

**The University of Iowa
General Education Fund
Final Budget
FY 2017**

During the spring of 2016, University of Iowa academic, administrative and shared governance leaders collaborated to create a new, value-based budgeting process. The goal was to establish a process that empowers unit leaders to prioritize funding in order to support their respective missions and to improve financial transparency. Four guiding principles were developed to assist in shaping the FY 2017 budget:

1) Student Success

- a. Increased retention and four-year graduation rates
- b. Creation and expansion of a high-impact and well-rounded student experience
- c. A campus-wide culture of diversity and active inclusion
- d. Increasing the value/return-on-investment of choosing our institution

2) Quality Indicators

- a. Increased attention to key AAU/Research indicators (i.e. academy memberships, citations/awards, federal and non-federal research grants)
- b. New and increased faculty/interdisciplinary collaborations
- c. Accenting the balance necessary between “an AAU aim” and success in our core values of teaching and well-rounded student success
- d. Development and use of key performance indicators (for teaching, research, students)

3) Our Values

- a. Protection of and investment in existing areas of excellence and unique advantage
- b. Exploration of new areas that will shape and build a successful and sustainable UI future
- c. Disinvestment in other areas as necessary to enable success in areas of strength
- d. Collaboration and alignment of efforts, in order to be effective stewards of our resources, build the scale of our excellence, and add value

4) Our Future

- a. The creation of transformative societal impact
- b. True interdisciplinary collaboration, aligned to maximize our shared success
- c. The quality and strategic mix of student - the drive for life-long leaders and learners
- d. Exploration and celebration of risk-taking that enables short- and long-term excellence

The new process led to the development of a General Education Fund budget that has placed the University on a three-year trajectory to continue providing a world-class education for its students by retaining and recruiting the best and brightest faculty in order to teach the best and brightest students.

All other University of Iowa FY 2017 budgets were developed simultaneously with the General Education Fund budget and under similar and, in most instances, identical policies and budget guidelines.

A. REVENUE PROJECTIONS

| | |
|-------------------------|---------------------------|
| \$ 705.1 million | FY 2016 GEF Budget |
| \$ 1.3 million | State Appropriations |
| \$ 27.2 million | Tuition |
| \$ 3.0 million | Indirect Cost Recoveries |
| <u>\$ (0.6) million</u> | Interest |
| \$ 30.9 million | Total Revenue Increase |
| \$ 736.0 million | FY 2017 GEF Budget |

1) State Appropriations

The University's base General Education Fund support from state appropriations in FY 2016 was \$230.9 million or 33% of the University of Iowa's General Education Fund.

For FY 2017, the University and Board of Regents requested a \$4.5 million increase for the University of Iowa. Based on appropriation legislation passed by the Iowa General Assembly, the University of Iowa's General Education Fund appropriation for FY 2017 will be \$1.3 million (0.6%) higher than FY 2016. This reduced increment prompted the Board and University to propose an additional tuition increase above the original approved rates.

In addition, 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.

2) Tuition

In December 2015, the Board of Regents approved the following base tuition increases for FY 2017:

- 3.0% Increase for resident undergraduate students
- 1.9% Increase for nonresident undergraduates and all graduate and professional students

As stated above, the University is requesting tuition increases to the already approved rates to offset the lower than anticipated state appropriations. Pending Board approval in July 2016, the University anticipates increasing tuition an additional \$300 for all resident students and \$400 for all nonresident students.

In addition to base tuition increases, the University has proposed tuition supplement increases for Tippie College of Business and College of Engineering students. Supplement proceeds will yield an additional \$1.4 million in FY 2017 for specific programmatic improvements within each college. This includes the application of a Board-approved supplement for a fourth entering cohort of DDS students.

Recent investments in enrollment management efforts will yield record student numbers in FY 2017, including its largest freshman class ever. Other expected enrollment changes include a higher number of Iowa resident students and improved retention of undergraduates. Graduate student enrollment, which has decreased in recent years, is projected to decrease again in FY 2017.

In total, the University is projecting an additional \$27.2 million in tuition revenue above the FY 2016 tuition budget. This increase includes projected enrollment changes, tuition rate increases, and tuition supplement increases.

The FY 2017 estimated total gross tuition budget is as follows:

| | <u>Resident</u> | <u>NonResident</u> | <u>Total</u> |
|---------------|------------------|--------------------|------------------|
| Undergraduate | \$95,279,000 | \$257,050,000 | \$352,329,000 |
| Graduate | 32,230,000 | 8,643,000 | 40,873,000 |
| Professional | 39,324,000 | 22,997,000 | 62,321,000 |
| Other | <u>1,945,000</u> | <u>2,326,000</u> | <u>4,271,000</u> |
| Total | \$168,778,000 | \$291,016,000 | \$459,794,000 |

3) Other Income

The University is estimating a \$3.0 million (7.6%) increase in indirect cost recoveries with the approved on-campus F&A rate increasing to 52.5% as of July 1, 2016 and an anticipated increase in federal research activities.

Interest income within the General Education Fund will decrease by \$0.6 million to reflect actual earning activity. All earnings of General Education Fund balances remain within the General Education Fund for budgeting and expenditure purposes.

4) Reallocations/Reprioritization and Cost Saving Measures

Reallocating resources toward institutional priorities is a fundamental part of the new budget development process. For FY 2017, collegiate and non-collegiate units are expecting to reallocate/reprioritize \$4.0 million within their existing General Fund budgets. These reallocations are being created through collegiate and vice presidential unit's thorough review of programs and resources to allow for reinvestment of funds into more critical needs. Many of these reallocations support student success initiatives and peer group-based salary adjustments for faculty. In addition to reallocations and continual operational efficiency efforts, the Transparent, Inclusive Efficiency Review (TIER), has saved the University more than \$1 million since it began implementation only one year ago.

B. EXPENDITURE PROJECTIONS

1) Core Unit Allocations

The University's new budgeting process provides a framework for accelerating advancement in strategically targeted areas while maintaining and contributing to the high quality in core missions and central programs.

For FY 2017, \$20.1 million of incremental revenue was distributed to collegiate and non-collegiate units for budget development. Units set priorities and created spending plans guided by the four agreed upon principles (Student Success, Quality Indicators, UI Values, and UI Future).

a. Salary and Fringe Benefits (see Attachment A for policy details)

The salary policy for faculty and non-bargaining professional and scientific (P&S) staff was an outcome of the new budget process. The salary policy provided collegiate and other major units latitude in establishing unit-specific salary policies, regardless of the source of funds. It also enabled units to reward high-achieving faculty and staff contributing significantly and in a measurable way to the success of the University.

Collegiate units were encouraged to implement plans that move faculty salaries to at least 95% of the peer median over a three-year period.

Salary increments for faculty and non-bargaining P&S staff will be distributed differentially to individual staff based upon performance and market competitiveness demands.

Faculty

The University's initial estimate of the average GEF salary increase for all faculty is approximately 2.0%.

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

The University's initial estimate of the average GEF salary increase for all non-bargaining P&S staff is approximately 1.6%.

Collective Bargaining Units

The University will fully implement the terms and attendant costs of all collective bargaining agreements. Costs include current year contract costs and previous year annualization of mid-year changes. General Education Fund salary costs of the agreements are estimated to increase by \$2.4 million for AFSCME staff and \$1.0 million for COGS represented staff (graduate assistants) in FY 2017.

Fringe Benefits

In March 2016, the University completed negotiations with the federal government establishing the FY 2017 fringe benefit rates for each employee category. Annual changes in the approved rates are attributable to cumulative historic costs of covered

benefits, salary changes, University driven cost saving measures, and employee utilization of benefits.

For FY 2017, fringe benefit rates on the existing General Education Fund compensation base will increase \$3.5 million. Costs related to AFSCME bargained merit staff will increase \$1.5 million and P&S and faculty costs will increase \$2.0 million.

b. Enrollment Management

The University recently adopted a new enrollment budget model that colleges use to determine the amount of incremental resources that will be provided to help cover the costs of educating more students in the classroom and on-line. In FY 2017, the University has allocated an additional \$3.8 million to cover the costs associated with budgeted enrollment growth. Incremental budget changes occur after the fall semester enrollment levels are known.

c. Student Aid

In FY 2017, the University will increase its student aid budget by \$3.6 million. This increase includes inflation adjustments for the cost of attendance, enrollment growth, and growth in eligibility for individual scholarship award programs. The increase in student aid will help students with the cost of attending the University and help more students graduate in four or fewer years.

d. 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 2017 is expected to be \$4.9 million. Buildings included in this total are the School of Music Replacement Bldg., Visual Arts Replacement Bldg., Hancher Replacement Bldg., and the Pappajohn Biomedical Discovery Bldg.

e. Indirect Cost Recoveries Return to Colleges

The University of Iowa has two programs which allow for General Education Fund indirect cost recoveries to be returned to those colleges engaged in research activities. Distributions are based upon historical increases/decreases in research activities. Given recent reductions in federal sponsored research funding, the University will reduce the support it provides to colleges for these efforts by \$0.4 million in FY 2017.

f. Utility Inflation (non-salary)

The University continues to explore opportunities for reducing purchased fuel costs, decreasing its reliance on coal and reducing the University's carbon footprint by burning renewable fuels. As a result of these efforts and building energy conservation improvements, the General Fund non-salary utility expenses are expected to increase

by only \$0.3 million for FY 2017. These expenses include the General Fund's share of renewal and improvement costs for expanded plant and distribution systems serving the campus, 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, a major recipient of utility services on the Oakdale campus.

2) Strategic Investments

The FY 2017 General Fund budget allowed for \$10.8 million of incremental dollars to support the University's mission and provide breakthrough opportunities for students, faculty, and staff.

Each budget unit petitioned for additional resources from the President's Strategic Initiative Fund. The fund was created to ensure the University's highest priorities receive adequate funding.

These additional resources will be invested in initiatives throughout the campus. Examples of these investments include:

a. Student Success

- Additional academic advisors
- Interactive tools allowing students to build personalized academic plans
- Enhanced analytics to increase retention and better position students for success in graduate and professional programs

b. Quality Indicators

- Mentoring for faculty who are competing for large interdisciplinary grants
- Technical support for faculty who are excelling in creative endeavors
- Targeted hire in Engineering/Pappajohn Biomedical Institute
- Adding resources to critical research support functions that allow the University to compete nationally for the best researchers

c. Our Values

- Ensuring University classrooms and laboratories are well maintained
- Hiring of 12 faculty into the Informatics cluster

d. Our Future

- Continuing to invest in energy conservation
- Providing competitive recruitment packages to bring top faculty to Iowa

The University will also continue to use the recently created Strategy Implementation and Operations teams to evaluate and implement additional initiatives during the fiscal year.

**UNIVERSITY OF IOWA HOSPITALS AND CLINICS
FINAL FY 2017 OPERATING BUDGETS OF THE
UNIVERSITY OF IOWA'S STATEWIDE HEALTH SERVICE UNITS**

STRATEGY

In FY 2017, 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 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 2017 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:

- Increase access to the Iowa River Landing (IRL) offsite clinic location through the expansion of outpatient services and the addition of more clinic exam rooms. The IRL will alleviate the outpatient capacity issues at the current facility and allow for more convenient access to services in the community
- Continue to improve patient access through centralized clinic appointment scheduling
- Complete construction on the new Children's Hospital for the December 2016 opening. Implement plans for expanded and enhanced services to children, as well as increased inpatient capacity
- Continue the focus to improve the patient experience with emphasis on patient satisfaction
- Continued focus on several key product lines, including Heart & Vascular, Solid Organ Transplant, Neurosciences, Orthopedics, Pediatrics and Cancer
- Assure patient quality and safety remain a top priority
- Continued emphasis on population health initiatives, including continued Care Coordination focus, Physician Quality and Cost Dashboards, and Payor ACO arrangements
- 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

- Continued development of innovative initiatives to reduce the costs of care and expand patient's access to care (i.e. Telemedicine initiatives)
- Aggressive management of 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
- Maximize the use of 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 financial pressures on the healthcare industry to reduce the total cost of care. In FY 2016, UIHC faced a number of significant challenges. The most significant challenge is the privatization of the Medicaid program in April 2016. The State of Iowa moved substantially all of the Medicaid population to Managed Medicaid Organizations (MCOs). This is a significant change that affects 560,000 people covered by Medicaid and roughly 45,000 UIHC patients. There are multiple new and varied administrative processes with three MCOs (United, AmeriHealth, and Amerigroup) and carve-out organizations (Optum, Superior). These changes will require management of new processes for the Medicaid MCO's, including adjustments to authorization, credentialing and billing processes.

The challenges in FY 2017 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 3.9 percent is projected for next year due to base salary increases consistent with contract negotiations and increases 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 2.20 percent or more due to price increases and changes in technology. Pharmaceutical cost increases are anticipated in the 7.5 percent range. Revenue challenges faced will include the impacts of healthcare reform and cost control measures on Medicare and Medicaid payment rates and the continuing challenge related to Iowa Medicaid rates. New risks in FY 2017 include the annual impact of all of Medicaid patients being transition to Managed Medicaid in April 2016. The healthcare exchanges 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.

New rules updating the Fair Labor Standards Act, now anticipated to be effective December 2016, may have a negative impact on our ability to effectively schedule and manage our SEIU and P&S workforce in the way that overtime is to be paid. The rules require overtime to be paid on a weekly basis for all hours worked over 40 for these two classes of workforce. The current collective bargaining agreement with SEIU allows for overtime to be paid only for hours worked over 240 in a six week period.

VOLUMES

The University of Iowa Hospitals and Clinics predicts continued high demand for its services. Inpatient acute admissions are expected to increase approximately 3.8 percent while outpatient activity is anticipated to grow by nearly 6 percent over FY 2016 projections. The case mix index, reflective of the acuity of care required by inpatients, is anticipated to remain high at a level of 1.99.

RATES

Additional net revenues will be required in FY 2017 to meet the 3.5% operating margin budgeted. These additional net revenues will be achieved through new volumes and a rate increase of 6.0% approved by the Board in April to be effective July 1, 2016. Market data indicates that UIHC continues to have lower rate adjustments when compared to academic medical center peers and other Midwest healthcare institutions.

As always, UIHC is concerned with the effect of higher charges on its patient population. A study completed by the University Health System Consortium shows that the impact on insured patients is minimal, with little or no change to deductibles and co-payments. Self-pay patients, who account for approximately 1% 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
 - Affordable Care Act scheduled reductions (through 2019)
 - 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
 - Unknown impacts of move to Managed Medicaid
- 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% |

**2016 Annual Income Guidelines
for Uncompensated Care Eligibility Determination**
Effective January 28, 2016

| Family Size | Poverty Guidelines | Income Level | | | |
|-------------|--------------------|--------------|-----------|-----------|------------|
| | | 200% | 250% | 300% | 350% |
| 1 | \$ 11,880 | \$23,760 | \$ 29,700 | \$ 35,640 | \$ 41,580 |
| 2 | \$ 16,020 | \$32,040 | \$ 40,050 | \$ 48,060 | \$ 56,070 |
| 3 | \$ 20,160 | \$40,320 | \$ 50,400 | \$ 60,480 | \$ 70,560 |
| 4 | \$ 24,300 | \$48,600 | \$ 60,750 | \$ 72,900 | \$ 85,050 |
| 5 | \$ 28,440 | \$56,880 | \$ 71,100 | \$ 85,320 | \$ 99,540 |
| 6 | \$ 32,580 | \$65,160 | \$ 81,450 | \$ 97,740 | \$ 114,030 |
| 7 | \$ 36,730 | \$73,460 | \$ 91,825 | \$110,190 | \$ 128,555 |
| 8 | \$ 40,890 | \$81,780 | \$102,225 | \$122,670 | \$ 143,115 |
| * | \$ 4,160 | \$ 8,320 | \$ 10,400 | \$ 12,480 | \$ 14,560 |

(*) For family units over eight (8), add the amount shown for each addition:

Source: Department of Health and Human Services – Federal Poverty Guidelines

**The University of Iowa
OAKDALE CAMPUS
Budget Summary
FY 2017**

\$2,776,558

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 State Hygienic Lab, the Technology Innovation Center, and specialized research facilities.

REVENUE

State appropriations for FY 2017 were unchanged from FY 2016 levels. Other income is projected to increase by \$55,000. Other income includes \$515,000 in reimbursed indirect costs, \$5,000 in revenue predicted from interest earnings, and \$70,000 in rental income based on prior year rental income averages. The total Oakdale Campus budgeted revenue for FY 2017 is \$2,776,558.

EXPENDITURES

Salaries: Salaries for Operations and Maintenance in the Oakdale Campus include Building Maintenance, Landscape Services, Custodial Services and Utilities. Overall salaries and benefits are estimated at \$2,113,308 for FY 2017. This represents a decrease in salary expense of \$2,094 in FY 2017. Merit salary expense saw a slight decrease of \$4,383, while P&S salaries went up by \$2,289.

Utilities: The FY 2017 utility budget supported by the Oakdale Campus is estimated to increase minimally by \$132 in FY 2017 from \$725,723 to \$725,855. Included is an increase in salary and fringe expense of \$15,857 coupled with a decrease in general expense of \$15,989.

Supplies/Rentals: Supplies and services expenses includes materials and services that are required to maintain an environment to conduct research. In FY 2016 this budget was \$127,331. The supplies and services budget has been increased to \$200,150 for FY 2017.

**The University of Iowa
STATE HYGIENIC LABORATORY
Budget Summary
FY 2017**

\$7,178,920

REVENUE

Total budgeted revenue is \$7,178,920. The FY 2017 appropriation (\$4,402,615) represents no change since FY 2014. Other Sales and Services are level for this account, however it is anticipated this will decrease for SHL's overall revenue. The state appropriation continues to be 19.2% of the FY 2017 projected total laboratory revenue (\$22.9 M). The total projected revenue of \$22.9M is comprised of the appropriation (19.2%), fee for service revenue (59.9%), grants and contracts (19.6%), and F&A and other revenue (1.3%). The State Hygienic laboratory will continue to work on making significant strategic, financial and operational improvements. The FY 2017 budget allows continuation of the majority of direct costs for staffing that support the non-technical areas of the laboratory (client data entry, financial management, human resources, procurement, central shipping and receiving, information technology services, and quality management/process improvement).

As a statutorily established service agency to other state agencies, SHL revenues are directly impacted when federal, state and local budget cuts occur. SHL's largest clients, the Iowa Departments of Public Health and of Natural Resources, support public and environmental testing initiatives through federal pass-through contracts and grants. Due to multiple factors decreasing federal funding and the continuous erosion of CMS laboratory test reimbursement rates, the Laboratory continues to experience reduction in external funding. For FY 2017, there will not be a fee increase for the majority of public health or environmental tests in order to assure contract and grant budget submissions are competitive.

EXPENDITURES

SALARIES: The Laboratory continues to strive to establish a budget that will support competitive salaries. SHL primarily competes for qualified staff with UIHC and other hospitals (for clinical laboratory scientists) and with the Iowa Department of Natural Resources and private laboratories (for environmental scientists). Salaries comprise 67% of the laboratory expenses. The average increase for FY 2017 P&S salaries is budgeted at 1%. The annual increases in the overall salary expense must be covered by a blend of reallocated revenues and an ongoing initiative to decrease other expenses.

SUPPLIES: Supplies constitute 26% of the SHL expense budget. This includes laboratory consumables, instrument service agreements, quality control and proficiency testing material, operations software for financial management, laboratory test reporting, inventory management and laboratory instrumentation necessary to conduct state and federally mandated testing that is not supported by fee for service, grants or contracts. This testing is performed in the disease control and the environmental health divisions. Costs include the associated overhead (data entry, information technology services, sample receiving, billing, accounting, supply chain management and the statewide courier).

UNPLANNED EVENTS AND FACILITY RECTIFICATIONS: As the state's public health laboratory, SHL is mandated by federal and state regulations to respond 24/7/365 to natural and manmade disasters, outbreaks, and identification of suspect biological and/or chemical substances. It is difficult to budget for these events since their time, scope and nature are unpredictable. In FY2016, SHL absorbed the cost of testing during the mumps outbreak, continued with test validations and training for Ebola response, responded to four unknown substance events for confirmatory identification, and

validation of the CDC Zika test method while providing required trainings for shipping infectious substances to all 135 clinical laboratories in Iowa and participating in associated exercises.

IMPACT OF STATE APPROPRIATION

Of primary importance is the Laboratory's ability to protect the health of Iowans. Iowa Administrative Code has been updated by the Department of Public Health to better define those clinical tests that are of public health significance. SHL continues to have ongoing initiatives with the Iowa Department of Natural Resources to assure statewide compliance to EPA regulations while enhancing surveillance of Iowa's waterways and overall environmental. Continued support from the state is essential in order to ensure that highly trained laboratories and state of the art equipment are available to effectively management emerging public and environmental health concerns.

**THE UNIVERSITY OF IOWA
STATEWIDE FAMILY PRACTICE PROGRAM
Budget Summary
FY 2017**

\$1,795,765

REVENUE

The statewide program's appropriation for FY 2017 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 (\$1,430,611) are scheduled for grants to the UI-affiliated community based family medicine physician training centers consistent with statutory requirements, and 20% of the appropriation (\$357,653 plus \$7,500 in interest income = \$365,153) 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.

| | |
|--|-------------|
| • Family Medicine Physician training grants | \$1,430,611 |
| • OSCEP support for statewide residency programs | \$ 357,654 |
| • Interest income | \$ 7,500 |

EXPENDITURES

\$1,430,611 – Statewide UI Affiliated Family Medicine Residency Support

This funding goes directly to each UI Affiliated Family Medicine Residency Program across Iowa. Each of the seven programs receives \$204,373 to support the ongoing operations at each site producing family medicine physicians. The programs are located in Davenport, Cedar Rapids, Waterloo, Mason City, Sioux City and two in Des Moines (Iowa Lutheran and Broadlawns). There are currently 51 positions for new residents each year or a three year total of 153 residents.

\$258,451 – Total Salaries and Benefits

The University salaries and benefits total \$258,451. These positions provide support to the many needs of serving the Statewide Family Practice Programs across the state.

\$106,703 – General Expenses

The balance of \$106,703 is for a range of services including the Visiting Professor Program. This funding allows the statewide program to provide minimal compensation to faculty who temporarily leave their regular duties at the University of Iowa to serve as visiting professors at the community-based programs across Iowa. In addition, travel is paid for the Visiting Professors as well as staff to serve the entire statewide system. This also includes funding for publications, postage, printing services, office supplies telecommunications and other administrative support associated with this program.

**THE UNIVERSITY OF IOWA
Primary Care Initiative
Budget Summary
FY 2017**

\$648,930

REVENUE

The appropriation for the Primary Care Initiative (PCI) for FY 2017 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 as follows:

- | | |
|--|-----------|
| • Department of Family Medicine Faculty | \$254,889 |
| • Regional Medical Education Centers Grant Program | \$175,205 |
| • Iowa Health Professions Inventory | \$118,292 |
| • Rural Physician Support Program | \$100,544 |

EXPENDITURES

\$254,889 – Faculty Salaries and Benefits for UI Department of Family Medicine

Salary support is provided to the Department of Family Medicine for faculty physicians. This money is appropriated and designated by the legislature to provide ongoing support to the UI Family Medicine Department.

\$213,026 – Office of Statewide Clinical Education, Salaries and Benefits

Salary and benefits are to support the staff within the Iowa Health Professions Inventory and the Rural Physician Support Program. This includes the utilization of two graduate students for \$30,000 to economically achieve goals of the program.

\$175,205 – Regional Medical Education Center (RMEC) Grants

The five Regional Medical Education (RMEC) Grants total \$175,205. Each of the five RMEC's across the state receives \$35,041. The RMECs are located at Cedar Rapids, Davenport, Mason City, Sioux City and Waterloo and this funding supports the sites efforts in undergraduate medical education.

\$5,810 – General Expenses/Travel

This funding supports the significant travel required for OSCEP staff along with minor office related expenses.

The University of Iowa
STATE OF IOWA CANCER REGISTRY
Budget Summary
FY 2017

\$149,051

In 2016, 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 1973-2014, over 645,887 cancers were diagnosed among Iowans, with more than 251,697 Iowans having died from cancer. In 2016 alone, we expect 16,600 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 17 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. The Iowa Cancer Registry is the best statewide resource for determining the burden of cancer on the Iowa population and assessing trends in the occurrence of cancer over time. 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 \$29.30 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 Registry cancer data 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 and for meeting the NCI contractual requirements of timeliness, completeness and quality.

The University of Iowa
IOWA CONSORTIUM FOR SUBSTANCE ABUSE RESEARCH AND EVALUATION
Budget Summary
FY 2017

\$55,529

The Iowa Consortium for Substance Abuse Research and Evaluation (Consortium) is an alliance committed to strengthening substance abuse prevention and intervention activities through collaborative research. The Consortium coordinates research and knowledge transfer among researchers, assists professionals in the field, and informs public policy makers in the area of substance abuse. The Consortium's Coordinating Board is made up of representatives from the University of Iowa, the University of Northern Iowa, Iowa State University; state departments of Public Health, Corrections, and Drug Control Policy; and representatives from local substance abuse service agencies.

The Consortium facilitates multidisciplinary research to evaluate substance abuse prevention and treatment efforts in the State of Iowa. Research and evaluation activities involve practitioners, treatment providers, state agency representatives, government policymakers, and researchers from institutions of higher education. The Consortium addresses its mission through the following activities:

- Supporting and conducting substance abuse research and evaluation within the State of Iowa;
- Strengthening substance abuse prevention and intervention strategies operating within the State of Iowa;
- Supporting the education of new researchers in substance abuse;
- Contributing to the education of students and professionals in fields such as health care, education, corrections, human services and counseling; and
- Contributing to the development of public policy related to substance abuse.

In the coming year, the Consortium will continue its unique capacity for interdisciplinary alcohol and drug research and evaluation in Iowa. Specific projects include:

- Evaluating prevention, treatment and cultural competency effectiveness in substance abuse services offered at the community and state level in Iowa.
- Assisting the State in implementing quality improvement techniques at the state and agency levels.
- Updating the Iowa Youth Survey, a statewide survey of 6th, 8th, and 11th graders, about youth attitudes and experiences regarding substance abuse, violence, and their perceptions of peer, family, school, and community environments.
- 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 2017 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 2017

\$723,727

The Center for Biocatalysis and Bioprocessing (CBB) is a one of a kind interdisciplinary academic research center at the University of Iowa. Its mission is to: a) enhance faculty and student development in the broad areas of biocatalytic science and bioprocess engineering, b) drive innovative industrial fermentation processes through efforts within a state-of-the-art bioprocessing pilot plant facility, and c) expand economic development through translational research and the advancement of university-led technology and intellectual property.

The Center's umbrella encompasses a strong cluster of scientists, laboratory personnel, graduate students and postdoctoral associates focused on creation and dissemination of knowledge in biocatalytic science and bioprocess engineering. This academic group is recognized for its scientific talent that has secured in excess of \$15 million annually in extramural research support. The Center is the central element for a long-standing NIH Training Grant in Biotechnology. A portion of the Center's operating budget supplements these NIH fellowships and, more importantly, supports additional fellowships for top caliber graduate students across the traditional academic disciplines. While the NIH-supported training grant exclusively supports graduate students, the Center also directs resources to undergraduate students in the form of employment (within the Center's Fermentation and Bioprocessing Facility) as well as a newly developed course. This course, initiated in FY 2016, is entitled Upstream Biotechnology Processes and is intended for upper level undergraduate students. A companion course on downstream bioprocessing is in the planning stages. The long term goal is to parlay these courses into a workshop designed for beginning professionals within the field of commercial biotechnology.

The CBB Fermentation and Bioprocessing Facility is a world-class operation that is unmatched by any other university in the United States. This facility serves as both a contract manufacturing organization (CMO) and a contract research organization (CRO) with the objective of creating high value biotechnology materials. This facility serves as the primary scale-up pilot plant operation for biotechnology processes within the State of Iowa. Operations within this facility provide expertise in: a) production of fermentation-derived metabolites, b) optimization of protein expression, c) development of novel and effective downstream processing systems, and d) discovery of novel biocatalytic processes of scientific and economic value. The CBB operates the only facility in the State of Iowa that manufactures vaccines and therapeutic proteins for human Phase I trials.

The Center continues to support economic development by providing expertise and facilities to drive biotech manufacturing nascent products for entrepreneurs. During FY 2016, the Center helped to optimize and scale-up biotechnology manufacturing processes for a host of young companies, several having major operations within the State of Iowa. This year, the CBB has worked directly with two start-up companies founded by faculty at the University of Iowa. In this capacity, the CBB provides unsurpassed expertise from academic faculty and professional staff to enhance translational research and commercialization. Our pilot plant-scale bioprocessing laboratory provides the basis for translating basic research findings in the laboratory to commercial scale manufacturing. Such capabilities attract significant funding and interactions from industries, universities, and foundations. As such, the CBB enjoys contracts and agreements with corporations within Iowa, the United States and around the world.

FY 2017: Funds for FY 2017 will provide administrative salary support (faculty and P&S), support for academic as well as economic development programs, and resources to enhance scale-up efforts for Iowa companies.

The University of Iowa
IOWA REGISTRY FOR CONGENITAL AND INHERITED DISORDERS
Budget Summary
FY 2017

\$38,288

The Iowa Registry for Congenital and Inherited Disorders or IRCID (formerly the Iowa Birth Defects Registry) was established by the Iowa General Assembly (Chapter 23 of the Iowa Code) in 1983 and operations chartered to The University of Iowa. Since that time, the IRCID has received national attention for its role in birth defect surveillance and has served as a model for other states establishing birth defect surveillance programs.

The objectives of the IRCID are integrated and fully consistent with those of The University of Iowa. These objectives are to:

- maintain statewide surveillance for birth defects; and
- monitor trends in birth defects occurrence and mortality.

Data collected permit comparison of birth defect 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; and
- 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) have been funded to expand surveillance activities to include children with Duchenne and Becker muscular dystrophies, and since 2011, to also include children and adults with one of seven additional muscular dystrophies. Annual renewal of each of these agreements requires identification of state funds to support surveillance staff.

Education and health promotion efforts that use 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 live born 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 surveillance activities. The amount of staff support provided continues to decline annually, as the appropriation has been reduced 28% since 2001 and has remained level for the past several years. Ideally, the IRCID allocation would be \$100,000. If this insufficient level of funding continues, it will impact the ability of the IRCID to maintain statewide surveillance of congenital and inherited disorders. Failure to maintain our surveillance infrastructure will ultimately jeopardize millions of dollars in University grant and contract funding, whose awards are contingent upon having the statewide IRCID infrastructure.

**The University of Iowa
CENTER FOR ADVANCED DRUG DEVELOPMENT (CADD)
Budget Summary
FY 2017**

\$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 2017 (\$93,645) is used to help support the salary and fringe of 0.5 P&S FTE at CADD. The 0.5 FTE's consist of one Associate Chemist at \$36,660 and one Manager of Laboratory Quality at \$56,985.

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
Budget Summary
FY 2017

\$78,515

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 1,800 employees of laboratories and companies affiliated with the Park, the BioVentures Center and the Technology Innovation Center. 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, The Brighton Group, Leepfrog Technologies, KemPharm, ConnectFive and MediRevv. A total of 40 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. Also a 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 opened in the fall 2015.

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 employs approximately 300 employees. MediRevv originally built their first building (18,000 sf) on the UI Research Park in the fall of 2012, they expanded to a 2nd building (26,000 sf) in 2014.

FY 2017 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 2017, 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 2017**

\$37,119

Established by the University in 1984, The Technology Innovation Center (TIC) and the UI BioVentures Center are business incubators 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 UI Economic Development.

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

Thirteen tenant companies are currently in the Technology Innovation Center. The BioVentures Center is home to seventeen biotech companies, most of which are spun-off of UI research.

The Center's operating budget in FY 2017 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 BioVentures Center and Technology Innovation Center have 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 2017 the funding will not support fully the incubator facilities and delivery of essential professional services and amenities to tenant companies. Additional funding must be identified for the incubators 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 2017**

\$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 FY 2017 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 IFC will use the FY 2017 appropriation, along with additional grant funding from agencies, to support projects that include:

- 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 across the state;
- Continue to monitor and share data from stream stage sensors across the state;
- Continue improving upon and adding rain gauge and soil moisture/temperature monitoring platforms to watersheds across the state in partnership with other IIHR projects (i.e. the Iowa Watersheds Project) and with other external partners.
- Continued development of high-resolution, web-based flood inundation maps (In FY16, flood inundation maps were completed for Red Oak; in FY 2017, the IFC plans to begin maps for Ida Grove and Monticello);
- Development of floodplain maps for most of Iowa (in conjunction with the Iowa Floodplain Mapping Project funded by the IDNR);
- Continue watershed-scale research to understand how small-scale mitigation projects can reduce flood damage in a watershed (in conjunction with the Iowa Watersheds Project and the new Iowa Watershed Approach);
- 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 University of Iowa
LARNED A. WATERMAN IOWA NONPROFIT RESOURCE CENTER
Budget Summary
FY 2017

\$162,539

The Larned A. Waterman Iowa Nonprofit Resource Center (INRC) is a University-wide interdisciplinary center that publishes guidelines and primary research on charitable nonprofit organizations, provides educational opportunities for students on campus, and delivers workshops and training to nonprofit professional in communities 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 2017.

The funding will be applied to the following basic staff needs: a program assistant who provides administrative and secretarial support, directs client inquiries, and maintains and distributes informational resources to Iowa nonprofit organizations; a creative media developer who manages the website and the quarterly newsletter, maintains the Iowa Register of Accountability, generates special news notices to a listserv of over 2,000 subscribers, and provides content and editing for publications such as the Iowa Principles and Practices for Charitable Nonprofit Excellence—originally developed by the Iowa Governor’s Nonprofit Task Force and in conjunction with the Office of the Iowa Secretary of State; and the director receives a portion of the director’s salary from this appropriation.

The University of Iowa
IOWA ONLINE ADVANCED PLACEMENT ACADEMY
Budget Summary
FY 2017

\$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 11,760 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 2015 Iowa students ranked 17th 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 \$134,479 for FY 2017. This includes costs for 1.4 FTE in addition to graduate assistants who provide support to the program.

Supplies and Services: In FY 2017 the budget is estimated at \$347,370. 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 2017

\$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 (OVR&ED), the Henry B. Tippie College of Business, the Office of the Executive Vice President & Provost, and other key university colleges, including the College of Engineering, College of Liberal Arts and Sciences, and University of Iowa health science colleges.

JPEC offers nationally recognized, 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; engineering students may earn the Technological Entrepreneurship Certificate along with their degree. In addition to the certificates, JPEC and the Department of Management and Organizations offer a BBA in Management with an Entrepreneurial Management Track (on-campus and online) to Tippie College of Business students. In FY 2015, JPEC partnered with the College of Liberal Arts and Sciences to offer a BA in Enterprise Leadership. Beginning in FY 2017, courses in this program will be available online and at the Iowa Center for Higher Education in Des Moines. Advanced entrepreneurship courses are also offered to MBA students on campus and at several locations across the state of Iowa.

JPEC and its university partners 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. In FY 2016, training in this area was supplemented through the new National Science Foundation I-Corps program designed to support 90 faculty startups over 3 years.

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:
 - Continue offering the new BA in Enterprise Leadership undergraduate degree program, launched in the fall of FY 2016

- Continue to build educational partnerships with select Iowa community colleges to expand entrepreneurial education on their campuses and better connect community college faculty and students to UI entrepreneurship faculty, programs and resources
- Develop a cadre of interdisciplinary faculty to increase dissemination of innovation and entrepreneurship curricula across colleges and programs
- Expand development and dissemination of the UI's 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:

- Support technology-based student internships and engagement with Iowa small businesses through the OVPR&ED's UI Partners initiative
- Connect students with startups and early-stage companies participating in JPEC's statewide Venture School program to assist entrepreneurs with market assessment and strategic business planning
- Provide strategic business consulting services to existing Iowa small-to-medium size companies through JPEC's Entrepreneurial Management Institute and academic programs
- Expand international business educational outreach and business consulting services to Iowa companies through the UI's Institute for International Business

III. Acceleration of New Venture Formation: To foster new venture creation across the state of Iowa, accelerate the development of technology-based ventures based on UI faculty research, and increase the number of student-based startups.

Program highlights include:

- UI's National Science Foundation I-Corps program provides advanced entrepreneurial training to faculty and support the commercialization of applied research
- Expand statewide delivery of JPEC's Venture School business acceleration training program, in part through partnerships with community colleges and other economic development and business accelerator organizations
- Strengthen technical support for faculty and student entrepreneurs through campus-wide collaborations for advanced product design, prototype creation and software application development
- Expand Iowa Startup Games weekend-long program to several partner locations across Iowa to increase entrepreneurial activity among college students in the state

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

The FY 2017 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, 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, reflects the University's best efforts at planning to meet its most critical needs, and provides essential services within the limits of available resources.

The Organized Activities Fund includes Medicine and Dentistry Practice Plan funds, sports camp activities, Conferences and Institute and mandatory fees (partial). It also includes various tuition and program specific fees, publications, and workshops related to academic departments.

The Auxiliary Enterprise Fund includes Intercollegiate Athletics, University Residence System, 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. Also included are funds allocated from the Board Office for the Iowa Regents Resource Centers. These Centers serve the educational needs of students in northwest and southwest Iowa. The Centers are part of the Regent Enterprise and include the University of Iowa, Iowa State University, and the University of Northern Iowa.

Breakdown of Other Income

Other income includes non-federal gifts, grants and contracts of \$137.7 million, commissions and royalties of \$6.4 million, parking fines of \$1.4 million, and Other Miscellaneous Revenue of \$32.6 million.

Bond Sales/Debt Service

The Bonds and Loans line includes the following potential bond sales for FY 2017 subject to the refinement of schedules and final approval by the Board:

| | |
|--|-----------------|
| Madison Street Residence Hall | \$ 70.0 million |
| (2 nd and 3 rd of 3 bond sales totaling \$105 M) | |
| UI Hospitals & Clinics | \$ 27.5 million |
| Athletics Banked Track (Master Lease) | \$ 3.2 million |
| Athletics Scoreboard (Master Lease) | \$ 5.5 million |

In addition to FY 2017 projected debt service on existing issues (\$99.9 million), an estimate of \$3.9 million has been included for the issues listed above.

Tuition Replacement

This budget contains \$16.0 million, which has been appropriated for Tuition Replacement to address the FY 2017 debt service on Academic Building Revenue Bond issues.

Capital

A total of \$64.3 million in new capital was appropriated by the General Assembly during the 2014 legislative session for a new Pharmacy Building. The funding schedule was modified during the 2016 session to the following:

| | |
|---------|----------------|
| FY 2016 | \$13.0 million |
| FY 2017 | \$23.0 million |
| FY 2018 | \$28.3 million |

The overall cost of the project is estimated to be \$96.3 million 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 \$1.05 million 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.
2. Build effective partnerships for economic development between the private sector and the University of Iowa.
3. To provide IT consulting services to small businesses throughout Iowa to solve their technology challenges.
4. 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 2017**

The Iowa Athletic Department is a self-sustaining auxiliary enterprise and receives no General Education Fund support. Overall the revenue and expense budget for FY 2017 is increasing by approximately \$6.6 million in comparison to the FY 2016 budget. Line item highlights are noted below:

Revenues:

- Football Income is expected to increase by \$4.65 million due to an anticipated increase in public season ticket sales. There has also been an increase in ticket prices, mainly based on a tiered structure for individual game prices.
- Wrestling income increased in FY 2016 due to a special event in Kinnick Stadium but is expected to return to traditional levels in FY 2017.
- Learfield revenue has increased based on annual contract guaranteed income as well as a two year commitment for equipment upgrades.
- Athletic Conference revenues are expected to increase modestly in FY 2017.
- Novelty sales income increased in FY 2016 due to additional sales from team successes but will return to traditional levels in FY 2017.
- General income is expected to increase based on an anticipated transfer from departmental reserves to cover operating expenses.

Expenses:

- Football expense increased by approximately \$2.0 million in FY 2016 due to additional costs related to post-season activities and will continue at this level for FY 2017.
- Administrative and general expense costs have increased due to post-season expenses and student athlete meal costs in FY 2016 and will be similar in FY 2017.
- Transfer to the reserve is not anticipated due to lower revenues and increased expenses.

**The University of Iowa
RESIDENCE SYSTEM
Budget Summary
FY 2017**

The University of Iowa is proposing the attached annual budget for the residence system for FY 2017. Estimated revenues total \$80,955,157 and proposed expenses for operations total \$59,788,484, leaving \$21,166,673 net revenue available for debt service, mandatory transfers, and transfers to voluntary reserves. These projected net revenues are \$562,210 higher than the preliminary budget submitted to the Board in March.

The increased net revenue projection is due primarily to a combination of higher projected contract room and board income, as well as reduced projected operating expenses, particularly projected utility expenses. Contract room and board income is projected to increase as a result of increasing the operating capacity of several residence hall floors through increased density, as well as the addition of the new leased residence hall property, Burlington House. Overall utility consumption has been trending downward in the residence system. The reduced consumption combined with lower than originally projected utility rate increases has led to a reduced utility budget.

Projections of enrollment and occupancy for fall 2016 are suggesting another record-setting first-year class. Significant efforts have been made to increase the operating capacity of the residence system. Based on the latest projections, residence hall occupancy at the start of the fall 2016 semester will again be at or above capacity.

Projected residence hall revenues are based on rates approved by the Board at its April 21, 2016 meeting, fall residence hall occupancy of 6,651 (100% of capacity), residence hall board contracts numbering 7,501 and 165 (99% of capacity) occupied Hawkeye Drive apartments.

Voluntary reserve balances at June 30, 2017 are projected to be \$15,319,298. This amount is \$2,915,722 lower than projected in March, reflecting an increase in the projected funding of capital projects for both FY 2016 and FY 2017.