

The University of Iowa General Education Fund FY 2024 Budget

The University of Iowa’s academic, administrative, and shared governance leaders continue their efforts to refine the value-based budgeting process. The budget model empowers unit leaders to prioritize funding to support their respective missions and to improve financial transparency. The following principles continue to guide decisions in forming the FY 2024 budget:

- **Budget Model – Principles**
 - Transparent
 - Predictable
 - Supports the Strategic Plan and rewards growth

- **Budget Model – Goals**
 - Support collective/shared initiatives
 - Encourage collaboration
 - Be consistent and comprehensible

The budget model is based on annual increases/decreases to the GEF “Collegiate Economic Analysis” report to incentivize new revenue generation and maximize net tuition revenue.

This collaborative process and budget model allowed the University to develop a General Education Fund budget that supports the 2022-2027 Strategic Plan priorities. The five priorities of the strategic plan are interconnected, building upon each other to position our institution for success:

- Excellence in teaching and learning
- Innovative research and creative discovery
- Welcoming and inclusive environment
- Holistic well-being and success
- Transformative societal impact

All other University of Iowa FY 2024 budgets were developed simultaneously with the General Education Fund budget and utilized similar policies and budget guidelines.

The budget was also developed considering important financial challenges that will continue to impact the University in FY 2024 including recruiting and retaining excellent faculty and staff, and the impact of high inflation increases on the costs of nearly all goods and services purchased.

A. REVENUE PROJECTIONS

\$ 768.9 million	FY 2023 GEF Budget
\$ 0.0 million	State Appropriations
\$ 27.7 million	Tuition
\$ 6.5 million	Indirect Cost Recoveries
\$ (1.1 million)	Interest and Other Income
\$ 33.1 million	Total Revenue Increase
\$ 802.0 million	FY 2024 GEF Budget

1) State Appropriations

The University's General Education Fund (GEF) support from state appropriations in FY 2023 was \$218.0 million or 28.4% of the University's GEF budget.

For FY 2024, the Board of Regents requested an appropriations increase of \$12.0 million for the University of Iowa, but the 2023 General Assembly kept the general university appropriations flat for FY 2024 (0% increase).

2) Tuition

In June 2023, the Board of Regents considered a FY 2024 base rate increase of 3.5% for undergraduate resident students and an equal dollar amount of \$305, or 1.0%, for non-resident students. In addition to the base rate increases, the Carver College of Medicine requested a differential tuition rate for a specific undergraduate higher cost program.

Graduate and Professional tuition rate increases were proposed at 3.5% for resident students and an equal dollar amount of \$381, or 1.28%, for non-resident students with some variances for certain graduate program.

For the fall of 2023, the University is anticipating a slightly smaller incoming freshman class than the previous year. However, the incoming class is more consistent with pre-COVID class size and improves on the percentage of non-resident students. The focus on enrollment management efforts continue to yield a more diverse and better prepared freshman class allowing for improved retention and time to graduation.

In total, with tuition increases and expected enrollment changes, the University is projecting an increase of \$27.7 million (5.7%) in tuition revenue.

The FY 2024 estimated total gross tuition budget is as follows:

	<u>Resident</u>	<u>Non Resident</u>	<u>Total</u>
Undergraduate	\$124,616,000	\$255,940,000	\$380,556,000
Graduate	42,864,000	10,457,000	53,321,000
Professional	48,183,000	27,372,000	75,555,000
Other	<u>1,270,000</u>	<u>1,730,000</u>	<u>3,000,000</u>
Total	\$216,933,000	\$295,499,000	\$512,432,000

3) Other Income

The University is estimating an increase of \$6.6 million (10.2%) in indirect cost recoveries due to an anticipated increase in federal research activities.

Interest within the General Education Fund is estimated to decrease by \$1.1 million (-75.4%), and Other Income is estimated to remain the same. 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

During FY 2024, academic and administrative units will use the budget allocation model to identify, evaluate and consider whether to reprioritize or modify activities in which state resources are no longer sufficient to support these functions. The University will continue to ensure that available resources align with the University's strategic plan and support financial viability. Scarce resources will be directed to student success, research, and economic development programs.

B. EXPENDITURE PROJECTIONS

1) Collegiate and Central Core Unit Allocations

The University's 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.

Distribution of changes in revenues to collegiate and central units is calculated utilizing predetermined methodologies to improve transparency and predictability for units. For example, new revenue generated by a college that is subject to share, such as tuition and fees, allows for seventy two percent of new revenue to remain with the college. Twenty eight percent is distributed to university services units responsible for providing core administrative services to collegiate and/or auxiliary units.

Increases or decreases in state appropriations are also distributed by apportionment to collegiate and central services units.

Once revenue distributions are calculated, collegiate and non-collegiate units set priorities and create spending plans guided by the goals established in the 2022-2027 Strategic Plan.

a. Salary and Fringe Benefits (see attachment "FY 24 July 1 Salary Program" for details)

The University's salary policy provided collegiate and other major units latitude in establishing salary policies within a defined range, regardless of 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.

Salary increments for faculty and non-bargaining P&S staff will be distributed differentially to individual staff to reward performance and address any competitive market conditions.

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

Units were advised to provide merit increases in the range of 3% to 4%.

ii. Collective Bargaining Units

The University will fully implement the terms and associated costs of all collective bargaining agreements.

For AFSCME covered staff, there is a contractual increase of 3.0% on July 1, 2023. There will also be a merit increase of 2% for Merit staff who are eligible.

For AFSCME covered public safety staff, there is a 6% contractual increase on July 1, 2023. Merit Exempt certified officers are expected to follow the same increases and pay practices. The Merit step for this bargaining unit is 5% in FY24.

For COGS represented staff (graduate assistants), there is a 3.0% contractual increase on July 1, 2023.

iii. Fringe Benefits

In June 2023, the University completed negotiations with the federal government establishing the FY 2024 fringe benefit rates for each employee category. Annual changes in the approved rates are attributable to cumulative historic costs of covered benefits, salary changes, and employee utilization of benefits.

For FY 2024, fringe rate changes on the existing General Education Fund compensation base will increase costs a total of \$4.7 million. Costs related to AFSCME bargained merit staff will increase \$0.1 million and P&S and faculty costs will increase \$4.6 million.

b. Student Aid

For FY 2024, the University is estimating that the student aid budget will increase by \$8.1 million due to changes in enrollment.

The University of Iowa is committed to identifying new ways of meeting the needs of its students and will focus efforts on sustainable means of helping students graduate on time and receive the highest value education it can provide.

c. Utility Inflation

In March 2020, the University of Iowa received approval from the Board of Regents to enter into a 50-year public-private partnership (P3) involving its utility system with ENGIE North America and Meridiam.

Under the agreement with ENGIE and Meridiam, the University maintains ownership of its utility system and ENGIE performs all operations with respect to steam, cooling, water, and electricity.

General Fund utility expenses are expected to increase by approximately 2%.

The University's General Fund support of utility expenses for the Oakdale Campus will be slightly reduced in FY 2024. The campus houses the State Hygienic Laboratory, a major consumer of utility services on the Oakdale campus.

2) Strategic Investments/Operational Service Needs

The budget allocation model provides an opportunity for colleges and administrative units to request additional funding for strategic and operational initiatives. For FY 2024, the President and the Provost approved the following proposals:

- Technology Risk Mitigation
- Cyber Reserve
- Inflationary increases to GEF utility costs
- Operations & Maintenance salary & fringe rate increases
- Public Safety Collective Bargaining Agreement costs
- Hygienic Lab Addition building renewal
- Investment in Student Success Fund