

**The University of Iowa
General Education Fund
FY 2013 Final Budget**

The FY 2013 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 Board of Regent's strategic plan and the University's 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

\$ 625.8 million	FY 2012 Original GEF Base Budget
\$ 6.7 million	State Appropriation
\$ 21.6 million	Tuition
<u>\$ (4.1) million</u>	Indirect Cost Recoveries
\$ 24.2 million	Revenue Increase
<u>\$ 650.0 million</u>	FY 2013 GEF Budget

Appropriations

The University's base General Education Fund support from appropriations in FY 2012 is \$209.7 million or 33.5% of the University of Iowa's General Education Fund.

Based on appropriation legislation recently passed by the General Assembly, the University of Iowa's General Education Fund appropriation for FY 2013 will be \$6.7 million (3.2%) higher than FY 2012.

Tuition

Information through May 2012 indicates that FY 2012 tuition revenue will be approximately \$1.3 million above the original budget (\$365.7 million).

In December 2011, the Board of Regents approved the following base tuition increases for FY 2013:

- 3.75% increase for all resident students (undergraduate, graduate, and professional)
- 4.75% increase for nonresident undergraduate and graduate students
- 3.75% increase for nonresident professional students

In addition to base tuition increases, the Board also approved lower and upper division undergraduate tuition supplements. These supplements will yield approximately \$1.1 million in FY 2013 for corresponding programmatic improvements and for funding student financial aid within the Tippie College of Business.

The University is anticipating an incoming freshman class at or slightly below the record number from fall 2011. Also expected are larger returning classes and improved retention.

In total, the University is projecting \$21.6 million in additional tuition revenue above the original FY 2012 budget. This increase includes the estimated FY 2012 additional tuition over budget cited above.

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 2012 indicates FY 2012 indirect cost recoveries in the General Education Fund will be \$2.4 million less than the FY 2012 budget (\$48.6 million). A complicating factor in projecting indirect cost recoveries is the application of substantial, one-time federal ARRA awards.

The University's current on-campus indirect cost rate is 51.0% and will be effective until July 1, 2014.

For FY 2013, the University is estimating a 9% decrease (\$4.1 million) in indirect cost recoveries from the original FY 2012 budget. The majority of this decrease is due to the reduction of non-recurring federal ARRA awards.

Interest Income

Information through May 2012 indicates FY 2012 interest income will essentially meet budget (\$1.7 million). This reflects investment earnings on General Education Fund balances only.

The University is expecting FY 2013 interest income within the General Education Fund to remain at \$1.7 million.

B. REALLOCATION AND COST SAVING MEASURES

The University's FY 2013 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 2013, the University is requiring colleges and support units to reallocate approximately 0.5% of the FY 2012 original General Education Fund base for University strategic needs. Student financial aid and library acquisitions will be exempt from this reallocation.

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 salary policy for faculty and non-bargaining professional and scientific staff was based on the revenue and reallocation assumptions above and was in accordance with the Board of Regents salary policies approved at the June 2012 board meeting. An overall average budget allocation increase for non-bargaining faculty and staff will be distributed differentially to individuals based upon performance and market competitiveness demands.

Faculty

For FY 2013, funds equal to 2.5% of the recurring faculty salary budget plus projected fringe benefit costs will be allocated to General Education Fund supported budgetary units.

The overall average salary increase for faculty within each college, vice presidential unit, or other major administrative unit may not exceed 2.5% regardless of source of funds. Exclusions from the 2.5% policy include promotions, changes in pay basis, changes in appointment percentage, changes in administrative responsibilities, and/or preexisting oral or written contractual agreements.

Salary increases to individual faculty will reward merit/performance and address compression and equity issues. Individual salary increases may range from 0% to 4%.

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 2013. 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 8,535 (FTE) professional and scientific (P&S) staff of which 2,575 are covered under the SEIU bargaining agreement.

Funds equal to 2.5% of the recurring non-bargaining P&S staff salary budget plus projected fringe benefit costs will be allocated to General Education Fund supported budgetary units.

The overall average salary increase for non-bargaining P&S staff within each college, vice presidential unit, or other major administrative unit may not exceed 2.5% regardless of source of funds. Exclusions from the 2.5% policy include promotions, reassignments, changes in appointment percentage, and/or preexisting oral or written contractual agreements.

A new Professional and Scientific compensation plan was approved by the Board in August 2011. This new compensation plan provides a framework for making salary decisions. Salary increases to individual staff will be based on performance, taking into consideration the individual's relative position in the appropriate market range and median zone. Individual salary increases may range from 0% to 4%.

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 2013 salaries are estimated at \$3.0 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	1,119	4.12%	4,712	4.70%
COGS (graduate assistants) ⁽¹⁾	1,477	2.50%	2,573	2.50%
SEIU (health care workers)	-	-	2,575	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 2012, the University completed negotiations with the Federal Department of Health and Human Services which established the FY 2013 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 or decreasing costs and the projection model required by the federal government. FY 2013 fringe benefit rates are as follows:

Clinical Faculty	22.6%
Non-Clinical Faculty	27.7%
Professional & Scientific (incl. merit exempt)	38.0%
SEIU	38.0%
Merit	57.0%
House Staff	30.0%
Graduate Assistants	19.5%
Post Docs	19.5%
Fellowships	11.0%
Temporary	11.5%
Bi-Weekly Students	9.0%
Miscellaneous & Extra Compensation	3.8%

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.

Annual changes in approved fringe benefit rates are attributable to cumulative historic costs of covered benefits, changes in the average salary for employees in each fringe benefit pool, University-driven cost saving measures, and employee utilization of benefits.

For FY 2013, General Education Fund costs related to AFSCME bargained merit staff will increase by \$0.9 million while P&S and faculty costs will decrease by \$1.9 million. The net effect of changes in fringe benefit rates on the existing General Education Fund compensation base is a decrease of \$1.0 million.

Merit (AFSCME) Staff	\$ 900,000
Faculty and Professional Staff	<u>(1,900,000)</u>
Net Decrease	\$(1,000,000)

STRATEGIC INVESTMENTS AND SUPPORT FOR STRATEGIC PRIORITIES

Student Success

A. Student Financial Aid

In FY 2013, the University will increase student financial aid by \$5.3 million. This increase includes inflation adjustments for cost of attendance, graduate assistants scholarships, enrollment growth, and growth in eligibility for the Iowa Scholars, Old Gold Scholarships, National Scholars, and similar scholarship award programs.

B. Strategic Plan Pillar 1 – Student Success

For FY 2013, the University will designate an additional \$1.35 million in operating support and \$14.0 million in capital support for the Student Learning Center (Library Commons Project), both aimed at student success, the most important pillar of the Strategic Plan.

The University will primarily support new undergraduate initiatives that enable students to be career ready upon graduation by gaining the foundations and skills to become lifelong learners, skillful communicators, effective leaders, and strategic problem solvers. The University expects students to develop critical thinking skills, a global perspective, and the ability to work in teams, and will support programs that align with these areas. Student expectations also include experience in analyzing and applying data and information to decision making, effectively communicating in both written and oral forms, and entrepreneurship. In addition, the University will expand programs such as Onlowa, a required two day immersion program for incoming first-year students designed to help them connect with each other, learn about University traditions, and begin a successful transition to college life; Targeted Tutoring and Supplemental Instruction program which uses peer-assisted study sessions to provide academic assistance to students taking selected critical “gateway courses” such as Principles of Chemistry, Organic Chemistry, and Principles of Biology; Veterans educational assistance programs; and, High-impact activities such as study abroad and faculty-directed research opportunities for undergraduates.

C. Strategic Plan Pillar 2 – Knowledge and Practice

The University is committed to advancing knowledge and education through discovery, application, and creative work. Tenure track faculty with first-hand experience in the creation of knowledge and creative work bring unique educational experiences to the classroom. To advance undergraduate teaching and learning, the University will hire additional tenure track faculty. Since many of

today’s most exciting and important research frontiers transcend traditional disciplinary boundaries, the University will hire faculty who facilitate multidisciplinary scholarship, instruction, and public service. This is precisely the aim of the cluster hire initiative. As a center piece of our 2010-2016 strategic plan, *Renewing the Iowa Promise: Great Opportunities—Bold Expectations*, the cluster initiative will bring new tenured and tenure-track faculty to campus to collaborate with existing faculty in multidisciplinary cluster areas focused on many of the “Grand Challenges” of the 21st century. In addition to address important societal challenges, the new hires will advance teaching and learning, and enhance community engagement and service to benefit the people of Iowa.

In FY2013, a \$1.0 million allocation will be the third infusion of new funding to support this effort. It will be matched by participating colleges.

Utility Inflation (non-salary) and Energy Conservation

General Fund non-salary utility expenses are expected to increase by \$1.8 million. This increase includes the General Fund’s share of renewal and improvement costs for expanded energy production 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 and waste 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 2013 are expected to be \$0.2 million. Included in this total are:

College of Public Health Building	\$ 385,000
Women’s Resource & Action Center – lease	92,000
2501 Crosspark Road – research space	235,000
2660 Crosspark Road – (returning to non-GEF space)	(90,000)
College of Public Health – (moving out of rented UIHC space)	(407,000)

Building Renewal

Overall, the University has 18.0 million square feet of space, of which 8.1 million is supported by the General Education Fund. The replacement cost of the University's General Education Fund-supported buildings is now \$3.6 billion ⁽¹⁾.

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 supported by the General Education Fund.

Funding these goals 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.

In FY 2013 the University will increase its GEF building renewal budget by \$2.5 million. This increase includes amounts deferred during previous years' budget reductions and also accounts for capital renewal to service increases in gross square feet of GEF-supported space.

⁽¹⁾ Value does not reflect damage or partial restoration of flood-damaged facilities. It does include research space supported through grant and contract indirect cost recoveries.

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 2013, the University will allocate the following additional funds to each program:

- Collegiate Administration/Departmental Administration – \$780,000
Distribution based upon total CA/DA recoveries and individual college contributions
- Research Incentive Program \$ 39,000

Iowa Public Radio

The University's FY 2012 operating appropriation for Iowa Public Radio was \$390,630. According to Iowa Public Radio's approved FY2012-FY2016 strategic plan the University's support for FY 2013 will reduce to \$347,226.

Other Expenses

Other General Education Fund projected cost increases include the following:

Undergraduate Tuition Supplement Commitments (applied in accord to prior commitments made to the Board)	\$ 915,000
Library Acquisitions	803,000
Equipment *	282,000
Flood Recovery	800,000
UI Oakdale Campus	104,000
General Education Fund Insurance Premium	193,000
Various Administrative/Collegiate Support Commitments	(180,000)

* Equipment expense within the General Education Fund and all other funded units is reported according to state capitalization thresholds.

**UNIVERSITY OF IOWA HOSPITALS AND CLINICS
FINAL FY 2013 OPERATING BUDGETS OF THE
UNIVERSITY OF IOWA'S STATEWIDE HEALTH SERVICE UNITS**

STRATEGY

In FY 2013, 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 2013 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:

- Opening of the Iowa River Landing offsite clinic location which will alleviate the outpatient capacity issues at current facility and allow for more convenient access to services in the community
- Final planning for the new Children's Hospital and completion of associated enabling projects
- UIHC has entered into a joint agreement with Mercy Cedar Rapids to provide an ACO to the Medicare population served by both primary care practices. We anticipate that the ACO model will be expanding over the next few years.
- Continuation of the 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
- Focus on appropriate utilization of drugs, patient supplies and ancillary tests
- 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 FY12, 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 FY11), 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 2013 will be just as great. An average “all-in” salary increase of 3.7 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 6 percent range. Utilities and other administrative services purchased from the University of Iowa will increase 1.3 percent and 5.6 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 \$45.7 million available if the \$27.3 million is exhausted for the care of the state’s indigent population, UIHC and Broadlawn are the primary providers of service. 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 increase approximately 2.0% while outpatient activity is anticipated to grow at a 4.5 percent rate in FY 2013.

Combined Health Service Units	Actual 2009	Actual 2010	Actual 2011	Projected 2012	Budget 2013
Acute Admissions (excl. newborns)	29,542	28,873	29,949	30,397	31,005
Surgical Cases	23,990	25,186	26,702	26,921	27,631
Clinic Visits	742,312	753,823	778,789	830,167	867,524
Average Length of Stay for Acute	6.58	6.3	6.6	6.4	6.175
Case Mix - All Patients	1.816	1.7500	1.7540	1.7500	1.7500

RATES

Additional net revenues will be required in FY 2013 to meet the 3% 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, 2012. 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 less than 1 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 2013**

\$3,467,558

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, utility and maintenance costs of space occupied by the University Hygienic Lab, Technology Innovation Center and a number of academic and health care-related activities.

REVENUE

State appropriations for FY 2013 were unchanged from FY 2012 levels (\$2,186,558). 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 in 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 \$2,203,494 for FY 2013. This includes required increases for merit staff based on the AFSCME labor contract and P&S staff increases governed by Regents and University of Iowa pay policies. Merit position benefit rates will increase from 55% to 57% of budgeted salary dollars and P&S benefit rates will decrease from 38.5% to 38.0% of budgeted salary dollars.

Utilities: The FY 2013 utility budget will decrease from \$1,305,369 to \$1,045,335. This budget continues to be supplemented through a General Education Fund subsidy. Oakdale Campus utilities are not provided to the adjacent Oakdale Research Park.

Supplies and Rentals: The supplies budget includes services and materials that are required to maintain an environment to conduct research. In FY 2013 the supply budget is \$206,229.

Equipment: The equipment budget will remain at \$12,500 in FY 2013.

Building: The building repairs budget was reduced to \$0 in FY 2010 and will remain at \$0 for FY 2013.

**The University of Iowa
STATE HYGIENIC LABORATORY
Budget Summary
FY 2013**

\$6,313,021

REVENUE

The state appropriation for FY 2013 is projected to be \$3,536,716 with other revenues (Reimbursed Indirect Costs and Sales and Services) projected at \$2,776,305 for total budgeted revenue of \$6,313,021. The state appropriation amount is approximately 16% of the FY 2013 total laboratory projected revenue (\$21.95M) which includes grants, contracts and other earned revenues. The total budgeted revenue shown above is approximately 28.8% of FY 2013 projected revenue. Since FY 2009, the appropriation has been reduced by \$655,174. The current appropriation requires the Laboratory to use other non-state appropriated funding to support the estimated \$6.65M of state mandated and related public and environmental health activities to be performed in FY 2013. Fee for service revenue comprise 55% and Grants & Contracts comprise 26% of the total revenue.

As a statutorily established 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. Due to multiple factors adversely affecting federal funding and reimbursements, the Laboratory is anticipating a 5% reduction in fees, services, contracts and grants in FY 2013. In FY 2011 and FY 2012, the Laboratory saw a reduction of direct funding from other agencies in grants and contracts. Current year FY 2012 revenues show a 6% decrease in fee for service, 8% decrease in grants and an overall revenue decrease of 8% (\$1.14M). As in FY 2012, 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

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 efforts to reduce expenses and enhance revenues.

SALARIES: For FY2013, salary expenses will increase by 3.04%. However, due to the projected decrease in sales and services, salary expense will now have to be covered by other sources of funding.

SUPPLIES: The supplies budget includes laboratory supplies and services necessary to conduct state mandated laboratory testing including expenses related to the public health mandate but not covered by the appropriation. Supplies will be reduced by 2.3%, due to improved purchasing practices and inventory control.

IMPACT STATEMENT

The Laboratory has and continues to make significant changes in the expense structure. The laboratory still needs to reallocate other funding sources to sustain the statewide courier and the facility rent for the Ankeny laboratory (\$0.856M) and other mandated testing not fully funded by federal and state grants. The lack of increase 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 the most highly qualified staff.

The University of Iowa
STATEWIDE FAMILY PRACTICE PROGRAM
Budget Summary
FY 2013

\$1,793,265

REVENUE

The statewide program's appropriation for FY 2013 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 appropriation (\$357,653) will be spent on University-sponsored activities in support of the community-based training programs. The Carver College of Medicine provides educational, administrative and research support for the community sites through the statewide program's budget.

EXPENDITURES

Salary support for professional/scientific (P&S) salaries is \$244,921. The salary budget proposed for merit staff is in accord with contractual obligations negotiated by the State.

The amount budgeted for hourly wage employees is \$26,000. Those funds provide compensation to faculty who temporarily leave their regular duties at the University of Iowa to serve as visiting instructors at the community-based training sites through the College's Visiting Professor Program. Funds for this activity have been reduced in recent years as a result of reduced appropriations.

The supplies and services line of \$1,455,029 is block grant support for the community-based Family Practices supporting medical students and residency training of \$1,430,612 and expenditures for supplies at \$34,684. The reallocation from P&S salaries to supplies will allow the statewide program to pay travel expenses associated with visiting professors. Most of these travel expenses have been paid in recent years from non-appropriated funds. The supply budget supports the central office operations, including travel, data processing, disposable supplies, telecommunications and other administrative support expenditures associated with the statewide program.

**The University of Iowa
PRIMARY CARE INITIATIVE
Budget Summary
FY 2013**

\$648,930

REVENUE

The appropriation for the Primary Care Initiative (PCI) for FY 2013 is \$648,930. The Carver College of Medicine 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

Salary support is budgeted for Department of Family Medicine faculty, community-based administrative positions, and the University P&S positions that provide administrative and technical support for the PCI programs. The funds for hourly wage employees provide support for student research assistants. The supply budget supports travel, data processing, conferences, telecommunications, and educational resources.

The University of Iowa
STATE OF IOWA CANCER REGISTRY
Budget Summary
FY 2013

\$149,051

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 \$31.65 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.

In 2012, a projected 6,400 Iowans will die from cancer, 17 times the number caused by auto fatalities. Cancer and heart disease are the leading causes of death in Iowa. For the years 1973-2009, over 546,738 cancers were diagnosed among Iowans, with more than 224,226 Iowans having died from cancer. In 2012 alone, we expect 17,207 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 University of Iowa
IOWA CONSORTIUM FOR SUBSTANCE ABUSE RESEARCH AND EVALUATION
Budget Summary
FY 2013

\$55,529

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:

- Evaluating prevention, treatment and cultural competency effectiveness in substance abuse services offered at the community and state level in Iowa.
- Assisting the State in implementing quality improvement techniques at the state and agency levels.
- Updating 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. A version of this survey will be developed to assist the Iowa Department of Education in assessing parent/ student perceptions of local school environments.

Funds for FY 2013 will provide administrative salary support and other operating expenses 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
FY 2013

\$723,727

The Center for Biocatalysis and Bioprocessing (CBB) is a one of a kind, state of the art microbial pilot plant facility, unmatched by any other University in the United States. This laboratory serves as the primary scale up pilot plant 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. 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.

CBB represents one of the strongest clusters of scientists, laboratory personnel, graduate and postdoctoral students in the area of biocatalysis and bioprocessing in the world. Housed administratively within the CBB, the group is recognized for its scientific talent that has secured in excess of \$15 million annually in extramural research support. CBB has also consistently funded CBB fellowships to graduate students and strongly partnered in the NIH Training Grant, which further supports student fellowships and training.

CBB is an active participant in the economic development activities of the University of Iowa, by bringing biotechnology companies to the University of Iowa Research Park. These laboratories provide unsurpassed fermentation, protein purification, biocatalysis and bioprocessing facilities and equipment for the conduct of multidisciplinary industry/academic research. The pilot plant-scale bioprocessing laboratory brings research findings from the bench through the first stages of scale-up necessary for manufacturing. These facilities attract significant funding and interactions from industries, universities, and foundations throughout the world. 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 20 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. More than 58 campaigns have been run since late 2007, and one IND (Investigative New Drug) has been filed by a client. CBB also scaled up products for five Iowa-based companies.

FY 2013

Changes for FY 2013:

1. Reduced Fellowship appointments while adding a post doc student whose research is green technology. Net reduction to faculty salaries of \$104,449.
2. Increased Professional and Scientific personnel salary support (\$77,907). Added Lead Researcher whose main function is green technology
3. Increased supplies budget (\$19,859) to better reflect actual costs.

The University of Iowa
IOWA REGISTRY FOR CONGENITAL AND INHERITED DISORDERS
Budget Summary
FY2013

\$38,288

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.

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.

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.

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

- conduct research studies to identify genetic and environmental risk factors for selected congenital and inherited disorders;
- promote education activities for the prevention of such disorders; 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 three-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 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 are used for partial salary support for IRCID staff. With flat funding for the upcoming fiscal year, salary support will remain near the level of the previous fiscal year.

The University of Iowa
CENTER FOR ADVANCED DRUG DEVELOPMENT (CADD)
Budget Summary
FY 2013

\$93,645

The Center for Advanced Drug Development (CADD) is a division of the University of Iowa, College of Pharmacy and a component of 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 FY 2013 (\$93,645) is used to help support the salary and fringe of approximately 1.3 P&S FTEs (Associate Chemists) at CADD.

The Associate Chemists 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.

**The University of Iowa
UNIVERSITY OF IOWA RESEARCH PARK
(Formerly Oakdale Research Park)
Budget Summary
FY 2013**

\$78,515

The University of Iowa Research Park represents a substantial commitment by the State and the University to further sustained interaction with business. The Research Park represents a significant investment 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 over 1,600 employees of laboratories and companies affiliated with the Park and the Technology Innovation Center business incubator covers 161 cities and towns in 45 Iowa counties - approximately one-half 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 and Research Divisions, Noel-Levitz, Cargill, The Brighton Group and MediRevv). 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, as well as the State's Hygienic Laboratory.

FY 2013 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. 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 2013, the current level of funding will not support fully the delivery of essential services and Park amenities. 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 2013**

\$37,119

Established by the University in 1984, The Technology Innovation Center and 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.

In 2008, the BioVentures Center incubator facility opened and provides incubator services for biotech spin-out and recruited startup companies. Both of these facilities provide shared services and amenities to tenant companies.

Since 1984, more than 100 technology start-ups have become Center tenants. Nine 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 2012. The BioVentures Center is home to eleven biotech companies, most of which are spun-off of UI research. Two new companies were accepted into the BVC in FY 2012.

The Center's operating budget in FY 2013 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 2013 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
IOWA FLOOD CENTER
Budget Summary
FY 2013**

\$1,500,000

The Iowa Flood Center (IFC) at the University of Iowa provides Iowans with accurate, state-of-the-science-based information to help individuals and communities better understand their flood risks. The IFC's overarching objective is to improve flood monitoring and prediction capabilities in Iowa, while studying and developing strategies to reduce and manage floods.

The IFC received funds from the Rebuild Iowa Infrastructure Fund (RIIF) of \$1.3M in FY11 and in FY12. Starting with FY 2013, IFC will now receive \$1.5M in state appropriation. The IFC will use this funding, along with additional grant funding from outside agencies, to support projects including the following:

- The Iowa Flood Information System—An easy-to-use online application to provide information on watersheds, precipitation, and stream levels around the state;
- Development and deployment of affordable stream stage sensors;
- Development of high-resolution, web-based flood inundation maps;
- Development of new soil temperature and soil moisture sensors;
- Education of graduate and undergraduate students.

The FY 2013 funds will be used to provide support for faculty, staff, researchers, graduate students, and undergraduate student who dedicate their time to the mission and work of the Iowa Flood Center. In addition, there are several subcontracts to continue collaboration with other institutes of higher education. Materials and supplies for bridge sensor building, deployment, and maintenance are also included in the budget. Finally, outreach to communities and raising public awareness are included in the Iowa Flood Center support budget to further the mission of the center.

The University of Iowa
LARNED A. WATERMAN IOWA NONPROFIT RESOURCE CENTER
Budget Summary
FY 2013

\$162,539

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. Following multiple reductions, the appropriation FY 2013 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 FY 2009, 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 2013**

\$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 10,175 Iowa students have taken AP courses online with impressive completion/pass rates ranging between 89-96%. Largely due to the success of IOAPA, Iowa's rank went from 45th to 27th 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. In 2010 Iowa students ranked 16th nationally on AP exam performance. Students in all Iowa schools now have access to AP and thus geography no longer dictates opportunity.

EXPENSE

Salaries and Benefits: Salaries and benefits are estimated at \$128,995 for FY 2013. This includes costs for 1.6 FTE in addition to graduate assistants who provide support to the program.

Supplies and Services: In FY 2013 the budget is estimated at \$352,854. 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 2013**

The FY 2013 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 and 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.

Medical and Dental Practice Plans

Both University of Iowa practice plans have been reported as "Agency Funds" since their creation. "Agency Funds" are considered non-University controlled resources. After internal review, including consultation with the Carver College of Medicine and College of Dentistry, the University concluded the practice plans were not separate and should not be treated as "Agency Funds." The State Auditor's Office was consulted and concurred with this recommendation in April 2012. After further consultation with Board of Regents leadership and the Board Office this change is being proposed as a part of the Restricted Fund budget for FY 2013.

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 earnings are accounted for, along with other self-supporting operations, in the restricted fund category.

Restricted Fund Student Aid

Expenses for Student Aid are expected to increase by approximately 4% in FY 2013, however, the FY 2013 budget is being reduced by 6% to reflect a one-time accounting adjustment for expenses that were previously reported within the Restricted Fund for Intercollegiate Athletics as Student Aid instead of Supplies.

Breakdown of Other Income

Other income includes non-federal gifts, grants and contracts of \$113.1M, commissions and royalties of \$10.1M, parking fines of \$0.9M, transfers from Facilities Corp Bond proceeds of \$30.5M and Other Miscellaneous Revenue of \$9.8M.

Bond Sales/Debt Service

The Bonds and Loans line includes the following potential bond sales for FY 2013 subject to the refinement of schedules and final approval by the Board:

Residence System (new dormitory)	\$ 60.0 million
UIHC (Children's Hospital)	\$190.0 million
ABRB (replace 3-year flood notes)	\$ 28.0 million
Parking (replace UIHC ramp 2)	\$ 25.0 million
Utility (miscellaneous projects)	\$ 25.0 million

In addition to FY 2013 projected debt service on existing issues (\$109.8 million), an estimate of \$9.5 million has been included for the issues listed above.

During the 2009 legislative session, the General Assembly and Governor approved issuing \$100 million in academic building revenue bonds to finance campus flood recovery. As indicated above, the University plans to issue \$28 million of the \$100 million during FY13. The timing of the remaining 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 bond revenue and debt service expense on these remaining sales are not included in this budget.

Tuition Replacement

This budget contains \$9.6 million, which has been appropriated for Tuition Replacement to address FY 2013 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. During the 2012 session the funding schedule was modified to the following:

	<u>2011 Session</u>	<u>2012 Session</u>
FY 2012	\$ 1,000,000	\$ 1,000,000
FY 2013	\$12,000,000	\$10,250,000
FY 2014	\$ 8,000,000	\$ 9,750,000
FY 2015	\$ 8,000,000	\$ 8,000,000

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

Innovation Fund

The University of Iowa has received a one-time allocation of \$1,050,000 from the Innovation Fund for the development of technology commercialization, marketing and business development efforts in areas related to technology commercialization, entrepreneurship, and business growth, and infrastructure projects.

The University will leverage these funds from the Innovation Fund with matching funds dollar for dollar to:

1. To support the development of innovations with commercial potential, with the result that more University of Iowa technology reaches the marketplace. The funding is intended to support a range of stages in technology development, from initial concept, through proof of concept, to licensing and commercialization.
2. Build effective partnerships for economic development between the private sector and the University of Iowa.

**The University of Iowa
INTERCOLLEGIATE ATHLETICS
Budget Summary
FY 2013**

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 \$5.6 million in comparison to fiscal year 2012 budget. Line item highlights are noted below:

Revenues:

- Football Income is expected to increase by approximately \$2 million primarily due to the guarantee from the Soldier Field game, and to a lesser extent a ticket price increase.
- Men's Basketball Income is expected to increase by approximately \$270 thousand because of ticket price increases and distribution from the Des Moines event.
- Athletic Conference revenue is expected to increase by approximately \$2.25 million. The increase is mainly a result of additional television distribution monies.
- General Income is expected to increase by approximately \$400 thousand because of the guarantee from the new Herky's Locker Room agreement.

Expenses:

- Men's Football expense will increase by approximately \$1.6 million, resulting from increased contractual compensation and an accounting change where approximately \$1 million of salary that was previously recorded as administrative salary will be recorded as football salary.
- Men's and Women's Other Sports will increase by approximately \$260 thousand and \$510 thousand, respectively, a result of increased scholarship costs and travel costs.
- Administrative and General Expenses decrease by approximately \$1 million, a result of the accounting change the reclassified \$1 million in administration salaries as football.
- Facility Debt Service increases by about \$2.85 million. This is the result of beginning Football Facilities debt payments.
- Buildings and Grounds costs increased by nearly \$900 thousand, primarily from Carver Hawkeye Arena and Kinnick Stadium.

**The University of Iowa
RESIDENCE SYSTEM
Budget Summary
FY 2013**

The University of Iowa is proposing the attached annual budget for the residence system for fiscal 2012-13. Estimated revenues total \$64,587,971 and proposed expenses for operations total \$49,957,404, leaving \$14,630,567 net revenue available for debt service, mandatory transfers, and transfers to voluntary reserves. These projected net revenues are \$373,136 higher than the preliminary budget submitted to the Board in March.

The increased net revenue projection is due primarily to lower utility rates than originally projected for fiscal 2012-13. Projections of enrollment and occupancy for fall 2012 have not changed significantly from the time of the preliminary budget. Based on the latest projections, residence hall occupancy at the start of the fall 2012 semester will again be at or slightly above capacity.

Projected residence hall revenues are based on rates approved by the Board at its meeting of April 25-26, 2012, fall residence hall occupancy of 5,910 (100%), residence hall board contracts numbering 6,567, and 578 (97.0%) occupied apartments.

Voluntary reserve balances at June 30, 2013 are projected to be \$13,494,803. This amount is \$452,381 higher than projected in March, reflecting the increase in net revenues from operations.