

**The University of Iowa  
General Education Fund  
Final Budget  
FY 2014**

The FY 2014 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 PROJECTIONS**

\$ 650.0 million	FY 2013 Original GEF Base Budget
\$ 5.6 million	State Appropriation
\$ 25.6 million	Tuition
\$ (1.3) million	Indirect Cost Recoveries
<u>\$ 0.5 million</u>	Interest Income
\$ 30.4 million	Revenue Increase
<b><u>\$ 680.4 million</u></b>	<b>FY 2014 GEF Budget</b>

**Appropriations**

The University's base General Education Fund support from appropriations in FY 2013 is \$216.4 million or 33.3% 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 2014 will be \$5.6 million (2.6%) higher than FY 2013. In anticipation of this state support the Board of Regents established its tuition policy of zero increase for undergraduate resident students in FY 2014.

## **Tuition**

Information through May 2013 indicates that FY 2013 tuition revenue will be approximately \$0.4 million or 0.1% above the original budget (\$387.4 million).

In December 2012, the Board of Regents approved the following base tuition increases for FY 2014:

- 0.0% increase for resident undergraduate students
- 2.6% increase for all other undergraduate students and all graduate and professional students

In addition to base tuition increases, the Board also approved one professional school tuition supplement. This supplement will yield approximately \$0.6 million in FY 2014 for specific programmatic improvements.

The University is anticipating an incoming freshman class at the same level as fall 2012. Also expected are larger returning classes, improved retention, and a higher number of Iowa resident students.

Beginning in FY 2014, all remaining elements of tuition earned through the College of Continuing Education's Saturday and Evening Programs will be included within the General Education Fund. This revenue projected at \$9.6 million is offset exactly by educational delivery expenses borne by the College of Continuing Education that will likewise be shifted to the General Education Fund.

In total, the University is projecting \$25.6 million in additional tuition revenue above the original FY 2013 budget. This increase includes the estimated FY 2013 additional tuition over budget cited above and the one-time transfer of Division of Continuing Education Saturday and Evening tuition of \$9.6 million.

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

## **Indirect Cost Recoveries**

Information through May 2013 indicates FY 2013 indirect cost recoveries in the General Education Fund will be \$1.3 million greater than the FY 2013 budget (\$44.4 million) due to the difficulty in measuring the success and timing of one-time federal ARRA research grant awards, which continue to impact FY 2013 estimates. Indirect cost recoveries serve as a principal means of supporting the overhead costs of sponsored research absorbed by the University.

The University's current approved on-campus indirect cost rate is 51.0% and will be effective until July 1, 2014. This rate is applied to "modified total direct costs", thus as a percentage of the total grant it is substantially less than 51%.

For FY 2014, the University is currently estimating a 3% decrease (\$1.3 million) in indirect cost recoveries from the original FY 2013 budget. A complicating factor in projecting indirect cost

recoveries for FY 2014 is the recent federal budget sequestration and its impact on federal research funding.

### **Interest Income**

Information through May 2013 indicates FY 2013 interest income will exceed the budget by \$0.5 million. This increase is due to higher than anticipated earnings on GEF balances during FY 2013.

The University is expecting FY 2014 interest income within the General Education Fund to remain at this higher level (\$2.2 million). All earnings of General Education Fund balances remain within the General Education Fund for budgeting and expenditure.

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

The University's FY 2014 reallocation policy was guided by the overall operational plan described in this document coupled with final determination of available resources.

For FY 2014, the University plans to reallocate \$4.3 million in fringe benefit cost reductions to support University strategic initiatives and other essential cost increases.

In addition to these reallocations highlighted in the budget, collegiate and non-collegiate units are expecting to reallocate an additional \$5.5 million within their existing General Fund budgets. These reallocations are being created through collegiate and vice presidential unit's thorough review of programs and resources to allow for reinvestment of funds into more critical needs. Many of these reallocations support student success initiatives, outreach and engagement, enhanced technologies, and performance-based salary increases for faculty and professional staff.

## **C. EXPENDITURE PROJECTIONS**

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

The University will honor all collective bargaining agreements and fringe benefit costs will be charged to University organizations based upon the pooled methodology authorized by the federal government.

The salary policy for faculty and non-bargaining professional and scientific staff will be based on the revenue assumptions above and will be in accordance with the Board of Regents salary policies approved at the June 2013 board meeting.

An overall budget increase for non-bargaining faculty and staff will be distributed differentially to individuals based upon performance and market competitiveness demands. The policy will provide collegiate and other major units latitude in establishing salary policies within a defined range, regardless of source of funds. It will also enable these units to reward high achieving faculty and staff accomplishing the strategic plan of the University in a measurable way.

## **Faculty**

For FY 2014, funds equal to 2.0% of the recurring faculty salary budget plus projected fringe benefit incremental costs will be allocated to General Education Fund supported budgetary units.

The overall average salary increase for all faculty within each college, vice presidential unit, or other major administrative unit is expected to be between 2.0% and 3.0%, regardless of source of funds. Units will have latitude with individual faculty pay adjustments based upon individual circumstances and performance, but the average increase for each major unit must fall within the range cited above, unless prior agreement for a different policy target is reached with the Executive Vice President and Provost.

Salary increases for individual faculty will reward performance and address any equity issues. Any individual salary increases proposed to exceed 6.0% must be reviewed and approved by the Office of Provost.

The University also proposes that major units be allowed within their budget limitations and reallocations to provide on a case-by-case basis promotion increases, counter offers to retain highly valued faculty, and similar critical adjustments.

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 2014. 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 three types of variable compensation plans applicable to its faculty:

- Department of Oral & Maxillofacial Surgery Clinic
- College of Dentistry Basic Science Incentive Plan
- 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 8,555 (FTE) professional and scientific (P&S) staff of which 2,572 are covered under the SEIU bargaining agreement.

Funds equal to 2.0% of the recurring, non-bargaining P&S staff salary budget plus projected fringe benefit incremental costs will be allocated to General Education Fund supported budgetary units.

The overall average salary increase for all non-bargaining P&S staff within each college, vice presidential unit, or other major administrative unit is expected to be between 2.0% and 3.0%, regardless of source of funds. Units will have latitude with individual P&S staff pay adjustments based upon individual circumstances and performance, but the average increase for each major unit must fall within the range cited above, unless prior agreement for a different policy target is reached with the Vice President for University Human Resources.

A Professional and Scientific compensation plan was approved by the Board in August 2011. This compensation plan provides a framework for making salary decisions that include personal performance and competitive market place conditions. For FY 2014, any individual salary increases proposed to exceed 6.0% must be reviewed and approved by the Vice President for University Human Resources.

The University also proposes that major units be allowed within their budget limitations and reallocations to provide on a case-by-case basis promotion increases, counter offers to retain highly valued staff, and similar critical adjustments.

The University will continue to utilize the non-recurring 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 2014 salaries are estimated to increase by \$1.0 million for AFSCME staff and \$0.6 million for COGS represented staff (graduate assistants).

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	1,095	1.47%	4,657	2.07%
COGS (graduate assistants) (1)	1,422	2.00%	2,570	2.00%
SEIU (health care workers)	-	-	2,572	2.55%

(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**

For FY 2014, General Education Fund costs related to AFSCME bargained merit staff will decrease by \$2.8 million and P&S and faculty costs will also decrease by \$1.5 million. The total decrease in fringe benefit rates on the existing General Education Fund compensation base is \$4.3 million. Benefit costs are fully loaded into these rates and include FICA, Medicare, Retirement, Healthcare and Dental coverages, workers compensation, disability insurance, etc.

In April 2013, the University completed negotiations with the Federal Department of Health and Human Services, which established the FY 2014 fringe benefit rates for each employee category. This includes a specific, predetermined fringe benefit 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 2014 approved fringe benefit rates are as follows:

Clinical Faculty	21.4%
Non-Clinical Faculty	27.8%
Professional & Scientific (incl. merit exempt)	34.5%
SEIU	36.0%
Merit	51.0%
House Staff	32.0%
Graduate Assistants	15.8%
Post Docs	15.8%
Fellowships	10.0%
Temporary	11.7%
Bi-Weekly Students	8.5%
Miscellaneous & Extra Compensation	4.4%

These rates are applied to salaries as they are paid and 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.

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## **STRATEGIC INVESTMENTS**

*Renewing The Iowa Promise*, the University's strategic plan for 2010-16, provides a framework for accelerating advancement in strategically targeted areas while maintaining and contributing to the high quality in core missions and central programs.

The plan identifies four complementary, mutually supporting areas of investment: Student Success, Knowledge and Practice, New Frontiers in the Arts, and Better Futures for Iowans.

### **A. Strategic Plan Pillar 1 – Student Success**

- Access by Iowans to undergraduate, graduate and professional career education
- Incentives to grow selective enrollments
- Entrepreneurship education
- Undergraduate summer sessions enrollment growth incentives to speed time to degree and student success
- New faculty cluster hires in topics of demand
- Communicating better and more to Iowans about the University of Iowa as a place for undergraduate student success and a path to professional careers
- Expanding library information databases and access to students

In FY 2014, the University will continue to support student financial aid. This includes inflation adjustments for cost of attendance, graduate assistants scholarships, enrollment growth, and growth in eligibility for individual scholarship award programs.

The University will primarily support collegiate needs related to the growing number of undergraduates, as originally detailed in the strategic plan. The goal for enrollment growth is to increase new resident undergraduate students over the next five years.

The University anticipates undergraduate enrollments to continue to grow. The University's undergraduate colleges have utilized their existing resources to provide the classes and support services this growing number of students need to be successful. The University will make selected investments in faculty and student support services to ensure that recent progress in four-year graduation and placement rates continues. In addition, the University will make an additional investment to support the on-going development needs of MAUI, the new University system used to manage effectively student status, applications, registration, financial aid, and other student data.

### **B. Strategic Plan Pillar 2 – Knowledge and Practice**

- New faculty cluster hires in areas of importance to Iowans
- Start-up equipment for new investigators
- Expanding library information databases and access to students



- Investments to diversify the University of Iowa’s research portfolio beyond NIH in areas of interest by other federal agencies and non-federal sponsors
- Opening the Pappajohn Biomedical Discovery Building for first year use in diabetes, neurological disease and other fundamental medical challenges of society
- Investments in large scale computing and massive data mining required for fields such as population studies, and others within engineering and the physical sciences
- Clinical and Translational Science

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 also bring unique educational experiences to the classroom. To advance undergraduate teaching and learning, the University will hire additional tenure track faculty in areas of demand and within the cluster hiring program at the University of Iowa. 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 the University’s strategic plan, 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 and economic challenges, the new hires will advance teaching and learning, and enhance community engagement and service to benefit the people of Iowa.

In FY 2014, a fourth infusion of new funding will support the cluster hiring effort. Through the use of new and reallocated collegiate funds, the cluster initiatives have been successful in creating 50 faculty positions dedicated to prescribed areas of opportunity.

**D. Strategic Plan Pillar 3 – New Frontiers in the Arts**

- Flood recovery – rebuilding the arts at Iowa
  - Theater
  - School of Music
  - Art Building
  - Hancher
  - Museum of Art
- Maintaining strong arts programs and strong enrollments within the arts using temporary facilities through FY 2016

#### **E. Strategic Plan Pillar 4 – Better Futures for Iowans**

- Diversify research portfolio focusing in areas where intellectual property and economic prospects have shorter time spans to commercialization
- New faculty cluster hires in areas of importance to Iowans
- Provide more Iowa resident graduates
- Establishing strong roots for economic development within research and economic development offices through senior leadership
- More and better entrepreneurial education for Iowans
- Alumni Association reaching out to more Iowans

## **SUPPORT FOR STRATEGIC PRIORITIES**

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

General Fund non-salary utility expenses are expected to increase modestly. 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 increase also includes additional General Fund support to cover increasing utility expenses for the Oakdale Campus which houses the State Hygienic Laboratory, a major recipient of utility services.

The University's 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**

This includes projected cost of utilities, custodial services, information technology and general maintenance for new, improved, or reassigned General Education Fund-supported buildings in FY 2014. The Pappajohn Biomedical Discovery Building is projected to open late spring 2014. This facility is 333,000 square feet of the latest research space to help solve the most vexing and important health issues of our society.

### **Building Renewal**

Overall, the University has 18.3 million square feet of space, of which 8.3 million is supported by the General Education Fund. The replacement cost of the University's General Education Fund-supported buildings is now \$3.7 billion <sup>(1)</sup>.

The University's strategic objective supported 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 for each new major addition or building project approved by the General Education Fund. These steps were a result of concerns by the Board of Regents and have been incorporated in budgets to assure the facilities of the University do not degrade and incur deferred maintenance growth.

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 2014 the University will increase its GEF building renewal budget to include capital renewal and to absorb engineering and architectural planning expenses for a new College of Pharmacy Building and a new Psychology addition to house a department with very high enrollment.

<sup>(1)</sup> 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 and economic development 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. Distributions are based upon historical increases/decreases in research activities.

### **Iowa Public Radio**

The University's FY 2013 operating appropriation for Iowa Public Radio (IPR) is \$347,226. The IPR budget in FY 2014 will be in accord with Iowa Public Radio's approved FY 2012 - FY 2016 strategic plan.

**UNIVERSITY OF IOWA HOSPITALS AND CLINICS  
FINAL FY 2014 OPERATING BUDGETS OF THE  
UNIVERSITY OF IOWA'S STATEWIDE HEALTH SERVICE UNITS**

**STRATEGY**

In FY 2014, 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 2014 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:

- Continue to increase access to 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
- Continue construction on 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 Wellmark fully insured population served by both primary care practices. This is the second ACO agreement, as a Medicare ACO was entered into in July 2012. We anticipate that the ACO model will continue to expand 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 and increase Care Coordination (via the ACO infrastructure)
- Continue 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 centralized management of scheduling to improve access
- 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
- Complete the transition of scheduling and billing processes to the EPIC information technology infrastructure to provide comprehensive patient information under one common platform
- 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.

## **CHALLENGES**

There are ever-increasing pressures on the healthcare industry to maintain funding sources while keeping operating expenses in check. In FY13, 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, 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 2014 will be even greater. Wage increases continue to be impacted by collective bargaining agreements, market competitive salaries and the associated benefit costs. An average "all-in" salary increase of around 1.0 percent is projected for next year due to conservative base salary increases and reductions in the fringe benefit pool rates. 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 less than 1 percent and 4.4 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 cap on IowaCare enrollment for June – December 2013 and the elimination of the Iowa Care program in January 2014. The second half of the year will include challenges and related to the changing systems of coverage in Iowa. The healthcare exchanges and the Healthy Iowa (Medicaid Expansion) programs still have many unknowns and will represent significant changes in which populations are eligible for coverage, enrollment timeframes, and where covered services can be obtained.

The State of Iowa has appropriated \$39.9 million for July – December 2013 for the IowaCare program. The IowaCare waiver expires December 31<sup>st</sup>. 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 2.7% while outpatient activity is anticipated to grow at a 5.6 percent rate in FY 2014.

<b><u>Combined Health Service Units</u></b>	<b><u>Actual 2010</u></b>	<b><u>Actual 2011</u></b>	<b><u>Actual 2012</u></b>	<b><u>Projected 2013</u></b>	<b><u>Budget 2014</u></b>
Acute Admissions (excl. newborns)	28,873	29,949	30,537	30,391	31,200
Surgical Cases	25,186	26,7052	27,876	28,654	29,714
Clinic Visits	753,823	778,789	837,294	858,940	906,955
Average Length of Stay for Acute	6.3	6.6	6.4	6.3	6.2
Case Mix - All Patients	1.7500	1.7540	1.7813	1.8128	1.7980

## RATES

Additional net revenues will be required in FY 2014 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, 2013. 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:

<b>Percentage of Poverty Level</b>	< 200%	201%-250%	251%-300%	301-350%
<b>UCC Percentage</b>	100%	80%	60%	40%

<b>2013 Annual Income Guidelines for Uncompensated Care Eligibility Determination</b>					
Effective January 24, 2013					
<b>Income Level</b>					
<b>Family Size</b>	<b>Poverty Guidelines</b>	<b>200%</b>	<b>250%</b>	<b>300%</b>	<b>350%</b>
1	\$ 11,490	\$ 22,980	\$ 28,725	\$ 34,470	\$ 40,215
2	\$ 15,510	\$ 31,020	\$ 38,775	\$ 46,530	\$ 54,285
3	\$ 19,530	\$ 39,060	\$ 48,825	\$ 58,590	\$ 68,355
4	\$ 23,550	\$ 47,100	\$ 58,875	\$ 70,650	\$ 82,425
5	\$ 27,570	\$ 55,140	\$ 68,925	\$ 82,710	\$ 96,495
6	\$ 31,590	\$ 63,180	\$ 78,975	\$ 94,770	\$ 110,565
7	\$ 35,610	\$ 71,220	\$ 89,025	\$ 106,830	\$ 124,635
8	\$ 39,630	\$ 79,260	\$ 99,075	\$ 118,890	\$ 138,705
*	\$ 4,020	\$ 8,040	\$ 10,050	\$ 12,060	\$ 14,070
(*) For family units over eight (8), add the amount shown for each additional member.					
Source: Department of Health and Human Services - Federal Poverty Guidelines					
<a href="http://aspe.hhs.gov/poverty/12poverty.shtml">http://aspe.hhs.gov/poverty/12poverty.shtml</a>					



**The University of Iowa  
OAKDALE CAMPUS  
Budget Summary  
FY 2014**

**\$3,359,771**

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 associated with space occupied by the University Hygienic Lab, the Technology Innovation Center, specialized research facilities, the University data center, and a number of academic and health care-related activities.

## **REVENUE**

State appropriations for FY 2014 were unchanged from FY 2013 levels (\$2,186,558). Other income is projected at \$1,173,213 and includes \$1,066,213 in reimbursed indirect costs due to continued success of faculty securing sponsored research on the Oakdale Campus; \$7,000 in revenue predicted from interest earnings; and \$100,000 in rental income based on prior year rental income averages. The total Oakdale Campus budgeted revenue for FY 2014 is \$3,359,771, which is \$107,787 less than FY 2013.

## **EXPENDITURES**

Salaries: Salaries and benefits are estimated at \$2,123,016 for FY 2014. This amount is \$80,478 lower than FY 2013 due to lower fringe benefit rates for both merit and P&S employees in effect for FY 2014. Merit position benefit rates will decrease from 57% to 51% of budgeted salary dollars and P&S benefit rates will decrease from 38% to 34.5% of budgeted salary dollars.

Utilities: The FY 2014 utility budget is estimated to remain constant from FY 2013 to FY 2014 at \$1,045,335. This amount will continue to be supplemented through a General Education Fund allocation. Oakdale Campus utilities are not provided to the adjacent UI Research Park.

Supplies/Rentals: This budget includes services and materials that are required to maintain an environment to conduct research. In FY 2013 the supply/rental budget was \$206,229. In order to offset the decline in revenue, the budget has been reduced to \$183,920 for FY 2014.

Equipment: The equipment budget will be reduced to \$7,500 in FY 2014 compared to the FY 2013 level of \$12,500.

Building: The building repairs budget was reduced to \$0 in FY 2010 and will remain at \$0 for FY 2014.

**The University of Iowa  
STATE HYGIENIC LABORATORY  
Budget Summary  
FY 2014**

**\$7,178,920**

**REVENUE**

The total budgeted revenue is \$7,178,920. The FY 2014 appropriation (\$4,402,615) represents an increase of \$865,899. Other sales and revenues are not anticipated to increase significantly. The state appropriation is now approximately 18% of the total laboratory FY 2014 projected revenue (\$24.2M) representing a 2% increase. This increase represents a commitment from the State of Iowa to restore funding to FY 2009 appropriation levels and reduce the laboratory's need to use other non-state appropriated funding to support state mandated and related public and health activities. Fee for service revenue (FFS) comprises 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 federal, state, and local budget cuts occur. Due to multiple factors adversely affecting federal funding and reimbursements, including sequestration and the Accountable Care Act, the Laboratory is anticipating a reduction in contracts and grants in FY 2014. This has already been seen in the annual renewals in the CDC Preparedness Cooperative Agreement (reduced by 12%). FY 2013 revenues show an 8.25% increase in fee for service revenue, however there has been a 1.3% decrease in grants. The Laboratory is also concerned about decreases in federal and state funding which would reduce the number of tests or services.

**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 efforts to reduce expenses and enhance revenues. Since FY 2011 and continuing through FY 2014, staff furloughs are being implemented due to decreased test volumes or changing staff needs. Salaries include the portion of otherwise unfunded staff activity required to conduct state mandated laboratory testing for public health significance. For FY 2014, salary expenses will increase by 2.55%, due to salary increases and market adjustments.

SUPPLIES: The supplies budget includes laboratory supplies and services necessary to conduct public health state mandated laboratory testing that is not supported by fee for service revenue, grants or contracts. This testing comprises 30% of the test volume performed in the disease service area and the associated pre- and post-analytical services associated with this testing (data entry, information services, sample receiving, etc.). Overall, the allocation of the expenses has been significantly changed to reflect reduction in use of non-appropriation funds and redistribution of the remaining expenses to reflect accurate distribution of costs associated with performing testing mandated by the state that are not charged nor have other sources of funding.

## **IMPACT OF NEW STATE APPROPRIATIONS**

The Hygienic Laboratory has and continues to make significant financial and operational changes. The FY 2014 budget reflects the allocation of the increased appropriation to sustain the statewide courier, support the facility rent for the Ankeny laboratory, enable restoration of professional staff and allow replacement of obsolete and outdated laboratory equipment. Through the upcoming year, the Laboratory will continue to evaluate and implement more efficient and effective processes. Of primary importance is the Laboratory's ability to respond to natural disasters and outbreaks to protect Iowan's. Continued support from the state is critical to ensure that highly trained staff and state of the art equipment are available to effectively manage emerging public health concerns.

**THE UNIVERSITY OF IOWA  
STATEWIDE FAMILY PRACTICE PROGRAM  
Budget Summary  
FY 2014**

**\$1,795,765**

**REVENUE**

The statewide program's appropriation for FY 2014 is \$1,788,265. Non-appropriated income is estimated at \$7,500. Total revenues, therefore, will be \$1,795,765. Eighty percent (80%) of the appropriated funds (\$1,430,612) are scheduled for grants to 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**

Support for University professional/scientific (P&S) salaries is \$236,529. The salary budget proposed for merit staff is consistent with contractual obligations negotiated by the State. Salary support for community-based faculty is budgeted as supplies and services.

The amount budgeted for hourly wage employees is \$20,000. 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, resulting in less educational support for the community-based programs.

The supplies and services line of \$1,494,472 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 \$63,860. The reallocation from salaries to supplies will allow the statewide program to pay travel expenses associated with visiting professors, community-based medical directors, and program staff conducting business for the statewide program. Most of these travel expenses have been paid in recent years from non-appropriated funds due to state budget reductions. The supply budget also supports a small portion of the central office operations, including 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 2014**

**\$648,930**

**REVENUE**

The appropriation for the Primary Care Initiative (PCI) for FY 2014 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 \$254,889; Regional Medical Education Centers Grant Program \$175,202; Iowa Health Professions Inventory \$124,274; and Rural Physician Support Program \$94,565.

**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, information technology, telecommunications, memberships and reference materials.

**The University of Iowa**  
**STATE OF IOWA CANCER REGISTRY**  
**Budget Summary**  
**FY 2014**

**\$149,051**

In 2013, 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 1973-2011, over 581,245 cancers were diagnosed among Iowans, with more than 237,026 Iowans having died from cancer. In 2013 alone, we expect 17,300 new cancers will be diagnosed among Iowa residents. 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 (NCI 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 consists of around 150 individuals and partner organizations representing Iowa's communities. 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 the 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 \$30.05 of federal funds are returned to Iowa through the NCI 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. Additionally, funds are used to support the preparation and dissemination of an annual report on the status of cancer in Iowa, and development and dissemination of information regarding the Registry

via the internet, SEER\*Stat, and other reporting mechanisms. Since 2002, annual funding from the state has been reduced by approximately \$59,687, or more than 1 FTE. Funds received through the state of Iowa appropriation are critical for maintaining NCI contract funding; as such, 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**  
**FY 2014**

**\$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;
- 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.
- Assist state agencies with epidemiological surveys and monitoring of substance abuse issues. This will also provide a resource for academic researchers, local, and state agencies in establishing priorities for programs, research, and prevention.

Funds for FY 2014 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 2014**

**\$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. This training grant is in its 23<sup>rd</sup> year of renewal.

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. CBB provides 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 encourages ongoing contracts with corporations within Iowa, the United States and internationally. Last year more than 40 companies, Universities and other non-profit institutions, utilized the CBB's vast technical resources and funded a high percentage of the CBB's contract activities. More than 66 campaigns have been run since late 2007, and one IND (Investigative New Drug) has been filed by a client. CBB has continually scaled up products for Iowa-based companies.

FY 2014 Funds for FY 2014 will provide administrative salary support (faculty and P & S) and other operating expenses to assist the State in developing industrial relationships.

**The University of Iowa**  
**IOWA REGISTRY FOR CONGENITAL AND INHERITED DISORDERS**  
**Budget Summary**  
**FY 2014**

**\$38,288**

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;
- 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 surveillance program nationally to conduct surveillance for birth defects, stillbirths, muscular dystrophy surveillance, and 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;
- 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, we plan to maintain salary support near the level of the previous fiscal year.

**The University of Iowa**  
**CENTER FOR ADVANCED DRUG DEVELOPMENT (CADD)**  
**Budget Summary**  
**FY 2014**

**\$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.

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,
- 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 2014 (\$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 2014**

**\$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 1,900 employees of laboratories and companies affiliated with the Park and the Technology Innovation Center business incubator. 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, a Siemens Business, The Stanley Group, General Dynamics, Integrated DNA Technologies, Inc. Bioinformatics and Research Divisions, Noel-Levitz, Cargill, The Brighton Group, Leepfrog Technologies and MediRevv. A total of 31 companies are currently located on the Park.

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. The new state-of-the-art, 16,000 sq. ft. Hydraulics Wave Basin facility, completed in 2010, is located on the Park. 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 2014 will also launch the construction of the new STEM Center, a joint collaboration between the University of Iowa, Kirkwood Community College and School Districts from around the region. The new center will link the STEM assets of K-12, Community College and UI to strengthen K-12 science and math education.

FY 2014 funding will partially support the essential operating expenses for the 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 2014, 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 2014**

**\$37,119**

Established by the University in 1984, The Technology Innovation Center (TIC) 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. Ten tenants are currently in the Center and over 50 tenants have met their business goals upon graduating from the Center. The BioVentures Center is home to twelve biotech companies, most of which are spun-off of UI research.

The Center's operating budget in FY 2014 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 2014 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 2014**

**\$1,500,000**

The Iowa Flood Center (IFC) at the University of Iowa provides Iowans with accurate, state-of-the-art 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 FY 2011 and in FY 2012. Starting in FY 2013, IFC received a \$1.5M state appropriation. The IFC will use the FY 2014 appropriation, along with additional grant funding from outside agencies, to support projects including the following:

- Host and continue to refine and add new tools to The Iowa Flood Information System (IFIS)—an easy-to-use online application to provide real-time information on watersheds, precipitation, and stream levels around the state;
- Deployment and monitoring of affordable stream stage sensors across the state;
- Continued development of high-resolution, web-based flood inundation maps (example community in progress for FY 2014 is Maquoketa);
- Development of floodplain maps for most of Iowa;
- Continued refinement of a design for new soil temperature and soil moisture sensors;
- Conducting watershed-scale research to understand how small-scale mitigation projects can reduce flood damage in a watershed;
- Education of graduate and undergraduate students;
- Continued organization of public outreach programs, press releases, and other activities to share IFC tools and information with the general public

The FY 2014 funds will be used to provide support for faculty, staff, researchers, graduate students, and undergraduate students who dedicate their time to the mission and work of the Iowa Flood Center. In addition, there are subcontracts to Iowa State University to continue collaborating with them. Materials and supplies for stream-stage sensor building, deployment, and maintenance are also included in the budget. Finally, expenses for outreach to communities and raising public awareness are included in the Iowa Flood Center budget to further the mission of the center.

**The University of Iowa**  
**LARNED A. WATERMAN IOWA NONPROFIT RESOURCE CENTER**  
**Budget Summary**  
**FY 2014**

**\$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. The appropriation received in FY 2009 of \$207,548 has since been reduced by \$45,009 to \$162,539 through FY 2012 where it remains for FY 2014.

The funding will be applied to these basic staff needs: a program assistant, a full-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 a listserv of 2,000 plus organizations and individuals across Iowa.



**The University of Iowa**  
**IOWA ONLINE ADVANCED PLACEMENT ACADEMY**  
**Budget Summary**  
**FY 2014**

**\$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 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. In 2010 Iowa students ranked 16<sup>th</sup> 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 \$127,438 for FY 2014. This includes costs for 1.1 FTE in addition to graduate assistants who provide support to the program.

Supplies and Services: In FY 2014 the budget is estimated at \$354,411. 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**  
**John Pappajohn Entrepreneurial Center**  
**ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT GROWTH INITIATIVE**  
**Budget Summary**  
**FY 2014**

**\$2,000,000**

The John Pappajohn Entrepreneurial Center (JPEC) is responsible for implementing the entrepreneurship and economic development growth initiative. JPEC is a unique partnership within the University of Iowa among the Henry B. Tippie College of Business, College of Engineering, College of Liberal Arts and Sciences, and University of Iowa health science colleges. JPEC offers nationally ranked, comprehensive entrepreneurial education programs to all Iowans. All undergraduate students at the University of Iowa may earn a Certificate in Entrepreneurial Management in addition to their undergraduate degree. In addition to the certificate, JPEC and the Department of Management and Organizations have teamed up to offer a BBA in Management with an Entrepreneurial Management Track to Tippie College of Business students. Advanced entrepreneurship courses are also offered to MBA students on campus and at several locations across the state of Iowa. JPEC plays an important role in the development of Iowa-based technology and high-growth start-up companies. Whether providing one-on-one consulting services, directing UI students on advanced field study projects, or providing training and seminars to business executives, JPEC seeks to support the next generation of entrepreneurs and business leaders.

**KEY INITIATIVES:**

I. Incubation and Support of Entrepreneurial Ventures: To strengthen Iowa's entrepreneurial ecosystem, improve students' experiential learning opportunities, increase employment opportunities for students and citizens with Iowa-based companies and foster new venture creation and existing business expansion across the State.

Program highlights include:

- Expanding the Iowa Medical Innovation Group to increase interdisciplinary discovery and technology commercialization
- Entrepreneurial and Technology Management Laboratories to provide innovative experiential learning opportunities for students and to deliver critical services to Iowa companies
- Creating entrepreneurial development programs/bootcamps for community entrepreneurs to create and grow Iowa businesses

II. Expansion of Entrepreneurship Curriculum: To better prepare students and citizens to cultivate innovative solutions for complex problems, to develop and execute sustainable business strategies, and to succeed in Iowa in their chosen fields of study.

Program highlights include:

- Develop and offer advanced entrepreneurship curriculum for both undergraduate and graduate students—to be delivered in multiple formats
- Create a cadre of interdisciplinary faculty in order to increase dissemination of entrepreneurship curriculum across colleges and programs

**III. Development of Entrepreneurial Educators:** To increase access to entrepreneurship education, across multiple disciplines with special emphasis on STEM education, to assist educators inspire innovation and creativity in their students, to communicate career opportunities in Iowa, and to enhance connectivity between educators and the business community.

Program highlights include:

- Develop a STEM Innovation Program for Iowa high school students
- Expansion of the UI Jacobson Institute's entrepreneurship curriculum and high school teacher training programs

### **EXPECTED OUTCOMES:**

Increasing the proliferation of entrepreneurial education and programs throughout the state of Iowa will result in many benefits:

- Raise the level of entrepreneurship, innovation and creativity in Iowa students resulting in enhanced employment, management and leadership opportunities with existing Iowa companies.
- Increase the number of Iowans inclined to start a new and sustainable business venture to strengthen and diversify the economy and create high quality jobs.
- Facilitate the expansion of existing Iowa-based companies.
- Enhance Iowa's entrepreneurial ecosystem which will increase the probability of retaining young Iowans, draw new entrepreneurs to Iowa, and attract investment capital for Iowa-based companies.
- Increase University of Iowa community partnerships to more effectively meet the unique needs of our constituencies, streamline access to University assets, and create research opportunities for faculty and students.
- Heighten awareness of entrepreneurial opportunities in Iowa, including ownership, investment and support.

### **BUGDET:**

The \$2M budget will be allocated to faculty salaries (\$300,000), P&S salaries (\$300,000), and operational costs (\$1,400,000) associated with creating or expanding the initiatives listed above. Specifically, the funds will be used to:

- expand the Entrepreneurial Management Lab and create a Technology Evaluation/Development Lab (\$600,000)
- accelerate innovation and foster student entrepreneurship campus-wide (\$400,000)
- expand the UI IMIG program across campus and disciplines (\$200,000)
- create advanced technology commercialization boot camps (\$250,000)
- create curriculum development programs for on-campus, online and community college/UI partnerships (\$300,000)
- create Iowa high school teacher training and curriculum/program development programs in entrepreneurship and STEM (\$250,000)

**The University of Iowa  
RESTRICTED FUNDS  
Budget Summary  
FY 2014**

The FY 2014 Restricted Fund budget is based upon revenue and expenditure projections for each of the funds. 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, University Housing and Dining, 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.

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### **Continuing Education**

Continuing Education courses are required to be self-supporting and therefore, the tuition receipts must be linked with expenses. To accomplish this, earnings from Continuing Education on-line and other off-campus offerings are accounted for along with other self-supporting operations, in the restricted fund category.

Beginning in FY 2014, all elements of tuition earned through the College of Continuing Education's Saturday and Evening Programs will be included within the General Education Fund. This revenue projected at \$9.6 million is offset exactly by educational delivery expenses borne by the College of Continuing Education that will likewise be shifted to the General Education Fund. This action was taken because of the increasing integration of Saturday and Evening on-campus offerings with all other day time course offerings supported by the General Education Fund.

### **Restricted Fund Student Aid**

Based on current information and projections, the Restricted Fund Student Financial Aid budget will increase by 5% for FY 2014.

## Breakdown of Other Income

Other income includes non-federal gifts, grants and contracts of \$130.1M, commissions and royalties of \$6.5M, parking fines of \$1.0M, transfers from Facilities Corp Bond proceeds of \$5.4M and Other Miscellaneous Revenue of \$21.4M.

## Bond Sales/Debt Service

The Bonds and Loans line includes the following potential bond sales for FY 2014 subject to the refinement of schedules and final approval by the Board:

Residence System	\$ 29.0 million
ABRB (flood recovery)	\$ 27.5 million
Utility Enterprise	\$ 25.0 million
Parking System	\$ 21.4 million

In addition to FY 2014 projected debt service on existing issues (\$95.3 million), an estimate of \$1.5 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 another \$27.5 million during FY 2014. 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 \$9.5 million, which has been appropriated for Tuition Replacement to address FY 2014 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 Governor approved \$9,750,000 for FY 2014. The University will keep the Board Office apprised of actual needs throughout the year as the project proceeds.

Additional capital appropriations for FY 2014 include \$1,000,000 for the State Hygienic Lab and \$760,000 for deferred maintenance, ADA compliance, and fire safety.

### **Innovation Fund**

The University of Iowa has received a recurring allocation of \$1,050,000 from the Skilled Worker and Job Creation Fund for the development of technology commercialization, marketing and business development efforts in areas related to technology commercialization, entrepreneurship, and business growth.

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.
3. To increase the effectiveness of University of Iowa resources in aiding existing state and regional economic development initiatives, including expanding projects with Iowa companies.

**The University of Iowa  
INTERCOLLEGIATE ATHLETICS  
Budget Summary  
FY 2014**

The Iowa Athletic Department is a self-sustaining auxiliary enterprise. 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 \$3.7 million in comparison to fiscal year 2013 budget. Line item highlights are noted below:

**Revenues:**

- Football Income is expected to decrease by \$1.5 million because the guarantee received from the Soldier Field game in fiscal year 2013 will not occur in fiscal year 2014.
- Men's Basketball Income is expected to increase by approximately \$340 thousand because of ticket price increases.
- Athletic Conference revenue is expected to increase by approximately \$350 thousand. The increase is mainly a result of additional television distribution monies.
- Foundation Support is scheduled to increase approximately \$4 million, driven by funds used to pay Football Facilities and Kinnick Scoreboards debt.

**Expenses:**

- Women's Basketball will increase by approximately \$300 thousand, driven by recruiting, team travel, scholarships, and compensation.
- Administrative and General Expenses increase by approximately \$500 thousand, driven by increased promotions and marketing and higher compensation.
- Facility Debt Service increases by about \$1.79 million. This is the result of beginning Football Facilities and Kinnick Scoreboards master lease debt payments.
- Buildings and Grounds costs increase by about \$400 thousand, driven by increased costs at Carver Hawkeye Arena and Kinnick Stadium, as well as the addition of the Golf Facility and new Indoor Practice Facility.

**The University of Iowa  
RESIDENCE SYSTEM  
Budget Summary  
FY 2014**

The University of Iowa is proposing the attached annual budget for the residence system for fiscal 2013-14. Estimated revenues total \$68,309,504 and proposed expenses for operations total \$52,639,643, leaving \$15,669,861 net revenue available for debt service, mandatory transfers, and transfers to voluntary reserves. These projected net revenues are \$139,797 lower than the preliminary budget submitted to the Board in March.

The decreased net revenue projection is due primarily to slight increases in utility, food cost and repair estimates, offset by a slight reduction in projected salary and wage increases. Projections of enrollment and occupancy for fall 2013 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 2013 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 24-25, 2013, fall residence hall occupancy of 5,959 (100%), residence hall board contracts numbering 6,475, and 330 (94.8%) occupied apartments. Apartment capacity will be reduced by 247 this fall when part of Hawkeye Court is razed.

Voluntary reserve balances at June 30, 2014 are projected to be \$13,375,397. This amount is \$187,639 lower than projected in March, reflecting the slight decrease in projected net revenues from operations.