

**THE UNIVERSITY OF IOWA  
Comprehensive Fiscal Report  
FY 2022**

The following comprehensive fiscal report compares FY 2022 actual revenues and expenditures to the Board-approved July 1, 2021, budgets and summarizes significant variances.

**A. GENERAL UNIVERSITY**

**Revenue**

Total General University revenues for FY 2022 were \$15.05M or 2.0% over budget.

General University tuition revenues were over budget by \$7.71M or 1.7% due to higher than projected enrollment.

A breakdown of actual tuition revenue by category is as follows:

	<u>Resident<sup>(1)</sup></u>	<u>Non-Resident<sup>(1)</sup></u>	<u>Total</u>
Undergraduates	\$ 120,558,000	\$ 224,642,000	\$345,200,000
Graduate	41,247,000	9,892,000	51,139,000
Professional	47,340,000	26,307,000	73,647,000
Other	<u>1,045,000</u>	<u>1,304,000</u>	<u>2,349,000</u>
Total	<u>\$ 210,190,000</u>	<u>\$ 262,145,000</u>	<u>\$472,335,000</u>

(1) Tuition residency reflects the rate paying residency (i.e. Non-Resident RA/TA's paying Resident tuition are included in Resident totals).

FY 2022 reimbursed indirect cost recoveries exceeded the budget by \$7.15M or 12.7% due to higher than expected research activity.

Interest revenue in FY 2022 exceeded the budget by \$211K or 14.3%.

**Expense**

Total General University expenses for FY 2022 were over budget by \$14.99M or 2.0%.

Salaries comprise 65.8% of all General University expenditures. Salary expenditures for FY 2022 were over budget by \$4.41M or 0.9%.

For the first time in three years, utility expenses were over budget. Utility expenses for FY 2022 were over budget by \$1.88M or 4.2% due to warmer than normal spring and summer conditions.

General University expenditures for student aid were \$108.02M, which represents 22.9% of actual tuition revenues. FY 2022 student aid expenditures were over budget by \$5.12M or 5.0%.

### **Expense by Functional Category**

In addition to reporting expenses by expenditure type (i.e. salaries, supplies, utilities) the University tracks its expenses by purpose through coding of individual transactions. The table below identifies those categories and compares actual expenditures to budget for each.

	<u>Budget</u>	<u>Actual</u>
Instruction	\$ 290,844,000	\$ 287,608,000
Research	32,217,000	40,659,000
Public Service	3,002,000	3,690,000
Academic Support	125,996,000	123,245,000
Student Services	24,655,000	25,304,000
Institutional Support	43,698,000	45,853,000
Operations & Maintenance of Plant	114,569,000	118,486,000
Scholarships & Fellowships	<u>102,891,000</u>	<u>108,016,000</u>
Total	\$ 737,872,000	\$ 752,861,000

### **Cash Balance of Advanced Commitment Funds**

Actual revenues exceeded expenditures in FY 2022, resulting in advance commitment funds. According to Iowa Code section 262.9, tuition revenues may be carried forward for use in subsequent years. As of June 30, 2022, tuition revenues of \$64K will be carried forward to fund Student Success Initiatives.

## **HEALTH CARE UNITS**

### **Revenue**

#### **Sales and Services**

UIHC experienced continued growth in volumes throughout the fiscal year compared to the prior year. Volumes for acute patient days and outpatient clinic visits exceeded prior year by more than 3%. Due to staffing challenges that caused temporary operating room closures, surgical volumes declined from FY21 by 0.6%. Both inpatient and outpatient volumes were impacted by the COVID-19 pandemic throughout FY22. By the end of the fiscal year, clinic visit and surgical volumes were consistently trending upward, despite staffing challenges. UIHC continued to expand primary care in offsite locations, focus on improving operating room utilization rates, and increase productivity while maintaining excellent quality and safe care for our patients.

#### **Other Income**

UIHC entered in a new contractual arrangement with a community hospital to help provide Emergency Medicine services late in FY22. The incremental revenue from that contract resulted in a favorable variance compared to budget. There was also a shift in the Air Care service contract during the second half of FY22 that resulted in higher than budgeted revenue.

#### **Interest**

Interest income fluctuates with earning rates in UI investment pools and market return. Actual earnings were lower than budgeted in FY22.

### **Expense**

#### **Salaries**

During FY22, like healthcare organizations and industries across the country, UIHC was challenged with staffing shortages. To ensure UIHC had appropriate staffing levels to continue to provide high-quality, safe patient care, UIHC invested in staffing costs to bring in additional agency staff where needed, provide higher premium pay to staff for working additional shifts, and reward clinical staff for remaining with UIHC through challenging times. The premium labor and retention staff payments are reflected within the salary and wage expense. The agency contract expense is reflected within the professional and scientific supply non-staffing expense.

All new position requests as well as requests to re-fill vacant positions continued to be reviewed by a multi-level team dedicated to reviewing the clinical need, classification and financial viability of the position. Staffing mix also continued to be reviewed to assure staff are functioning at the top of their licenses.

#### **Professional & Scientific Supplies and Services**

Expansion of the specialty pharmacy drug program continued into FY 2022. This program captures high cost, low volume specialty drugs. Due to its success, pharmacy continues to expand specialty pharmacy services to more service lines, allowing more patients access to the service. There was also an increase in the certain high cost drugs used to support patient care in a variety of specialties including Oncology and Pediatrics. These drug costs along with patient care medical supplies such as implants for cardiac, orthopaedic and neurosurgical procedures, surgical instruments, and other patient care supplies contributed to the variance. These expenses typically flex up with volumes and are expected to exceed budgets consistent with the favorable sales and service revenue variance.

As noted above, the increasing need for outside agency staff costs necessary due to the high patient census and nursing staff shortages also contributed to this variance.

### **Rentals**

During FY22, the GASB 87 Lease Accounting standard change impacted how some operating lease expenses were accounted for within the University of Iowa. Prior operating expenses associated with leases that had been accounted and budgeted for within operating fund expenses are now being amortized on a plant fund. This resulted in a favorable budget v. actual variance on the UIHC operating fund rental expense in FY22.

### **Building Repairs**

The need for non-capital building repairs varies annually and is impacted by the availability of resources and types of projects.

## **B. OTHER APPROPRIATED UNITS**

### **Hygienic Laboratory**

Both revenue and expense for the Hygienic Laboratory were 98.5% of the budget mainly due to lower than expected sales and services by 6.7%.

### **Oakdale Campus**

Both revenue and expense for the Oakdale Campus were 102.7% of the budget due to higher than expected indirect cost recoveries.

### **Family Practice Program**

Both revenue and expense for the Family Practice Program were 99.9% of the budget.

### **Special Purpose Appropriations**

FY 2022 Special Purpose final appropriations were as follows:

	<b><u>Budget</u></b>
Primary Health Care	\$ 624,374
Iowa Online AP Academy	463,616
State of Iowa Cancer Registry	143,410
Substance Abuse	53,427
Non-Profit Resource Center	156,389
Biocatalysis	696,342
Advance Drug Development	93,645
UI Research Park	115,634
Iowa Registry for Congenital and Inherited Disorders	36,839
Iowa Flood Center	1,154,593
Biosciences Innovation	874,494
Agricultural Health and Safety	128,154
Entrepreneurship and Economic Growth	<u>2,000,000</u>
<b>Total</b>	<b>\$ 6,540,917</b>

The revenue and expenses for each Special Purpose unit were 100% of their final budgets, except for Biosciences Innovation.

Biosciences Innovation expenses were under budget by 38.6%. As indicated in the Economic Development Appropriations Bill, unexpended FY 2022 funds appropriated to UI for support of the biosciences innovation ecosystem are allowed to remain available for expenditures in FY2023.

## **C. RESTRICTED FUNDS**

The Restricted Fund includes the Organized Activities Fund, the Auxiliary Enterprise Fund, the Current Restricted Fund and the Plant Fund. Activity highlights and significant actual to budget variances are described below.

### **Revenue**

#### **State Appropriations**

The Restricted Fund includes four appropriations from the General Assembly.

Tuition replacement funding in the amount of \$15.45M was received to address debt service on outstanding Academic Building Revenue Bonds.

The University received \$1.05M from the Skilled Worker and Job Creation Fund for the development of technology commercialization, advanced prototyping and machining, marketing and business development efforts in areas related to technology commercialization, entrepreneurship, and business growth. An equal amount of matching funds was provided from university sources.

The University also received an appropriation for the Iowa Regents Resource Centers for \$268K and for the Iowa Geological Survey in the amount of \$695K.

#### **Federal Support**

The Restricted Fund includes sponsored activities, predominantly research and student financial aid funded from federal and other external sources. Federal support was over the budgeted amount by approximately \$83.08M or 24.8% due to CARES Act Provider Relief Funding for COVID-19 and higher than expected research activity.

#### **Intra State Receipts**

It has been a longstanding requirement of the Board Office that the revenue and expenditure beginning budgets for the Restricted Fund be in balance even though this is never the case at the end of the year given the “going concern” nature of the Restricted Fund’s major components. In order to accomplish this required balancing in the original budget, the University uses the Intra State Receipts line in the Department of Management Report. At the end of each year this creates a significant variance between budget and actual numbers for Intra State Receipts. Intra State Receipts are intended to reflect only net transfers for the year.

#### **Interest Income**

The Restricted Fund includes revenues related to current investment activity. In FY 2022, investment market trends resulted in unrealized losses on current university investments and lower than anticipated interest income. The university distributes interest internally based on the average daily cash balance but suspended this in May 2022 due to the much lower rate of return. Interest income was budgeted for \$36.10M but ended the fiscal year at a negative of \$11.70M.

## Bond & Loan Proceeds

The original bond sale projection was \$80M for the sale of Hospital bonds. However, the sale of Hospital bonds was increased to \$282M due to a lower interest rate environment.

	<u>Budget</u>	<u>Actual</u>
UI Hospital & Clinics	\$80.00M	\$281.93M

## Reimbursed Indirect Costs

FY 2022 indirect cost recoveries exceeded the budget by \$8.84M or 37.3% due to higher than expected research activity.

## Sales & Services

FY 2022 revenue from sales and services exceeded the budget by \$136.34M or 15.5%. This is due to higher-than-expected income in revenue generating programs, workshops and other activities as auxiliary, healthcare and other units move back to pre-COVID levels.

## Other Income

Other income was over budget by \$24.87M or 12.4%. This variance is primarily a result of a larger than expected transfer of gift funds from the UI Center for Advancement and an increase in Non-Federal grants and contracts.

The Other income revenue category consists of the following components:

- Non-Federal Gifts, Grants and Contracts
- Commissions and Royalties
- Fines
- Other Miscellaneous Revenue

## Expense

Total expenses for FY 2022 were \$50.95M or 3.0% over the original budget.

Building repair expense was under budget by \$9.34M or 64.9% as a result of fewer than expected building repairs. Plant capital was under budget by \$17.40M or 13.3% as result of timeline delays of capital project schedules.

Equipment was over budget by \$16.80M or 28.1%. This is primarily due to the GASB 87 Lease Accounting standard change that moved operating lease expenses from the healthcare operating fund to the plant fund.

Salary and wage costs were over budget by \$47.9M or 5.6% and supply expense was over budget by \$40.12M or 9.1% due to increases in travel costs, non-capitalized equipment purchases, and miscellaneous services and supplies as university research activities have increased and auxiliary units have started to move back to pre-COVID levels.

**The University of Iowa  
Department of Athletics  
FY22  
Budget to Actual Variance Analysis**

**Revenue**

- (1) **Sports Revenue**  
Football, wrestling and women's basketball ticket sales exceeded budget.
- (2) **Learfield Multi-Media**  
Contracted revenue share amounts exceeded initial projections.
- (3) **Athletic Conference**  
Bowl and NCAA revenue sharing exceeded budget, based on qualifying teams.
- (4) **Novelties - Bookstore**  
Royalties on merchandise sales exceeded budget, due to the rebounding economy.
- (5) **General Income**  
Athletics received \$2 million in HEERF reimburse for past COVID expenses.

**Expense**

- (6) **Football**  
Football expense increased due to mid-year staff contract renegotiations.
- (7) **Volleyball**  
Volleyball expense increased due to mid-year coaching staff changes.
- (8) **Admin. & General Expenses**  
Mid-year staff salary increases and additional post-season expenses exceeded budget.
- (9) **Operating Loan Payment**  
Athletics paid back the University \$3 million on the FY2021 COVID operating loan.



**The University of Iowa  
University Housing & Dining  
FY 2022  
Budget to Actual Variance Analysis**

**Revenue**

(1) **Contract Revenues**

Contract revenues are higher than budget by \$3,523,822. Room revenues rebounded better than projected from the COVID-related enrollment decline experienced in FY2020 and FY2021. Room revenues also benefitted from a change in the mix of room types from FY2021 to FY2022.

(2) **Interest Income**

Interest income is higher than budget by \$182,026 due to higher balances available for investment during the fiscal year in the voluntary reserves and construction fund.

(3) **Other Income**

Other income reports as higher than budget by \$179,766. However, the Other Income amount includes \$4,803,201 of HEERF proceeds allocated to University Housing & Dining to help offset some of the overall revenue losses due to COVID-19.

Most of the operating categories of Other Income fell well under budget again in FY2022 due to the continued effect of COVID-19 on campus operations. Non-contract dining revenues (including catering) fell \$2,290,941 below budget as many retail dining operations were still not back to normal sales volume for the 2021-22 academic year and catered events did not return as quickly as expected. Summer conference revenues were under budget by \$169,152, as a smaller number of camps and conferences returned to campus in the summers of 2021 and 2022. Application fees and miscellaneous other income were the only categories of Other Income to exceed budget projections for the year.

**Expense**

(4) **Salaries, Wages & Benefits**

Salaries, wages and benefits expense is lower than budget by \$1,572,904 due to the vacancies and turnover experienced throughout the year. The majority of the vacancies occurred in merit positions in custodial, maintenance and dining, professional positions in residence education, and student positions across the entire department. The department, like most other employers, continues to struggle to fill vacancies in these areas and has been operating short-staffed for some time now.

(5) **Cost of Food or Goods Sold**

Cost of goods sold for the dining operations are lower than budget by \$689,091, consistent with the reduced sales volume at retail dining and catering operations. Cost of goods in the residence hall marketplaces actually exceeded budget slightly due to higher-than-expected inflation.

- (6) **Utilities**  
Utility expenses are only slightly higher than budget by \$156,213, due primarily to higher utility consumption, most likely a result of the seasonal weather variances from prior years.
- (7) **Repairs & Maintenance**  
Repairs are \$488,111 lower than budget due to a slight reduction in maintenance performed in the residence halls. This is a combination of slightly reduced projects, as well as challenges finding skilled tradespeople to perform work in the facilities.
- (8) **Other Operating Expense**  
Other expenses are below budget by \$739,448. Significant reductions continue to be seen in contracted services, travel, dining commissions, office supplies, and overall general supplies as the on-campus operations evolve, travel has not yet fully returned, and more remote work takes place.

**Balances:**

- (9) **Improvement Fund Balance**  
The balance in the Improvement Fund represents the amount of planned capital project expenditures in the upcoming fiscal year. This balance at June 30, 2022 is higher than originally budgeted by \$2,577,990 due to a significant increase in the projected amount of planned capital project expenditures in the upcoming fiscal year. This is primarily a result of shifting capital project schedules to align facility needs with available reserve balances.
- (10) **Surplus Fund Balance**  
The Surplus Fund balance is higher than budget by \$5,438,000 due to the higher net revenues from operations, offset by the increase in funding of the capital spending from reserves.
- (11) **Bond Reserve Fund**  
The Bond Reserve Fund balance is \$426,055 lower than budgeted due to the changes in unrealized gains/losses on investments in the reserve funds.
- (12) **Bond Construction Fund**  
The Bond Construction Fund balance is \$180,843 lower than budgeted due to slight variances in timing of spending the proceeds of the Residence System Series 2021 bond issue.