

**STRATEGY**

In FY 2012, 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 2012 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:

- Construction and final planning of Iowa River Landing offsite clinic location (to alleviate the outpatient capacity issues at current facility and to allow for more convenient access to services in the community)
- Implementation of a facility wide Service Excellence program to continually improve the patient experience
- 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
- Continue planning of a new children's hospital and initial preparatory construction
- 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
- 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 development of tools to effectively share appropriate medical information with patients (MyChart) and other providers (UI CareLink) to assure efficient and effective care between providers across the state.
- 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 FY11 UIHC faced a number of significant challenges. The most significant challenge is the fact that supply and labor inflation grows annually at a rate much higher than the change in our payors rates. We also saw changes in payor mix, reductions in Medicaid rates (carried over from FY10), continued growth of the IowaCare program, and increased number of procedures in the outpatient setting rather than the inpatient setting. Additionally some significant changes in outpatient payment methodology increased the complexity of administering and assuring appropriate payment. On the expense side, there has been quite significant effort to work within tight budget constraints.

The challenges in FY 2012 will be just as great. An average “all-in” salary increase of 4.3 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 2 percent or more due to price increases and changes in technology. Pharmaceutical cost increases are anticipated in the 5 percent range. Utilities and other administrative services purchased from the University of Iowa will increase 2.5 percent and 6 percent, respectively. Revenue challenges faced will include the potential impacts of healthcare reform and cost control measures on Medicare and Medicaid payment rates, the continuing challenge related to Iowa Medicaid rates, the changing landscape of healthcare reimbursement as ACO’s and similar programs are developed, and the significant change made to outpatient payment methodology by the dominant managed care payor in the state (to Enhanced Ambulatory Patient Groups – EAPG’s).

The State of Iowa has appropriated \$27.3 million with an additional \$44 million available if the \$27.3 million is exhausted for the care of the state’s indigent population at the UIHC in FY 2012. The IowaCare appropriation does not provide funding of dental services, pharmaceuticals or durable medical equipment, but UIHC provides 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.

## 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 remain relatively flat while outpatient activity is anticipated to grow at a 6.1 percent rate in FY 2012.

<b>Combined Health Service Units</b>	<b>Actual 2008</b>	<b>Actual 2009</b>	<b>Actual 2010</b>	<b>Actual 2011</b>	<b>Budget 2012</b>
Acute Admissions (excl. newborns)	29,349	29,542	28,873	29,949	29,742
Surgical Cases	22,592	23,990	25,186	26,702	26,955
Clinic Visits	701,966	742,312	753,823	779,918	830,166
Average Length of Stay for Acute	6.52	6.58	6.3	6.6	6.5
Case Mix - All Patients	1.7722	1.816	1.7500	1.7577	1.7577

## RATES

Additional net revenues will be required in FY 2012 to meet the 4% 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, 2011. 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 Health System 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 2012**

**\$ 3,467,558**

The FY2012 appropriation (\$2,186,558) is \$82,367 (3.6%) less than the FY2011 appropriation.

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, the Technology Innovation Center and a number of academic and healthcare related activities.

## **REVENUE**

State appropriations for FY2012 decreased from \$2,268,925 to \$2,186,558 due to a legislative reduction. Other income is projected at \$1,281,000 and includes \$1,150,000 in reimbursed indirect costs due to continued success of faculty securing sponsored research on the Oakdale Campus; \$11,000 revenue predicted from interest earnings; and \$120,000 in rental income based on prior year rental income averages. The total Oakdale Campus budgeted revenue is \$3,467,558.

## **EXPENDITURES**

Salaries: Salaries and benefits are estimated at \$1,960,093 for FY2012. This includes negotiated step increases for eligible merit employees based on the AFSCME labor contract and P&S cost of living increases for FY2012 and annualized merit step increases from FY2011. Merit position benefits will increase from 48% to 55% of budgeted salary dollars and P&S benefits will increase from 36% to 38.5% of budgeted salary dollars.

Utilities: The FY 2012 utility budget will decrease from \$1,468,677 to \$1,305,369. 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 and Rentals: These budgets include services, materials and rentals that are required to maintain an environment to conduct research. In FY2012 the budget is \$189,596.

Equipment: The equipment budget will remain at \$12,500 in FY2012.

Building: The building repairs budget was reduced to \$0 in FY2010 and will remain at \$0 for FY2012.

**The University of Iowa  
STATE HYGIENIC LABORATORY  
Budget Summary  
FY 2012**

**\$6,459,142**

The FY2012 appropriation (\$3,536,716) is \$133,227 (3.6%) less than the FY2011 appropriation.

## **REVENUE**

The state appropriation for FY2012 is projected to be \$3,536,716 and other revenues (Reimbursed Indirect Costs and Sales and Services) of \$2,922,426 for total budgeted revenue of \$6,459,142. This amount is approximately 26.1% of the total laboratory FY2012 projected revenue (\$24.79M). The appropriation is 14.8% of the total revenues for the Laboratory. The appropriation reduction represents continued erosion of state support. Since FY2010, the appropriation has been reduced by \$558,769. The current appropriation requires the Laboratory to use other non-state appropriated funding to support the \$6.65M of state mandated and related public and environmental health activities to be performed in FY2012. Fee for service charges comprise 55.3% and Grants & Contracts comprise 28.3% of the total revenue. Being a service agency to other state agencies such as the Iowa Department of Public Health and the Iowa Department of Natural Resources and local governments, laboratory revenues are directly impacted when the budget cuts occur within other state and local agencies. In FY2011 and FY2012, the Laboratory has seen a reduction of our direct funding from other agencies in grants and contracts. As in FY2011, the Laboratory is anticipating a reduction in the number of tests or services ordered requests to change agreements in order to reduce funding or test volume and additional requests to discount charges in order to allow performance of a specific volume of testing within a reduced budget.

## **EXPENDITURES**

SALARIES: In an effort to establish a budget that will accommodate capital equipment replacement, implementation of competitive salaries and strategic development, the Laboratory has been engaged in focused effort to reduce expenses and enhance revenues. During FY11, several staff were furloughed due to decreased test volumes. Salaries have been reduced by 1.56%. The budget proposes faculty salaries of \$85,287, P&S salaries of \$4,068,692 and merit staff salaries of \$1,804,631. Overall, the Laboratory has reduced the salary expenses by 4.0% (total salary budget of \$14.83M).

SUPPLIES: The supplies budget includes laboratory supplies and services necessary to conduct state mandated laboratory testing. Expenses related to the public health mandate but not covered by the appropriation include \$0.83M for the statewide courier and the facility rent for the Ankeny Laboratory. These expenses had previously been approved twice by the Board of Regents as a state funding request but, due to budget cuts, were subsequently not funded.

## **IMPACT STATEMENT**

The Laboratory has and continues to make significant changes in the expense structure as demonstrated by the reduction of over \$1.29M (5.6%) in FY2011 expenses. The laboratory still needs to reallocate other funding sources to sustain the statewide courier and the facility rent for the Ankeny laboratory (\$0.83M). The continued reductions in the state appropriation requires the Laboratory to reallocate other funding sources to support state related activities, reduce staffing, increase fees and eliminate high cost/low volume testing wherever possible. This has also severely reduced the laboratory's surge capacity for natural disasters and outbreak response and any ability to set aside funds for equipment replacement and salary increases to retain highly qualified staff.

**The University of Iowa**  
**STATEWIDE FAMILY PRACTICE PROGRAM**  
**Budget Summary**  
**Fiscal Year 2012**

**\$1,793,265**

The FY 2012 appropriation (\$1,788,265) is \$67,363 (3.6%) less than the FY 2011 appropriation.

**REVENUE**

The statewide program's appropriation for FY 2012 is \$1,788,265. Non-appropriated income is estimated at \$5,000. Total revenues, therefore, will be \$1,793,265. 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 (\$357,653) 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 through the statewide program's budget.

**EXPENDITURES**

Salaries budgeted for community-based faculty have decreased by 3.63%, and those for professional/scientific (P&S) personnel has been reduced by 5.12%. The salary budget proposed for merit staff is consistent with contractual obligations negotiated by the State.

The amount budgeted for hourly wage employees is \$26,000. 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 \$10,267. The supply budget supports the central office operations, including travel, data processing, disposable supplies and other administrative support associated with the statewide program.

**IMPACT OF REDUCED APPROPRIATIONS**

FY2012 appropriations are \$67,363 less below the appropriations level for FY 2011. Eighty percent of the reduction (\$53,892) is in the form of faculty salary support for training operations across the UI statewide network of family medicine residency programs. This additional loss of state support for community-based faculty will be made up by the community training centers on a one-time basis with the expectation of increased appropriations for FY 2013.

The other 20% of the reduction (\$13,471) will be taken from the College of Medicine's support of the statewide training program in the form of reduced on-site assistance and reduced professional support services.



**The University of Iowa  
PRIMARY CARE INITIATIVE  
Budget Summary  
Fiscal Year 2012**

**\$648,930**

The FY 2012 appropriation (\$648,930) is \$24,445 (3.6%) less than the FY 2011 appropriation.

**REVENUE**

The appropriation for the Primary Care Initiative (PCI) for FY 2012 is \$648,930. 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 \$261,315; Regional Medical Education Centers Grant Program \$175,202; Iowa Health Professions Inventory \$117,849; and Rural Physician Support Program \$94,564.

**EXPENDITURES**

The faculty salaries are for specific Department of Family Medicine faculty and community-based teaching positions. The professional salary line supports University-based positions that provide administrative and technical support for the various programs within the PCI, and community-based administrative positions responsible for coordination of UI learners and adjunct faculty. 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**

This is the third consecutive reduction in appropriations totaling 20% from the FY 2009 base of \$807,680. The latest reduction (FY 2012) will be achieved by reducing support for services provided to rural medical practitioners under the Rural Physicians Support Program. This program uses primary care resident trainees to help cover the practices of rural physicians so they can be absent for continuing education or vacation.

**The University of Iowa**  
**STATE OF IOWA CANCER REGISTRY**  
**Budget Summary**  
**FY 2012**

**\$149,051**

The FY2012 appropriation (\$149,051) is \$5,615 (3.6%) less than the FY2011 appropriation.

In 2011, an estimated 6,300 Iowans will die from cancer, 16 times the number caused by auto fatalities. Cancer and heart disease are the leading causes of death in Iowa. For the years 1973-2007, over 512,764 cancers were diagnosed among Iowans, with more than 211,623 Iowans having died from cancer. In 2011 alone, we expect 16,500 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 National Cancer Institute'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. A follow-up program tracks more than 99% of the cancer survivors diagnosed since 1973.

Cancer is a reportable disease as stated in the Iowa Administrative Code, and responsibility for cancer data collection has been delegated to the Registry. Each year the Registry responds to many 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 \$30.79 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. Since 2003, annual funding from the state has been reduced by approximately \$47,615, or more than 1 FTE. In order to maintain 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**  
**FY2012**

**\$55,529**

The FY2012 appropriation (\$55,529) is \$2,092 (3.6%) less than the FY2011 appropriation.

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.
- 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 and Jackson County.
- 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. In addition, a version of this survey will be developed to assist the Iowa Department of Education in assessing parent/ student perceptions of local school environments.
- Development of a Progress Measurement Process to collect, analyze and interpret a set of indicators that will allow the identification of Iowa schools with the greatest needs.
- Evaluating treatment outcomes and identifying specific factors that influence alcohol use disorders treatment response in a Veterans Administration Intensive Outpatient Program.

Funds for FY12 will provide administrative salary support and other operating expense for the continuation of the Consortium's unique capacity for interdisciplinary alcohol and drug research and evaluation in Iowa.

**The University of Iowa  
CENTER FOR BIOCATALYSIS AND BIOPROCESSING  
Budget Summary  
FY2012**

**\$723,727**

The FY2012 appropriation (\$723,727) is \$27,263 (3.6%) less than the FY2011 appropriation.

CBB is one of its kind, state of the art microbial pilot plant facility, unmatched by any other University in the United States of America. The Center for Biocatalysis and Bioprocessing (CBB) Laboratory serves as the primary contract research facility for fermentation, fermentation-derived metabolites, protein expression, 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-like 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 trials for biotherapeutic products. More than 55 campaigns have been run since late 2007, and one IND (Investigative New Drug) has been filed by a client.

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. CBB has also consistently funded CBB fellowships to graduate students and strongly partnered in the NIH Training Grant, which further supports student fellowships.

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 Research Process 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. CBB also takes active role in the economic development activities of the University of Iowa, and bringing biotechnology companies to the University of Iowa Research Park. The CBB works within the University of Iowa and assists the State in developing industrial relationships. The CBB encourages ongoing contracts with corporations within Iowa, the United States and internationally. Last year more than 42 companies, Universities and other non-profit institutions 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.

## **FY 2012**

In order to keep pace with both biotherapeutic and industrial biotechnology industrial interactions, CBB must maintain a competitive and viable funding base.

Over the last 9 years, CBB has experienced significant reduction in funding (10% in FY10), which has impacted its ability to retain the best talent for continued growth. Given the competitive nature of this area and competition with industries in terms of talent retention, providing career opportunities and compensation for CBB-staff, increased funding is essential. In addition, CBB continues to fulfill the academic goals in terms of graduate student fellowships, conferences and related activities.

To better reflect current spending and capture dollars in appropriate budgeted lines the following reallocations occurred:

- 1) Increased salary support for an additional fellowship and Faculty effort (\$67,085)
- 2) Reduced a Professional and Scientific personnel salary support by 50% (-\$48,670)
- 3) Reduced Supplies and Services to offset fellowship increases and 3.63% reduction (-54,645)

**The University of Iowa**  
**IOWA REGISTRY FOR CONGENITAL AND INHERITED DISORDERS**  
**Budget Summary**  
**FY2012**

**\$38,288**

The FY2012 appropriation (\$38,288) is \$1,442 (3.6%) less than the FY2011 appropriation.

PURPOSE:

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 IRCID 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. It is also one of only six programs nationally to conduct muscular dystrophy surveillance, 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 and was the 2010 recipient of the National Birth Defects Prevention Network State Leadership Award.

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. Drs. Romitti and Katherine Mathews (Carver 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 provides a web-based 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. To meet the requested budget reversion for the current fiscal year, we have reduced professional and scientific salaries of IRCID staff. These reductions, along with our continued reduction in state funding through the cap on revenue generated from a fee applied to Iowa birth certificates, will impact continued surveillance data collection and outreach services in all 99 Iowa counties served by the IRCID. Reductions in these surveillance activities will impact the ability of the IRCID to compete for external funding awards.

**The University of Iowa  
CENTER FOR ADVANCED DRUG DEVELOPMENT (CADD)  
Budget Summary  
FY 2012**

**\$93,645**

The FY2012 appropriation (\$93,645) is \$5,859 (5.9%) less than the FY2011 appropriation.

The Center for Advanced Drug Development (CADD) is a division of the University of Iowa, College of Pharmacy via the University of Iowa Pharmaceuticals. The Center offers contract analytical services to the pharmaceutical and biotechnology industry and is part of the UIP - the only comprehensive FDA registered facility in a College of Pharmacy in the U.S. UIP offers the unique capability to produce under contract limited quantities of new medicines under FDA regulations. 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 analytical services and contract services relevant to the clinical trials process which complement those of UIP, and explicitly include:

- Management of FDA requirements for clients, especially in the processing of 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.

### **Use of State Budget Revenues**

The allocation from the economic development appropriations for the Center for Advanced Drug Development for FY12 (\$93,645) is used to help support a portion of the salary and fringe of .85 P&S FTE at CADD.

The staff provide analytical expertise to perform qualitative and quantitative chemical analyses of pharmaceutical products, conducted following cGMP and ICH guidelines, internal SOPs, United States Pharmacopeia (USP) monographs, and client-supplied methods and assure testing is conducted in full compliance with FDA cGLP/cGMP regulations.



**The University of Iowa  
UNIVERSITY OF IOWA RESEARCH PARK  
(Formerly Oakdale Research Park)  
Budget Summary  
FY 2012**

**\$78,515**

The FY2012 appropriation (\$78,515) is \$4,912 (5.9%) less than the FY2011 appropriation.

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. 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. The Park is part of the IOWA Centers for Enterprise which integrates UI economic development activities.

Established by the University in 1989, the Park is building a nucleus of businesses in Iowa that are drawn by the strengths of the University. The labor shed for 2,000 employees of laboratories and companies affiliated with the Park and the Technology Innovation Center business incubator covers 100 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, Noel-Levitz, 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 opened at the Park in May 2010.

FY 2012 funding will partially support the essential operating expenses for the 189-acre Research Park. 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 2012, 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. 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 2012**

**\$37,119**

The FY2012 appropriation (\$37,119) is \$2,322 (5.9%) less than the FY2011 appropriation.

The Technology Innovation Center (including its companion facility, the UI BioVentures Center) is a business incubator for start-up companies, growing new ventures into freestanding businesses. The (TIC) provides office space and a nurturing business environment and critical services to new technology-based ventures. The Center is part of the IOWA Centers for Enterprise, which integrates UI economic development activities.

Established by the University in 1984, 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. Eleven tenants are now in the Center and 40 tenants have met their business goals upon graduating from the Center. Three new tenant companies were accepted in FY 2011.

The Center's operating budget in FY 2012 includes \$37,119 in State support, with the balance of its support coming 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 2012 the funding will not support fully the incubator facility and delivery of essential professional services and amenities to tenant companies. 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 2012**

**\$162,539**

The FY2012 appropriation (\$162,539) is \$6,123 (3.6%) less than the FY2011 appropriation.

The Larned A. Waterman Iowa Nonprofit Resource Center (INRC) 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. Resulting from multiple reductions, the appropriation for FY12 will be \$162,539.

The funding will be applied to these basic staff needs: a program assistant, a half-time secretary at the INRC, and partial payment of salary for the INRC Director. Due to the decrease in funding back to FY2009, INRC outreach to the communities of Iowa has been adversely affected. INRC has reduced 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.

**The University of Iowa**  
**IOWA ONLINE ADVANCED PLACEMENT ACADEMY**  
**Budget Summary**  
**FY 2012**

**\$481,849**

The Iowa Online Advanced Placement Academy (IOAPA) was established in 2001 and is administered by the University of Iowa's Belin-Blank Center. The program provides advanced placement (AP) courses to all high schools in Iowa with an emphasis on small/rural schools. IOAPA also provides training for Iowa teachers to deliver AP courses in their home schools and is critical in helping Iowa meet the requirements of the Senior Year plus statute.

Since the establishment of IOAPA, over 9,100 Iowa students have taken AP courses online with impressive completion/pass rates ranging between 89-95%. Largely due to the success of IOAPA, Iowa's rank went from 45<sup>th</sup> to 27<sup>th</sup> nationally in terms of percentage of schools offering AP. The U.S. Department of Education selected IOAPA as one of the nation's top six programs to feature in a special report regarding online courses for advanced learners.

Iowa students have performed above the national average on AP exams every year since 2001. Students in all Iowa schools now have access to AP and thus geography no longer dictates opportunity.

**REVENUE**

The IOAPA appropriation of \$481,849 is new for FY 2012.

**EXPENSE**

Salaries and Benefits: Salaries and benefits are estimated at \$129,862 for FY2012. This includes costs for 1.5 FTE in addition to graduate assistants who provide support to the program.

Supplies and Services: In FY2012 the budget is estimated at \$351,987. Included in this total is travel, curriculum guides for teachers, pre-AP and post-AP curriculum materials, online course contracts, and expenses for mentors and teacher training institutes.

Travel is required for the continuation of local school partnership development, program improvement, pursuit of external funding opportunities, and updates on the cutting edge resources/technology and requirements for the Advanced Placement Program.

Key to IOAPA activities is the purchase of four online products from Apex Learning, a leading provider of digital curriculum for secondary education. The company's comprehensive, standards-based online courses help schools successfully engage all students in rigorous coursework and prepare them for high school graduation and beyond.

**The University of Iowa  
RESTRICTED FUNDS  
Budget Summary  
FY 2012**

The FY 2012 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 current information and projections for the coming year from the University of Iowa, Office of Student Financial Aid, the Restricted Fund Student Financial Aid budget is being increased over the FY 2011 budget by 10.1%. This is based, in part, on increases in tuition and room/board.

### **Breakdown of Other Income**

Other income includes non-federal gifts, grants and contracts of \$110.3M, Medicine and Dentistry Practice Plans of \$34.2M, interest, dividends and capital gains and losses of \$24M, workshops and seminars of \$6.5M, royalties of \$5.5M, rental of equipment and facilities of \$5M, parking fines of \$0.9M, and Other Miscellaneous Revenue of \$5.2M.

### **FY 2012 Bond Sales/Debt Service**

The Bonds and Loans line includes the following potential bond sales for FY 2012 subject to the refinement of schedules and final approval by the Board:

UIHC – Iowa River Landing	\$29.0 million
Utility System	\$25.0 million
Residence System – New Dormitory	\$27.5 million

In addition to FY 2012 projected debt service on existing issues (\$65.1 million), an estimate of \$2.9 million has been included for the issues listed above.

During the 2009 legislative session, 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.

In December 2009, the Board of Regents, on behalf of the University, issued an Academic Building Revenue Flood Anticipation Project Note for \$27.025 million (\$25 million in proceeds). The University expects to refinance the Note at or prior to maturity by seeking the Board’s issuance of Academic Building Revenue Bonds as authorized by the Act.

**Tuition Replacement**

This budget contains \$9.8 million, which has been appropriated for Tuition Replacement to address FY 2012 debt service on academic building revenue bond issues.

**Capital**

A total of \$29 million in new capital was appropriated by the General Assembly during the 2011 legislative session for renovation of the Dental Science Building. The following schedule of funding was approved:

FY 2012	\$ 1,000,000
FY 2013	\$12,000,000
FY 2014	\$ 8,000,000
FY 2015	\$ 8,000,000

The University will keep the Board Office apprised of actual needs throughout the year as the project proceeds.

**Economic Development**

The University of Iowa has been allocated \$576,000 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 allocation of funds for FY 2012 is significantly less than the allocation for FY 2011 (\$1,459,200). This decrease will have an immediate and direct impact on the University's ability to translate research into innovation and new company development.

### **Iowa Flood Center**

The University of Iowa has been allocated \$1,300,000 to 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 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.

### **Fire Safety and ADA Compliance**

For FY 2012, the General Assembly approved \$2,000,000 for the Board of Regents to distribute to the Regents Institutions for Fire Safety and ADA Compliance needs. The Board Office has not yet determined an allocation of these funds and therefore was not included in the FY 2012 Restricted Fund budget.

**The University of Iowa**  
**INTERCOLLEGIATE ATHLETICS**  
**Budget Summary**  
**FY 2012**

The Iowa Athletic Department is a self-sustaining auxiliary enterprise and receives no General Education 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. Overall the revenue and expense budget is increasing by approximately \$4.8 million in comparison to fiscal year 2011 budget. Line item highlights are noted below:

**Revenues:**

- Football Income is expected to increase by approximately \$1 million primarily due to a ticket price increase.
- Men's Basketball Income is expected to increase by approximately \$300 thousand because of three additional home games and expected attendance increases.
- Athletic Conference revenue is expected to increase by approximately \$650 thousand. The increase is a result of additional television distribution monies and the inaugural Big Ten Football Championship.
- Interest Income was budgeted at \$500 thousand in fiscal year 2010 and \$1 million in fiscal year 2011. The fiscal year 2011 budget was significantly over-stated.
- Foundation Premium Seat Revenue will increase by approximately \$2.5 million, primarily because Carver Premium Seat Revenue will begin.
- Novelties Income is expected to increase by approximately \$1.25 million from increased sales of Hawkeye apparel and merchandise.

**Expenses:**

- Men's Football expense will increase by approximately \$440 thousand, resulting from increased contractual compensation.
- Men's Basketball expenses will increase by approximately \$570 thousand, a result of increased guarantees and event management expenses with the additional home games.
- Beginning in FY 2012 scholarship expense is netted by tuition set-aside. This is consistent with how Iowa State University and University of Northern Iowa are showing the tuition set-aside receipts.
- Men's and Women's Other Sports will increase by approximately \$340 thousand and \$640 thousand, respectively, a result of increased scholarship costs and travel costs.
- Women's Basketball will increase by approximately \$325 thousand, resulting from increased contractual compensation, guarantees expense, and scholarship costs.
- Women's Volleyball will increase by approximately \$130 thousand, resulting from increased compensation, team travel, and scholarship costs.
- Increases in salary and University overhead costs are the primary contributors to the nearly \$1.1 million increase in Administrative and General Expenses, \$800,000 of which is administrative and general expense within athletics and the balance is University administrative overhead assessments. Roughly half of the increase in University overhead charges is a result of assessing expenditures previously excluded from the calculation.
- Facility Debt Service increases by about \$635 thousand. This is the result of the increase in Carver Hawkeye Arena debt payments.
- Buildings and Grounds costs increased by nearly \$400 thousand, a result of more square footage in the renovated Carver Hawkeye Arena.



**The University of Iowa  
RESIDENCE SYSTEM  
Budget Summary  
FY 2012**

The University of Iowa is proposing the attached annual budget for the residence system for fiscal 2011-12. Estimated revenues total \$63,108,956 and proposed expenses for operations total \$49,140,441, leaving \$13,968,515 net revenue available for debt service, mandatory transfers, and transfers to voluntary reserves. These projected net revenues are \$490,680 lower than the preliminary budget submitted to the Board in March.

The decreased net revenue projection is due primarily to a slower rate of growth than earlier expected in projected contract revenues for the 2011-12 fiscal year. The latest projections of enrollment and occupancy for fall 2011 have declined slightly from earlier estimates. The revised projections are consistent with last year's entering first-year class. Based on the latest projections, residence hall occupancy at the start of the fall 2011 semester will again be above capacity.

Projected residence hall revenues are based on rates approved by the Board at its meeting of April 27-28, 2011, fall residence hall occupancy of 5,878 (100%), residence hall board contracts numbering 6,466, and 584 (97.8%) occupied apartments.

Effective July 1, 2011, all campus dining operations are consolidated into University Housing & Dining. The net financial effect of this consolidation is expected to be neutral to the residence system. Additional revenues and expenditures of \$7,122,226 have been added to the proposed budget to account for the additional non-contract dining operations.

Voluntary reserve balances at June 30, 2012 are projected to be \$10,623,243. This amount is \$381,858 lower than projected in March, reflecting the slight reduction since the March projection of net revenues from operations.