

**The University of Iowa
General Education Fund
Final Budget
FY 2015**

The FY 2015 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.

A. REVENUE PROJECTIONS

\$ 680.4 million	FY 2014 GEF Budget
\$ 8.9 million	State Appropriation
\$ 12.3 million	Tuition
\$ (1.7) million	Indirect Cost Recoveries
<u>\$ (0.3) million</u>	Interest Income
\$ 19.2 million	Revenue Increase
<u>\$ 699.6 million</u>	FY 2015 GEF Budget

Appropriations

The University's base General Education Fund support from appropriations in FY 2014 is \$222.0 million or 32.6% 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 2015 will be \$8.9 million (4.0%) higher than FY 2014. In anticipation of this state support the Board of Regents established its tuition policy of zero increase for undergraduate resident students in FY 2015.

The state's appropriation action did not include additional funding for the Oakdale Campus or State Hygienic Lab, both of which receive General Education Fund support to sustain operations.

Tuition

The University is anticipating a first year undergraduate class larger than that of fall 2013, as well as significantly increased first year enrollments in the College of Law and stable professional health science enrollments. Graduate student enrollment will remain somewhat lower than previous years. Online, distance education enrollment is expected to increase.

In December 2013, the Board of Regents approved the following base tuition increases for FY 2015:

- 0.0% Increase for resident undergraduate students
- 1.8% Increase for nonresident undergraduates, all graduates, and some professional students
- 16.4% Decrease for College of Law resident and nonresident students

In addition to base tuition increases, tuition supplement proceeds will yield an additional \$0.6 million in FY 2015 for specific programmatic improvements. This includes the application of a Board-approved supplement for a second entering cohort of DDS students.

In total, the University is projecting \$12.3 million in additional FY 2015 tuition revenue above the FY 2014 budget. This increase includes projected enrollment changes, tuition rate changes, and tuition supplements.

Predicting and managing the University's tuition revenue derived from enrollment increases and the added enrollment expenses for academic and student support services is fundamental to the budgeting process.

Indirect Cost Recoveries

Information through May 2014 indicates FY 2014 indirect cost recoveries in the General Education Fund will be \$0.5 million less than the FY 2014 budget (\$43.1 million) due to the federal budget cut backs and its impact on federal research funding. 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% and will be effective until July 1, 2014. This rate will continue until negotiations are complete on an extension or a new, approved rate. This rate is applied to "modified total direct costs", and thus as a percentage of the total grant it is substantially less than 51%.

For FY 2015, the University is currently estimating a 4.0% decrease (\$1.7 million) in indirect cost recoveries from the FY 2014 budget. The federal budget cut backs will continue to affect indirect cost recoveries for FY 2015, although gains in research funding are expected to continue with support growth from gifts, corporate, and non-profit organizations.

Interest Income

Information through May 2014 indicates FY 2014 interest income will be less than budget by \$0.3 million. This change is due to lower GEF balances during FY 2014.

The University is expecting FY 2015 interest income within the General Education Fund to remain at the same level as the projected FY 2014 (\$1.9 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 2015 reallocation policy will be 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 2015, the University is anticipating a minimum reallocation policy of approximately 1.0% of the FY 2014 General Education Fund base. Student financial aid will be protected from this reallocation policy.

In addition to the above minimum 1% reallocation, other select reallocations will occur in order to fund mission-critical strategic initiatives and other unavoidable costs. This will produce another \$7.5 million in reallocations.

A major initiative to provide reallocations has been the University's aggressive investment in high payback energy conservation projects.

C. EXPENDITURE PROJECTIONS

SALARY POLICIES AND FRINGE BENEFITS

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 2014 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. 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.

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.

Faculty

For FY 2015, 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 will 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 2015. Three colleges and 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 and staff:

- University of Iowa Physicians Practice Plan (UIP)
- College of Medicine Basic Science Incentive Plan
- UI Health Care Leadership Incentive Programs (1)

(1) This includes overall organization senior leadership, key nursing leadership, and select administrative leadership identified by the Vice President for Medical Affairs.

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 9,096 (FTE) professional and scientific (P&S) staff of which 2,677 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 will 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.

The University's Board-approved Professional and Scientific compensation plan provides a framework for making salary decisions that include personal performance and competitive market place conditions. 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 Board-approved non-recurring exceptional performance pay policy 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 of mid-year changes. General Education Fund costs for FY 2015 salaries are estimated to increase by \$0.5 million for AFSCME staff and \$0.7 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	916	0.99%	4,136	1.57%
COGS (graduate assistants) (1)	1,572	2.25%	2,417	2.25%
SEIU (health care workers)	-	-	2,677	2.30%

(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

Fringe benefit rate changes in FY 2015 will generate \$2.1 million in General Education Fund savings.

In April 2014, the University completed negotiations with the Federal Department of Health and Human Services, which established the FY 2015 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. FY 2015 approved fringe benefit rates are as follows:

Clinical Faculty	22.30%
Non-Clinical Faculty	29.20%
Professional & Scientific/Merit Exempt	35.70%
SEIU	36.90%

Merit	46.40%
House Staff	39.00%
Graduate Assistants	12.30%
Post Docs	12.30%
Fellowships	5.90%
Temporary	11.70%
Bi-Weekly Students	9.20%
Miscellaneous & Extra Compensation	4.80%

Benefit costs are fully loaded into these rates and include FICA, Medicare, Retirement, Healthcare and Dental coverages, workers compensation, disability insurance, etc. 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, employee utilization of benefits, and the fringe benefit rate projection model required by the federal government.

For FY 2015, the total decrease in fringe benefit rates on the existing General Education Fund compensation base will be \$2.1 million.

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 hires in high demand areas
- 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 2015, 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 the dramatic progress in four-year graduation and placement rates continues. In addition, the University will continue 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, interdisciplinary, and supportive of the University's long-term vision
- 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 use in diabetes, cardiovascular, 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 2015, the University will continue to develop existing research clusters and begin to hire faculty for the latest cluster initiative, Informatics. Through the use of new and reallocated collegiate funds the cluster effort has committed 74 faculty positions dedicated to prescribed areas of opportunity (44 of those are currently filled).

C. 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 including the Figge Art Museum through FY 2016

D. Strategic Plan Pillar 4 – Better Futures for Iowans

- Promote collaboration with community partners statewide
- Expand public engagement to contribute to economic and cultural vitality and to the health and quality of life of the people of Iowa
- Expand the Iowa Initiative for Sustainable Cities (IISC)
- 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
- Deliver to Iowa businesses, not-for-profits and local governments the opportunities of informatics using massive datasets to stimulate growth and better decision making.

SUPPORT FOR STRATEGIC PRIORITIES

Utility Inflation (non-salary) and Energy Conservation

General Fund non-salary utility expenses are expected to remain flat for FY 2015. These expenses include 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. These expenses also include additional General Fund support covering utility expenses for the Oakdale Campus which houses the State Hygienic Laboratory, the major recipient of utility services on the Oakdale campus.

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.

Due to these factors the University expects very minimal growth in the General Education Fund utility costs in FY 2015, despite the major addition of Pappajohn Biomedical Discovery Building.

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 2015 are expected to be \$1.7 million. Included in this total are:

Pappajohn Biomedical Discovery Building (partial)	\$1,355,000
Library Learning Commons	146,000
Indoor Turf Facility for Student Recreation, Band Practice and Athletics (1)	<u>156,000</u>
	\$1,657,000

(1) Athletics contribution excluded from this allocation.

Building Renewal

Overall, the University has 18.7 million square feet of space, of which 8.4 million is supported by the General Education Fund. The replacement cost of the University's General Education Fund-supported buildings is now \$4.0 billion ⁽¹⁾.

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 as each new major addition or building project is approved. These steps were a result of concerns by the Board of Regents and have been incorporated into the budgeting process to avoid growth in deferred maintenance.

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.

Progress towards these goals had been possible over the last several fiscal years, but an incremental increase for FY 2015 will not be feasible.

⁽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 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 2014 operating appropriation for Iowa Public Radio (IPR) is \$303,823. The IPR has requested and been approved by the Board of Regents to have funding levels restored in FY 2015 to the levels in FY 2013 (\$347,226).

**UNIVERSITY OF IOWA HOSPITALS AND CLINICS
FINAL FY 2015 OPERATING BUDGETS OF THE
UNIVERSITY OF IOWA'S STATEWIDE HEALTH SERVICE UNITS**

STRATEGY

In FY 2015, 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 2015 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 the 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
- 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.
- Assure patient quality and safety remain a top priority and to also improve patient access
- Continue initiatives to 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
- Continue 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 FY14, 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, conversion of the IowaCare program to the Iowa Health and Wellness Plan and increased number of procedures in the outpatient setting rather than the inpatient setting. On the expense side, there has been quite significant effort to work within tight budget constraints.

The challenges in FY 2015 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 2.1 percent is projected for next year due to conservative base salary increases and moderate changes 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 2.5 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 by 3 percent and 3.6 percent, respectively. Revenue challenges faced will include the potential impacts of healthcare reform and cost control measures on Medicare and Medicaid payment rates and the continuing challenge related to Iowa Medicaid rates. 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.

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 0.7% while outpatient activity is anticipated to grow at a 3.4 percent rate in FY 2015.

	Actual	Actual	Actual	Projected	Budget
Combined Health Service Units	2011	2012	2013	2014	2015
Acute Admissions (excl. newborns)	29,949	30,537	30,344	30,825	31,821
Surgical Cases	26,702	27,876	28,665	29,163	30,663
Clinic Visits	778,789	837,294	857,187	869,114	898,664
Average Length of Stay for Acute	6.6	6.4	6.36	6.36	6.21
Case Mix - All Patients	1.754	1.7813	1.8172	1.8529	1.8537

RATES

Additional net revenues will be required in FY 2015 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, 2014. 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:

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

**2014 Annual Income Guidelines
for Uncompensated Care Eligibility Determination**

Effective January 24, 2014

Family Size	Poverty Guidelines	Income Level			
		200%	250%	300%	350%
1	\$ 11,670	\$23,340	\$ 29,175	\$ 35,010	\$ 40,845
2	\$ 15,730	\$31,460	\$ 39,325	\$ 47,190	\$ 55,055
3	\$ 19,790	\$39,580	\$ 49,475	\$ 59,370	\$ 69,265
4	\$ 23,850	\$47,700	\$ 59,625	\$ 71,550	\$ 83,475
5	\$ 27,910	\$55,820	\$ 69,775	\$ 83,730	\$ 97,685
6	\$ 31,970	\$63,940	\$ 79,925	\$ 95,910	\$ 111,895
7	\$ 36,030	\$72,060	\$ 90,075	\$108,090	\$ 126,105
8	\$ 40,090	\$80,180	\$100,225	\$120,270	\$ 140,315
*	\$ 4,060	\$ 8,120	\$ 10,150	\$ 12,180	\$ 14,210

(*) For family units over eight (8), add the amount shown for each additional member.

**The University of Iowa
OAKDALE CAMPUS
Budget Summary
FY 2015**

\$3,271,558

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, outreach, and support 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 2015 were unchanged from FY 2014 levels (\$2,186,558). Other income is projected at \$1,085,000 and includes \$990,000 in reimbursed indirect costs due to continued success of faculty securing sponsored research on the Oakdale Campus; \$5,000 in revenue predicted from interest earnings; and \$90,000 in rental income based on prior year rental income averages. The total Oakdale Campus budgeted revenue for FY 2015 is \$3,271,558.

EXPENDITURES

Salaries: Salaries and benefits are estimated at \$2,064,308 for FY 2015. This amount is \$58,708 lower than FY 2014 due to lower fringe benefit rates for merit employees in effect for FY 2015. Merit position benefit rates will decrease from 51% to 46.4% of budgeted salary dollars.

Utilities: The FY 2015 utility budget will decrease from \$1,292,697 in FY 2014 to \$1,275,723. This amount will continue to be supplemented through a General Education Fund subsidy. Oakdale Campus utilities are not provided to the adjacent UofI Research Park.

Supplies/Rentals: This budget includes services and materials that are required to maintain an environment to conduct research. In FY2014 the supply budget was \$183,920. In order to offset the decline in revenue, the budget has been reduced to \$168,500 for FY 2015.

Equipment: The equipment budget will be reduced to \$4,000 in FY 2015 compared to the FY 2014 level of \$7,500.

Building: The building repairs budget was reduced to \$0 in FY 2010 and will remain unchanged for FY 2015.

**The University of Iowa
STATE HYGIENIC LABORATORY
Budget Summary
FY 2015**

\$7,178,920

REVENUE

The total budgeted revenue is \$7,178,920. The FY 2015 appropriation (\$4,402,615) represents no change from FY 2014. Other sales and revenues are not anticipated to increase significantly. The state appropriation is now approximately 17.0% of the total laboratory FY 2015 projected revenue (\$25.8M) that includes restricted grants and contracts. Fee for service revenue (includes the Iowa Department of Natural Resources contracts) comprises 59.6% and Grants and Contracts (restricted funds) represent 20.6% of the total revenue. In FY 2014, SHL received an increase in the appropriation restoring it to FY 2009 funding levels, somewhat alleviating need to use other non-state appropriated funding to support state and related public and environmental health mandates. This restoration has enabled the Laboratory to sustain and enhance the eleven core functions and capabilities of the state Laboratory. 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, the Laboratory continues to see reductions in contracts and grants. In FY 2014, these reductions include major funding grants: the CDC Preparedness Cooperative Agreement and Hospital Preparedness Grants (reduced by 12%/\$196K), the CDC Epidemiology and Laboratory Capacity grant (reduced by 1%/\$13K) and the IDPH General Agreement (reduced 31.6%/119K). Since 2011, SHL has seen a total decrease of \$1.17M in these grants. SHL intends to offset a portion of these decreases through a 2% increase in clinical and environmental test charges.

EXPENDITURES

SALARIES: The Laboratory continues to strive to establish a budget that will accommodate capital replacement, implementation of competitive salaries and strategic development. Merit increases for SHL P&S salaries are projected to increase by 2.69%. Anticipated total salary increases as of July 1 are \$366K (P&S, Merit and hourly). These increases in the overall salary expense must be covered by a blend of increased revenues (since there is no increase in the appropriation) and decreased expenses.

SUPPLIES: The supplies budget includes laboratory supplies, services, quality control material and capital investments (laboratory instrumentation) necessary to conduct state and federal mandated laboratory testing by IDPH and IDNR that is not supported by fee for service, grants or contracts. This testing comprises 30-40% of the test volume performed in the disease division and the associated overhead divisions (data entry, information services, sample receiving, billing, and accounting).

UNPLANNED EVENTS AND FACILITY RECTIFICATIONS: As the state's public health laboratory, SHL is mandated to respond 24/7/365 to natural disasters, outbreaks, and identification of suspect biological or chemical substances. It is difficult to budget for these events since their timing, scope and nature are unpredictable. In FY14, SHL absorbed the cost of the Cyclospora outbreak (\$133K). SHL, in partnership with UI Facilities Management, will need to continue funding design and engineering adjustments to the new facility to assure continuous operations. These costs have to be

absorbed by the existing funding; requiring the Laboratory to cut expenses in previously budgeted areas.

IMPACT OF NEW STATE APPROPRIATIONS

The State Hygienic Laboratory has and continues to work on making significant strategic, financial and operational changes. The FY2015 budget continues to reflect allocation of the FY2014 appropriation increase to sustain the statewide courier, support the facility rent for the Ankeny laboratory, allow replacement of obsolete and outdated laboratory equipment, and allow the hiring of a coordinator for the completed Center for the Advancement of Laboratory Sciences, and several other positions to strengthen the SHL community engagement within the State of Iowa. These new positions will be critical to enhance the economic development and outreach of the Laboratory. Of primary importance is the Laboratory's ability to protect the health of Iowans. 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 2015**

\$1,795,765

REVENUE

The statewide program's appropriation for FY 2015 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 \$199,696. The salary budget proposed for merit staff is consistent with contractual obligations negotiated by the State. The funds for hourly wage employees support student research and data assistants. Salary support for community-based faculty is budgeted as supplies and services.

Expenditures for supplies and services include the \$1,430,612 for grants to the UI-affiliated training centers. Reallocation from salaries to supplies allows the state wide program to fully fund the minimal 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 CCOM's Visiting Professor Program, as well as the travel expenses required. Travel for community-based medical directors and program staff conducting business for the statewide program are now also paid from these funds. Most of these expenses in recent years were paid from non-appropriated funds due to state budget reductions. They have gradually been moved back to statewide program funding. 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 2015

\$648,930

REVENUE

The appropriation for the Primary Care Initiative (PCI) for FY 2015 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 \$175,204; Iowa Health Professions Inventory \$124,273; 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, information technology, telecommunications, memberships and reference materials.

The University of Iowa
STATE OF IOWA CANCER REGISTRY
Budget Summary
FY 2015

\$149,051

In 2014, a projected 6,400 Iowans will die from cancer, 16 times the number caused by auto fatalities. Cancer and heart disease are the leading causes of death in Iowa. For the years 1973-2012, over 605,056 cancers were diagnosed among Iowans, with more than 243,026 Iowans having died from cancer. In 2015 alone, it is expected that 17,400 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 goals 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 entrusted 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 2003, annual funding from the state has been reduced by approximately \$47,615, 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 2015

\$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 2015 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 2015

\$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.

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 24th year of renewal.

CBB has continued to participate 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 has enlarged ongoing contracts with corporations esp. 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.

FY 2015 Funds for FY 2015 will provide administrative salary support (faculty and P & S) and other operating expenses to continue to assist companies located in the State of Iowa, and UI start-up companies, and enhancing the Iowa-reach.

The University of Iowa
IOWA REGISTRY FOR CONGENITAL AND INHERITED DISORDERS
Budget Summary
FY 2015

\$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 muscular dystrophies, 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, 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, since 1996 Dr. Paul Romitti (College of Public Health) and faculty in the Colleges of Public Health and Medicine have been funded as a 'Center for Excellence in the Research and Prevention of Birth Defects' in Iowa. Since 2002, 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 requires 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 congenital and inherited disorder 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 engage the Iowa community by providing 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 of promoting the health and welfare of infants and children in Iowa.

STRATEGIC CHANGES:

Funds provided are used for partial salary support for IRCID staff. With level funding for the upcoming fiscal year, salary support will be similar to the previous fiscal year.

The University of Iowa
CENTER FOR ADVANCED DRUG DEVELOPMENT (CADD)
Budget Summary
FY 2015

\$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,
- 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 2015 (\$93,645) is used to help support the salary and fringe of 0.5 P&S FTE at CADD. The 0.5 FTE consist of one Associate Chemist at \$40,943 and one Manager of Laboratory Quality at \$52,702.

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 Manager of Laboratory Quality assures testing is conducted in full compliance with FDA cGLP/cGMP regulations.

The University of Iowa
UNIVERSITY OF IOWA RESEARCH PARK
(Formerly Oakdale Research Park)
Budget Summary
FY 2015

\$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, Leapfrog Technologies and MediRevv. A total of 34 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 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. The Regional STEM Education Center is 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.

MediRevv is a healthcare revenue cycle management (RCM) company specializing in helping hospitals, health systems, academic medical centers and physician groups improve their cash flow and grow their revenue. Renowned for its highly educated workforce, MediRevv currently employees approximately 180 employees. MediRevv originally built their first building (18,000 sf) on the UI Research Park in the Fall of 2012, and are already expanding with a 2nd building (22,000 sf) with an anticipated move in date of September 2014; giving them a total presence of 40,000 sf on the UI Research Park.

FY 2015 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 2015, 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 2015**

\$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. Twelve 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 2015 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 2015 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 2015**

\$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 will use the FY 2015 appropriation, along with additional grant funding from 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 additional affordable stream stage sensors across the state (in conjunction with the Iowa Department of Natural Resources (IDNR));
- Continued development of high-resolution, web-based flood inundation maps (example community in progress for FY 2015 include Fort Dodge and Humboldt);
- Development of floodplain maps for most of Iowa (in conjunction with the Iowa Floodplain Mapping Project funded by the IDNR);
- Conducting watershed-scale research to understand how small-scale mitigation projects can reduce flood damage in a watershed (in conjunction with the Iowa Watersheds Project);
- 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 2015 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. The budget line for faculty support reflects an increase over FY 2014 to more accurately reflect faculty time on IFC-related projects. Materials and supplies for maintenance of IFC radars and other sensors are also included in the budget, but less than FY 2014 as most of the major repairs/updates of these resources are complete. In addition, funding will support three subcontracts to Iowa State University.

The University of Iowa
LARNED A. WATERMAN IOWA NONPROFIT RESOURCE CENTER
Budget Summary
FY 2015

\$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 2015.

The funding will be applied to these basic staff needs: an administrative program assistant who responds to questions and maintains the information resources needed for Iowa nonprofit organizations, and a program person to maintain the Iowa Register of Accountability, the website, the quarterly newsletter and special news notices to our listserv of over 2,000 organizations and individuals across Iowa, and the administration of the Governor's nonprofit volunteer award process. In addition the appropriation provides a portion of the Director's salary.

The University of Iowa
IOWA ONLINE ADVANCED PLACEMENT ACADEMY
Budget Summary
FY 2015

\$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 10,600 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 \$127,437 for FY 2015. This includes costs for 1.1 FTE in addition to graduate assistants who provide support to the program.

Supplies and Services: In FY 2015 the budget is estimated at \$354,412. 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
ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT GROWTH INITIATIVE
Budget Summary
FY 2015

\$2,000,000

The entrepreneurship and economic development growth initiative is a collaborative partnership among the University of Iowa's John Pappajohn Entrepreneurial Center (JPEC), the Office of the Vice President for Research and Economic Development (OVPR&ED) and key university colleges, including 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.

The University of Iowa OVPR&ED and JPEC also play an important role in the development of Iowa-based technology and high-growth start-up companies. Whether providing one-on-one consulting services and group training, working with startup companies on technology transition, directing UI students on advanced field study projects, or providing training and seminars to business executives, the University seeks to support the next generation of entrepreneurs and business leaders.

The recurring allocation of \$2.0 million will develop entrepreneurship curriculum and programs, expand direct support to Iowa startups and small-to-medium enterprises, and accelerate new venture formation. Key initiatives include:

- I. Entrepreneurship Curriculum and Education Programs: To strengthen Iowa's entrepreneurial ecosystem and better prepare students and citizens to cultivate innovative solutions for complex problems and develop and execute sustainable business strategies. Program highlights include:
 - Continued expansion of the Iowa Medical Innovation Group to increase interdisciplinary technology commercialization from health care and biomedical research
 - Development and deliver advanced entrepreneurship curricula for both undergraduate and graduate students
 - Development of a cadre of interdisciplinary faculty to increase dissemination of innovation and entrepreneurship curricula across colleges and programs
 - Further development and disseminate a STEM innovation program for Iowa high school teachers and students through the UI's Jacobson Institute for Youth Entrepreneurship

- II. Direct Support to Iowa Startups and Small-to-medium Enterprises: To improve students' experiential learning opportunities, increase employment opportunities for students and citizens with Iowa-based companies and encourage business expansion across the state and

support early stage businesses by enhancing connectivity between educators and the business community.

Program highlights include:

- Internship program which places students from a variety of majors in Iowa-based organizations
- Business consulting services to provide strategic assistance to early-stage Iowa businesses and real-world experiences for students; will include a new focus of support for early stage companies with international business opportunities
- Development of the UI Protolabs prototype development services program

III. Acceleration of New Venture Formation: To foster new venture creation across Iowa as well as technology commercialization at the University of Iowa and increase access to entrepreneurship education.

Program highlights include:

- Statewide delivery of UI's Venture School business acceleration training program, in part through partnerships with community colleges and other economic development and business accelerator organizations
- Development of community mentoring and support network

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

The FY 2015 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 Medicine and Dentistry Practice Plan funds, sports camp activities, Conferences and Institutes, mandatory fees (partial), and various tuition and program specific fees, 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.

Breakdown of Other Income

Other income includes non-federal gifts, grants and contracts of \$138.7M, commissions and royalties of \$6.7M, parking fines of \$1.2M, and Other Miscellaneous Revenue of \$20.0M.

Bond Sales/Debt Service

The Bonds and Loans line includes the following potential bond sales for FY 2015 subject to the refinement of schedules and final approval by the Board:

ABRB (Flood Recovery)	\$ 25.0 million
Utility Enterprise	\$ 25.0 million
Fleet Services (Master Lease)	\$ 1.5 million

In addition to FY 2015 projected debt service on existing issues (\$97.4 million), an estimate of \$1.4 million has been included for the issues listed above.

During the 2009 legislative session, the General Assembly and Governor approved issuing academic building revenue bonds to finance campus flood recovery that will fund \$100 million in project expense.

As indicated above, the University plans to sell the last increment of bonds with a gross issuance amount of \$25 million during FY 2015.

Tuition Replacement

This budget contains \$10.5 million, which has been appropriated for Tuition Replacement to address the FY 2015 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 FY2015 capital appropriation for this project was de-appropriated but will now be covered by RIIF funds. The University will keep the Board Office apprised of actual needs throughout the year as the project proceeds.

The revised future capital appropriation from the state for the Pharmacy Building project is \$64,300,000 and is expected to cash flow as follows:

FY 2016	\$13,000,000
FY 2017	\$29,000,000
FY 2018	\$22,300,000

The overall cost of the renovation is estimated to be \$96,300,000 with the remaining amount to come from private gifts and College and University earnings.

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 2015**

The Iowa Athletic Department is a self-sustaining auxiliary enterprise. Overall the FY 2015 revenue and expense budget is increasing by approximately \$5.36 million, 6.4% in comparison to fiscal year 2014 budget and 4.7% in comparison to the projected FY 2014 actual. Line item highlights are noted below:

Revenues:

- Football Income is expected to increase by \$773 thousand because of season ticket price increases and the guarantee to be received from playing at Pittsburgh.
- Men's Basketball Income is expected to increase by approximately \$677 thousand because of ticket price and attendance increases.
- Athletic Conference revenue is expected to increase by nearly \$5.3 million. The increase is a result of additional television distribution monies and an increased distribution from the football bowls and playoff.

Expenses:

- Football expense increases by about \$1.4 million, a result of increased coaching staff salaries and scholarship expense.
- Men's Basketball increases by just under \$600 thousand, mainly a result of increased coaching staff salaries.
- Other men's sports and other women's sports increase by about \$510 thousand and \$756 thousand, respectively, mainly due to increases in team travel and scholarship expense.
- Administrative and General Expenses increase by approximately \$1.4 million, driven by the addition of \$500 thousand to accommodate the NCAA's deregulation of food costs and increased salary expense.
- Facility Debt Service decreases by about \$584 thousand. This is the result of the last Athletics' Campus Recreation & Wellness Center capital payment occurring in FY2014.

The University of Iowa
RESIDENCE SYSTEM
Budget Summary
FY 2015

The University of Iowa is proposing the attached annual budget for the residence system for FY 2015. Estimated revenues total \$69,076,331 and proposed expenses for operations total \$51,714,593, leaving \$17,361,738 net revenue available for debt service, and both mandatory and voluntary transfers to support repairs, replacements and upgrades to housing units. These projected net revenues are \$479,998 higher than the preliminary budget submitted to the Board in March.

The increased net revenue projection is due primarily to higher projected non-contract dining sales, and lower than expected increases in salaries, fringe benefits, and cost of goods sold. Non-contract dining revenues at the Food for Thought Café in the new Library Commons have exceeded original projections due to the popularity of the new facility. Projected salary and fringe benefit expense has been lowered due to several positions which will not be filled for at least part of the upcoming fiscal year. Food cost increases in the various dining operations are not expected to be as large as initially budgeted due to additional efforts to manage purchasing and inventory control within the operations.

Projections of enrollment and occupancy for fall 2014 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 2014 semester will again be at or above capacity.

Projected residence hall revenues are based on rates approved by the Board at its meeting of April 23-24, 2014, fall residence hall occupancy of 5,852 (100%), residence hall board contracts numbering 7,039, and 164 (98.2%) occupied apartments. Apartment occupancy does not include the new 270 units owned and operated by Balfour Beatty Campus Solutions on the site of the former Hawkeye Court Apartments.

Voluntary reserve balances at June 30, 2015 are projected to be \$13,881,195; a reduction from the projected \$16,172,475 on June 30, 2014. While lower than the current year projected balance, this amount is \$2,178,662 higher than projected in March. This difference from March is due to the increase in projected net revenues from operations for both FY 2014 and FY 2015, but predominantly due to a decrease in projected capital spending over the two fiscal years. In the course of the last several months over \$1.4 million of capital project costs have either been reduced by favorable bid amounts compared to budgeted costs, or have been deferred to future years as the capital project funding schedule has been modified and protracted.