

**THE UNIVERSITY OF IOWA
Comprehensive Fiscal Report
FY2024**

The following comprehensive fiscal report compares FY2024 actual revenues and expenditures to the Board-approved July 1, 2023, budgets and summarizes significant variances.

A. GENERAL UNIVERSITY

Revenue

Total General University revenues for FY2024 were \$6.60M or 0.8% over budget.

General University tuition revenues were over budget by \$5.99M or 1.2% due to higher than projected enrollment and a higher percentage of non-resident students than expected.

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

	<u>Resident⁽¹⁾</u>	<u>Non-Resident⁽¹⁾</u>	<u>Total</u>
Undergraduate	\$ 128,228,000	\$ 259,658,000	\$387,886,000
Graduate	42,340,000	10,308,000	52,648,000
Professional	48,646,000	26,344,000	74,990,000
Other	<u>1,232,000</u>	<u>1,664,000</u>	<u>2,896,000</u>
Total	<u>\$ 220,446,000</u>	<u>\$ 297,974,000</u>	<u>\$518,420,000</u>

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

Returns on university investments improved in FY2024 and university internal interest distributions were reinstated in July 2023. As a result, General University interest revenue was over budget by \$0.47M or 128.8%.

Expense

Total General University expenses for FY2024 were over budget by \$4.43M or 0.6%.

Salaries comprise 66.6% of all General University expenditures. The University continues to be challenged with recruiting and retaining talent which has made it difficult to estimate these costs and is reflected in the variances between budget and actual expenditures in this category. Professional staff salaries were over budget by \$16.8M or 8.9% and hourly wages were over budget by \$0.35 or 5.9%. Overall FY2024 salary expenditures exceeded the budget by \$15.6M or 3.0%.

Other General University expenditures were under budget by \$11.20M or 4.0%. This is primarily due to lower than expected supply expenditures of \$15.38M or 25.8% under budget and favorable weather conditions bringing utilities below budget by \$2.18M or 4.6%. These were partially offset by overages in building repairs, equipment and state auditor costs:

- Building repairs were \$7.00M or 26.8% over budget

- Equipment was \$1.45M or 30.6% over budget
- Reimbursement for Auditor of the State was \$85.2K or 10.0% over budget

General University expenditures for student aid were overbudget by \$0.73M or 0.6%. The university provided \$116.6M of financial aid which is 22.5% of actual tuition revenues.

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	\$ 298,156,000	\$ 295,287,000
Research	43,942,000	50,206,000
Public Service	3,943,000	5,256,000
Academic Support	138,569,000	139,151,000
Student Services	24,567,000	25,846,000
Institutional Support	54,370,000	59,678,000
Operations & Maintenance of Plant	121,155,000	114,441,000
Scholarships & Fellowships	<u>117,338,000</u>	<u>116,606,000</u>
Total	\$ 802,040,000	\$ 806,471,000

Cash Balance of Advanced Commitment Funds

According to Iowa Code section 262.9, tuition revenues may be carried forward for use in subsequent years. The FY2024 cash balance was \$2.16M. As of June 30, 2024, cumulative tuition revenues of \$8.60M will be carried forward to fund Student Success Initiatives.

HEALTH CARE UNITS

Revenue

Sales and Services

Strong year over year growth in sales and service revenue was reflective of expanding volumes across UIHC. Throughout FY24, UIHC continued its focus on expanding access to ambulatory care, increasing operating room utilization rates, improving actual versus expected length of stay, and maintaining excellent quality and safe care for our patients. As a result of these efforts, volumes for surgical cases and outpatient clinic visits exceeded prior year by about 3% and 5%, respectively. Acute inpatient discharges also exceeded FY23 by 5.3% and budget by 6.6%.

The acquisition of UIHC's Downtown Campus in January 2024 also contributed to growing volumes. However, because of credentialing and enrollment delays associated with onboarding a new hospital campus, cash receipts on hospital billings lagged. The impact of increasing AR is reflected within the Interest category.

Interest

Interest income fluctuates with earning rates in UI investment pools and market return. The bulk of the change in FY24 is related to unrealized gains on investments.

Expense

Salaries

During FY24, like healthcare organizations and industries across the country, UIHC continued to experience challenges due to staffing shortages. To ensure UIHC had appropriate staffing levels to continue to provide high-quality, safe patient care, UIHC invested in labor by utilizing additional agency staff where needed, providing continued higher premium pay to staff for working additional shifts, and incentivizing staff to seek permanent employment with UIHC through sign-on incentives. Costs associated with full-time employee retention and recruitment are reflected within the salary and wage expense. The agency contract expense is reflected within the professional and scientific supply non-staffing expense.

Salary & fringe expense is under budget due to higher than anticipated vacancy but is offset by higher budgeted agency expense.

All new position requests, as well as requests to replace vacant positions, continue 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 in FY2024. 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. Drug costs associated with these specialty services, along with patient care medical supplies such as implants for cardiac, orthopedic 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.

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 98.1% of the budget mainly due to lower than projected sales and services revenue by 7.6%.

Oakdale Campus

Both revenue and expense for the Oakdale Campus were 101.1% of the budget due to higher-than-expected indirect cost recoveries.

Family Practice Program

Both revenue and expense for the Family Practice Program were 99.8% of the budget.

Special Purpose Appropriations

FY2024 Special Purpose final appropriations were as follows:

	<u>Budget</u>
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	1,000,000
Agricultural Health and Safety	128,154
Entrepreneurship and Economic Growth	2,000,000
John Pappajohn Entrepreneurial Center	41,667
College of Nursing	<u>2,800,000</u>
Total	\$ 9,508,090

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

Biosciences Innovation expenses were under budget by 3.2%. As indicated in the Economic Development Appropriations Bill, unexpended FY2024 funds appropriated to UI for support of the biosciences innovation ecosystem can be used for expenditures in FY 2025.

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 \$14.90M 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 \$33.46M or 10.5% due to higher-than-expected research activity.

Intra State Receipts

It has been a longstanding requirement of the Board Office that the revenue and expenditure 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 FY2024, investment market trends continued to improve. Interest income was budgeted for \$40.57M but ended the fiscal year at \$88.85M.

Bond & Loan Proceeds

The University of Iowa initially budgeted \$65.00M for bonds. The University sold University of Iowa Facilities Corporation Bonds for the Health Sciences Academic Building Project at \$28.72M and for the Athletic Training Project at \$19.62M. Academic Building Revenue bonds sold for \$17.52M. During FY2024, the University retired \$6.27M in bonds, resulting in total bond proceeds that were \$5.42M or 8.3% under budget.

Reimbursed Indirect Costs

FY2024 indirect cost recoveries exceeded the budget by \$1.77M or 5.9% due to higher-than-expected research activity.

Sales & Services

FY2024 revenue from sales and services exceeded the budget by \$145.64M or 15.2%. This is due to higher-than-expected income in revenue generating programs, workshops and other.

Other Income

Other income was over budget by \$69.41M or 30.4% due to a larger than expected transfer of gift funds from the UI Center for Advancement.

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 FY2024 were over budget by \$216.07M or 10.0%.

Salary and wage costs were over budget by \$47.67M or 4.7% primarily due to higher than projected salary costs for professional and hourly staff.

Supplies were over budget by \$31.74M or 6.0%.

Plant capital was over budget by \$226.30M or 132.0%. Building repair expense was under budget by \$9.65M or 58.4% and equipment was under budget by \$84.96M or 42.7% which helped to offset some of the other overages.

**Department of Athletics
FY2024
Budget to Actual Variance Analysis**

Revenue

(1) Sports Revenue

Football, wrestling and women's basketball ticket sales exceeded budget. Men's basketball ticket sales were below budget.

(2) UICA Support

UICA income was under budget due to donor cash flow constraints. Budget adjustments were made in FY2025.

(3) UICA Premium Seating Revenue

Premium seating income exceeded budget. Budget adjustments were made in FY2025.

(4) General Income

General Income represents increases in concession sales and reserve funding used for unique, non-recurring expenses (e.g. legal fees, staff transition).

Expense

(5) General Team Expenses

Football expenses exceeded budget due to increased event expenses and one-time costs for coaching staff transition.

(6) Admin. & General Expenses

Administrative and general expenses exceeded budget due to legal/administrative fees and post-season expenses.

**The University of Iowa
University Housing & Dining
FY2024
Budget to Actual Variance Analysis**

Revenue

(1) **Contract Revenues**

Contract revenues exceeded budget by \$2,505,203 due to a much higher than budgeted occupancy in the residence halls. The FY2024 budget assumed residence hall occupancy of 6,245. Actual occupancy as of the fall reporting date was 6,415.

(2) **Interest Income**

Interest income is higher than budget by \$347,992. At the time of the budget preparation, the University had discontinued investment income distribution to departments for the remainder of FY2023 and had not yet made a decision regarding FY2024 distributions, so no distributions were budgeted (only specific investments on Debt Reserve Fund balances). Investment income distribution was later resumed for FY2024.

(3) **Other Income**

Other income is higher than budget by \$413,823. Non-contract dining revenues and catering revenues were over budget by \$300,000 as sales volume finally returned closer to pre-pandemic levels. Laundry incomes increased by nearly \$100,000 as the University resolved issues with the previous laundry provider. Summer conference volume also increased more than expected, leading to revenues approximately \$200,000 over budget.

Expense

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

Overall salaries, wages and benefits expense is higher than budget by \$484,904. Continued vacancies occurred in merit positions in custodial, maintenance and dining, leading to salary savings of 3,089,870, more than double the budgeted \$1,500,000. However, those savings are more than offset by increases in bi-weekly student and temporary wages and benefits necessary to supplement the full-time vacancies.

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

Cost of goods sold for the dining operations are higher than budget by \$603,940, due to higher-than-expected inflationary increases as well as the increased volume in the contract dining, retail dining and catering operations.

(6) **Utilities**

Utility expenses are lower than budget by \$235,261 due to lower demand for steam, gas, and electric, offset by smaller increases in chilled water, water, and sewer. The largest savings was experienced in steam costs, where actual expenses fell \$304,533 lower than budgeted.

- (7) **Repairs & Maintenance**
Repairs are \$235,734 higher than budget. With maintenance being short-staffed, more contracted repair services are needed. In addition to the increased demand for contracted services, the hourly rates for those services also increased significantly.
- (8) **Other Operating Expense**
Other expenses are above budget by \$203,176. The continued and increasing need to utilize contracted temporary custodial and dining companies, as well as the increased costs for those services, combined with other significant inflationary increases, led to the higher than budgeted amount again in FY2024.

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, 2024 is higher than originally budgeted by \$4,703,927 due primarily to an additional \$5 million being allocated to improve Mayflower Hall to increase student success and satisfaction in the building.
- (10) **Surplus Fund Balance**
The Surplus Fund balance is lower than budget by \$3,780,245 due to the additional \$5 million transferred to the Surplus Fund for Mayflower, the lower balance carried forward from FY2023, offset partially by the slight reduction in divisional overhead costs and the higher than budgeted net revenues from operations.
- (11) **Bond Reserve Fund**
The Bond Reserve Fund balance is \$281,742 higher than budgeted due to the changes in unrealized gains/losses on investments in the reserve funds.