

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: FY 2003 General Fund Operating Appropriations Requests
Date: July 6, 2001

Recommended Actions:

1. Refer to the FY 2003 institutional incremental operating appropriations requests for consideration in the attached memoranda (G.D. 13a through G.D. 13e).
2. Consider the FY 2003 incremental operating appropriations requests contained in this docket memorandum.

Executive Summary:

The Board's strategic plan outlines strategies for quality (KRA 1.0.0.0) and accountability (KRA 4.0.0.0) which include specific action steps related to appropriations requests. The proposed FY 2003 incremental appropriations requests reflect these strategic planning goals of the Board as well as those of the institutions and are based on continuation of current base operating appropriations.

The first recommended priority of the Board and the institutions from state appropriations is full funding of the state's salary policy. Full funding of salaries from state appropriations is necessary for the institutions to be competitive with their peers, to enhance recruitment and retention of excellent faculty and staff, and to advance strategic planning goals.

Institutional incremental requests for FY 2003 operating appropriations, totaling \$16.1 million, are a key component in achieving the strategic plans of the Board and institutions. These initiatives are detailed in the institutional docket memoranda.

	FY 2002 Budget	FY 2002 Direct State Appropriations	FY 2003 Incremental Appropriations Request*	Increase in State Appropriations
SUI**	\$426,934,130	\$252,697,120	\$6,000,000	2.4%
ISU**	328,949,158	199,442,132	5,000,000	2.5%
UNI**	132,653,110	89,297,856	4,734,000	5.3%
ISD	8,569,353	7,946,772	200,000	2.5%
IBSSS	<u>4,798,556</u>	<u>4,454,332</u>	<u>154,950</u>	<u>3.5%</u>
Total	\$901,904,307	\$553,838,212	\$16,088,950	2.9%

* Excludes incremental funding for state salary policy that has not yet been determined.

** General University budgets only.

This memorandum sets forth the incremental appropriations requests for FY 2003, which include the Board Office (\$50,000) and Regional Study Centers (\$24,359). No additional funds are requested for the Clothing, Prescriptions, and Transportation appropriation. FY 2003 capital requests of \$71.65 million and tuition replacement requests of \$26.0 million are discussed in G.D. 14.

Background/Analysis:

Appropriations Request Process

The FY 2003 preliminary operating appropriations requests (excluding salaries) are presented to the Board in July for consideration. Then, in September, the final operating budget requests will be presented to the Board for approval. The time between the July and September meetings will be utilized for Board Office and institutional consultations in order to refine the Regent appropriations requests.

The chronological appropriations process includes the following:

- Regent institutions develop institutional budget requests.
- The Board receives preliminary operating appropriations requests (excluding dollar amounts for implementing state salary policy).
- The Board approves final operating appropriations requests (excluding dollar amounts for implementing state salary policy).
- The Board-approved operating appropriations requests are submitted to the Department of Management as required by law.
- The Governor prepares state operating appropriations recommendations including recommendations for Regent appropriations.
- The Governor delivers his Condition of State/Budget message.
- General Assembly and Governor consider and approve appropriations.

The dollar amounts for incremental salary funding are not included in the Regent appropriations requests. These are determined in the spring when the Regent institutions have a more accurate account of salary needs.

Regent Request Criteria

The initiatives presented by the institutions are evaluated based on the following criteria:

- Relationship of initiatives to institutional strategic plans, which also guide capital budget requests.
- Prior appropriations for similar or connected initiatives.
- External funding which provides a leverage of state resources.
- Equity among institutions.
- Impact of initiatives on the state's economic development.

Request Summary

The following table summarizes the incremental FY 2003 appropriations requests for the Board's consideration:

University of Iowa

Full Funding of Salaries from State Appropriations	To Be Determined
Public Health Initiative	\$3,000,000
Partnership to Improve Instructional Quality	\$3,000,000

Iowa State University

Full Funding of Salaries from State Appropriations	To Be Determined
Plant Sciences Institute	\$5,000,000

University of Northern Iowa

Full Funding of Salaries from State Appropriations	To Be Determined
Educational Quality for the New Economy	\$4,734,000

Iowa School for the Deaf

Full Funding of Salaries from State Appropriations	To Be Determined
Recreation Complex Program and Operations	\$200,000

Iowa Braille and Sight Saving School

Full Funding of Salaries from State Appropriations	To Be Determined
Restoration of Necessary Services	\$154,950

Board Office

Full Funding of Salaries from State Appropriations	To Be Determined
Quality Improvements	\$50,000

Regional Study Centers

Full Funding of Salaries from State Appropriations	To Be Determined
Sustaining Excellence	\$24,359

These proposed FY 2003 incremental appropriations requests reflect the strategic planning goals of the Board and the institutions and are based on stable funding of current base operating appropriations. Continued levels of state appropriations are essential for sustaining excellence at the Regent institutions. The above initiatives represent funding requests for improvements and enhancements at the Regent institutions.

Regent Salary Initiative

Full funding of the state's salary policy for Regent institutions is a key component of the Board's strategic plan for the Regent institutions to be the premier institutions of their type. Funding of salaries is necessary for the institutions to be competitive with their peers and is a beneficial investment for the state. Factors to be considered for full funding of salaries include:

- Quality faculty and staff are essential to the implementation of the Board's and institutions' strategic plans.
- To recruit and retain top faculty in a global marketplace, the Regent universities must remain competitive by paying competitive salaries in each discipline.
- The Regent universities face serious competition from other institutions of higher learning as well as from the private sector, which pays market rates.
- To remain competitive for essential positions within the professional & scientific compensation plans, it is not sufficient just to keep pace with inflation, especially in high demand occupational groups such as sciences and technology.
- The state's comparable worth law does not recognize external market factors.

The state, during its process of negotiating collective bargaining agreements, determines the statewide salary increase policy. Certain Regent salary increases are determined through various collective bargaining agreements, including the state's negotiation of the AFSCME contract. Historically, the Regent institutions have provided comparable salary increases for non-contract employees, consistent with the legislative intent established by annual salary appropriations legislation.

The Department of Management, beginning with FY 2000, directed that salary annualization funding, which pays increases in merit salaries and benefits at the Regent institutions for which commitments have already been made, be considered part of the separate state salary appropriation. Prior to FY 2000, the amounts needed for salary annualization were considered part of the base operating appropriations of each institution.

Board Office

Full funding of salaries from state appropriations for FY 2003 is the first priority of the Board Office to retain the appropriate level of professional staff. The proposed incremental request for FY 2003 of \$50,000 would provide for needed quality improvements. The incremental adjustments reflect the growing demands on the office, especially in technology and technology-based applications. The FY 2002 Board Office appropriation is \$1,292,935.

Clothing, Prescriptions, and Transportation

This appropriation represents state funding for tuition and transportation, in lieu of property taxes, for children of employees of the Iowa School for the Deaf who reside on school property and attend the Lewis Central public school system. This appropriation is also available for clothing and prescriptions as allowed by Iowa Code §270.4. The FY 2003 request of \$15,941 is equal to the amount appropriated for FY 2002.

Regional Study Centers

The regional study centers request incremental appropriations for FY 2003. The requested amounts are exclusive of funds for salary increases. Full funding for implementation of state salary policy from state appropriations is requested by the study centers and is the Regents first priority.

The combined incremental appropriations of \$24,359 will provide for sustaining excellence, including increasing marketing and promotion efforts to expand student access to graduate degree programs at the Quad-Cities Graduate Study Center. The Quad-Cities Graduate Study Center has increased enrollments in courses over the past five years from 5,000 to 10,200 (104%) and increased the number of degree programs offered during this time from 20 to over 70 (250%). While this significant growth has occurred the number of staff has remained constant. The requests for the three regional study centers are computed on the State of Iowa appropriations share of the centers' budgets.

	FY 2002 Iowa Appropriations <u>Base</u>	Incremental Appropriations <u>Requests</u>	Increase in Iowa <u>Appropriations</u>
Quad-Cities Graduate Study Center			
Sustaining Excellence	\$170,734	\$14,545	8.5%
Tri-State Graduate Study Center			
Sustaining Excellence	83,619	5,227	6.3%
Southwest Iowa Regents Resource Center			
Sustaining Excellence	<u>114,672</u>	<u>4,587</u>	4.0%
Total	\$369,025	\$24,359	


Deb A. Hendrickson

Approved: 
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