

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** FY 2003 Operating Appropriations Requests - University of Iowa  
**Date:** July 6, 2001

**Recommended Action:**

Consider the FY 2003 operating appropriations incremental requests for the University of Iowa.

**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 appropriation requests. The proposed University of Iowa's FY 2003 appropriations requests reflect these strategic planning goals of the Board as well as those of the University.

**FY 2003 Incremental Requests**Priority

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

The University of Iowa's first priority for FY 2003 appropriations request **is full funding of salary and benefit increases** from state appropriations. The University is continually challenged to maintain competitive increases for salaries. As emphasized by SUI, when faculty and staff leave for better paying positions, both the University and the State lose.

The University of Iowa's second priority is additional state funding of \$3.0 million for its **Public Health Initiative**. This funding will allow the College of Public Health to make progress toward its mission, which is to promote health and prevent injury and illness through commitment to education and training, excellence in research, innovation in policy development, and devotion to public health practice. The requested funding would provide additional core faculty to meet accreditation requirements; implement all Masters of Public Health subtracks, focus areas, and dual degrees; implement the statewide distance learning Masters of Public Health and Certificate of Public Health; implement the statewide College of Public Health outreach and education program; and, for Health and Independence of Elderly Iowans, recruit a director for the Center on Aging.

The University of Iowa is proposing, as its third priority, **Partnership to Improve Instructional Quality**, with a funding request of \$3.0 million. Libraries are essential to the creation of a quality educational experience for undergraduate and graduate students and in the support of quality research. A strong foundation in the sciences with modern equipment and facilities is critical to maintaining faculty and offering students a quality education. The funding would be used to maintain library collections; increase access to libraries by digitizing collections; upgrade facilities and equipment in the sciences; and open the Medical Education and Biomedical Research Facility.

### **Background/Analysis:**

	FY 2002 <u>Budget</u>	FY 2002 Direct State <u>Appropriations</u>	FY 2003 Incremental Appropriations <u>Request*</u>	Increase in State <u>Approp.</u>
General University	\$426,934,130	\$252,697,120	\$6,000,000*	2.4%
University Hospital	497,813,900	31,835,415	*	
Psychiatric Hospital	18,760,200	8,160,402	*	
Center for Disabilities and Development	9,013,400	7,332,202	*	
Oakdale Campus	3,512,157	3,081,157	*	
Hygienic Laboratory	6,537,414	4,158,633	*	
Family Practice	2,440,790	2,408,790	*	
SCHS	4,801,426	722,395	*	
Special Purpose	<u>2,855,665</u>	<u>2,855,665</u>	<u>*</u>	
Total	\$972,669,082	\$313,251,779	\$6,000,000	1.9%

\*Does not include an amount for the salary funding request.

### **Full Funding of Salaries from State Appropriations** **Request** **To Be Determined**

The University of Iowa's highest budget priority in FY 2003 is for the state salary appropriation to fully fund salary and fringe benefit increases for faculty and staff. Full funding of competitive salaries impacts all aspects of the University's strategic plan. Faculty and staff with competitive salaries will:

- Advance Regent and University goals and objectives related to undergraduate and graduate instructional programs;
- Foster distinguished research, scholarship and artistic creation;
- Facilitate interdisciplinary interaction in teaching, research, and service;
- Cultivate a distinguished and diverse community of scholars; and
- Help develop a highly productive organization that supports the mission and values of the University, the aspirations of the Board, and the interests of the State.

### Maintaining Excellence – Investment In The Future

The economy has been healthy for several years with relatively low inflation and an extremely tight labor market. As a result, faculty and staff in public universities now have more opportunities to leave academe to work for private employers, sometimes at higher salaries. Additionally, public and private institutions of higher education are in keen competition with each other for the best and the brightest.

The University of Iowa has emphasized salaries for many years as a means of establishing an employment context that would attract qualified candidates who can contribute to the University's strategic goals in terms of teaching, research, and service. Even with this commitment to salaries, the University now ranks 8<sup>th</sup> out of its 11 peer institutions in average faculty salary. The University reallocated funds this year to support average salary increases of 3.5%. The University could, potentially, move lower in its ranking of peer institutions. Salary surveys demonstrate that, to remain competitive, universities must apply significant resources to salaries.

The latest American Association of University Professors Salary Survey of faculty salaries as reported in the March/April issue of ACADEME indicates that the average salary increase for faculty at doctoral level public institutions of higher education was 5.2%.

World at Works' (formerly American Compensation Association) 2000 - 2001 - Total Salary Increase Budget Survey of 2,671 U.S. companies and 197 Canadian companies reports that the average increase for salaried employees was 4.6% in 2000 and is projected to be 4.5% in 2001. For hourly employees, the 2000 average was 4.3% and increases in 2001 are projected to be above 4.3%.

The College and University Personnel Association reports in its 2000 – 2001 Administrative Compensation Survey that the overall median salary increase for all administrative job types for the last year is 4.8%. The average increase at doctoral institutions was 5.2%.

Another concern of the University is that recruitment and retention of individuals with computer related skills are especially difficult. Some of the recruiting tools currently used by private employers, which are not often available in the public higher education setting, include:

- Signing bonuses
- New car leases
- Paid apartment rental
- Stock options
- Tuition reimbursement for graduate degrees

The reputation of a university and the ability to recruit and retain students is largely dependent on the range of offerings and the quality of the people who provide instruction, conduct research, and support academic activities. Premier programs are developed and maintained by attracting and retaining premier faculty and staff. To provide students a competitive educational experience, SUI must be able to compete in order to attract and retain high quality faculty and staff.

Funding of salaries is critical to the mission of the University. Without adequate funding for faculty salaries, it is anticipated that there will necessarily be a greater reliance on adjunct faculty and teaching assistants to carry increased teaching loads, especially in entry level or survey courses. Removal of respected members of the faculty from these assignments will significantly impact student satisfaction, and, consequently, retention.

Full funding of salaries is extremely important but the costs of benefits, which are rising rapidly, are also significant. In July, the University of Iowa, along with other state agencies, was informed of a large and unexpected increase in the employer portion of health care cost for the central State-operated health plans. The employer health costs under these plans increased 17% July 1, 2000, and another 17% January 1, 2001. The state recently projected further increases for FY 2002 in these health care costs that include increases as high as 25% for July 2001 and an additional increase of approximately 14% for January 2002.

Projections for health costs for the plans offered to faculty and professional and scientific staff are being made. Actual costs of these programs have increased by an average of 15% per year over the last three years. If the University passes on a significant portion of these costs to employees, it will further erode the University's competitive position and will adversely impact recruitment and retention.

Quality faculty and staff help the University as well as the entire state. They are dedicated to discovering, disseminating, and preserving knowledge and to the development of an educated citizenry. Through teaching, research, scholarship, creative endeavor, clinical practice, and public outreach, the University develops ideas, enlarges understanding, and extends its resources to society.

Quality faculty and staff also recognize the need for constant inquiry and continuous reinterpretation of knowledge. It is the responsibility of its faculty to determine what students should learn and to shape the body of knowledge that will be passed on to future generations. It is also the University's obligation to engage all members of its community in collective reflection on their responsibilities not only to their disciplines and professions but also to the institution and to society.

The University of Iowa has been extremely successful in obtaining grants and contracts. During FY 2001, SUI faculty and staff brought in over \$250 million to the state. Competition for these federal research funds is intense and only the best faculty and staff who have quality support services are successful in their bid for funding. Grants and contracts support the state's economy and add jobs. One example is the Oakdale Research Park. It offers businesses engaged in basic and developmental research, product development and production linked to research and development, the opportunity to locate near and benefit from close proximity to researchers and research facilities.

Without proper salary funding, the University loses respected researchers and members of the faculty, the state loses valuable assets, and the community loses revenue-generating entrepreneurs.

### **Public Health Initiative**

**Request**  
**\$3,000,000**

Although the Public Health Initiative was established to respond to a recognized need for improved public health practice throughout Iowa, especially in rural Iowa, it was developed within the context of the University's strategic plan. The initiative focuses primarily on three of the University's goals: premier graduate and professional programs, distinguished research and scholarship, and interdisciplinary interaction. The initiative provides the concentration of public health education, research, and service to improve and maintain the health of Iowans.

Data indicates that:

- The highest proportion of adults over the age of 65 occurs in rural Iowa.
- Over ½ of the rural elderly are in poor health.
- Higher rates of several undesirable health outcomes occur in rural Iowa, such as low birth-weight babies, congenital malformations, motor vehicle injuries, agricultural injuries, burns, drownings, suicide, and mortality from prostate cancer.
- In these rural counties, there were fewer primary care providers, very few public health providers, and lower rates of adequate health care.
- In Iowa's urban counties, other health disparities were noted, such as tobacco related deaths from lung cancer, tuberculosis, and sexually transmitted diseases.
- Many of these health disparities occur among the most vulnerable segments of Iowa's population—children, the elderly, and farm and other rural families.
- Iowa has the highest percent of adults over the age of 85 in the country.

Meeting the needs and improving the health of Iowans is clearly a statewide priority. Healthy Iowans 2010, a comprehensive statewide strategic plan, addresses health disparities, needs, and action steps to guide the state in improving health. The Public Health Initiative provides a concentrated approach for improving and maintaining the health of Iowans.

The Public Health Initiative has two components: 1) development of the College of Public Health, and 2) advancement of the Health and Independence of Elderly Iowans Program.

### College of Public Health

Founded in July 1999, the College possesses a strong tradition of education, research, and service in dealing with public health needs in Iowa and the Midwest. The College's mission is to promote health and prevent injury and illness through commitment to education and training, excellence in research, innovation in policy development, and devotion to public health practice. The College's strategic plan sets forth the following goals for the College:

- Goal 1: Educate highly competent and committed public health professionals and research scientists.
- Goal 2: Advance the scientific basis for the practice of public health.
- Goal 3: Promote meaningful community service and collaboration.
- Goal 4: Integrate public health and individual health care.
- Goal 5: Enhance diversity and collaboration among students, staff, faculty, and alumni.
- Goal 6: Become a fully accredited school of public health in the year 2000.

Funding in FY 2000 and FY 2001 has allowed the College to make substantial progress. It has established critical linkages with other institutions, developed joint degree and certificate programs in public health, worked to deliver public health courses throughout the state using a variety of instructional methods, and cooperatively worked with state agencies to provide a broad array of services, including health statistics, staff development, and collaborative research.

The College of Public Health has now hired 18 new faculty, plans to recruit eight additional faculty in FY 2002, has committed to two joint appointments with the College of Liberal Arts and two joint appointments with the College of Pharmacy in FY 2001, and has been successful in the retention of a world-class statistical genetics faculty member (which required significant base funding for the Center for Statistical Genetics and Division of Statistical Genetics in the Department of Biostatistics). The College is also in the final stages of recruiting a new head for the Department of Biostatistics. All of these commitments must be sustained with continued state support.

In FY 2003, SUI will continue to develop the new Department of Community and Behavioral Health, which is critical for the accreditation of the College of Public Health. The University has recruited a highly qualified head, Dr. John Lowe, to lead this department. Dr. Lowe is providing state leadership in prevention and control in the areas of smoking, substance abuse, and cancer. He is writing successful National Institutes of Health and Center for Disease Control grants to complement state funding for smoking prevention programs. An additional six new faculty positions will be needed to build this department.

#### Health and Independence of Elderly Iowans—Center on Aging

The Health and Independence of Elderly Iowans program FY 2000 and FY 2001 allocation allowed core staffing for the Center on Aging, which is co-sponsored by the College of Medicine and College of Public Health.

With Public Health Initiative funding, the Center on Aging has implemented an active outreach, education and population needs analysis program; has helped develop numerous grants; and has served as a resource for the Masters in Public Health in aging studies. In particular, the Center has worked closely with the Iowa Departments of Inspection and Appeals, Elder Affairs, and Corrections and the Iowa Partners for Long-Term Care in policy and program development, personnel training and innovative service delivery to the most rural aged. However, much more needs to be accomplished in light of Iowa's continually increasing elder population.

#### Funding

An additional \$3 million in state appropriations for FY 2003 would bring total state funding of the initiative to the originally projected level of \$5.0 million and would allow the College of Public Health and Health and Independence of Elderly Iowans to:

- Provide additional core faculty for each of the five departments to meet accreditation requirements and the goals and objectives of the College of Public Health strategic plan.
- Implement all Masters of Public Health (MPH) subtracks, focus areas, and dual degrees with several Colleges at the University of Iowa and at Iowa State University and the University of Northern Iowa.
- Implement the statewide distance learning MPH and Certificate of Public Health.
- Implement the statewide College of Public Health outreach and education program through the Center for Public Health Practice, Center for Public Health Statistics, and the cooperative agreement with the Iowa Department of Public Health.
- Recruit a director for the Center on Aging to lead its outreach, education, and clinical components; collaborate with the College of Public Health to implement the MPH in Aging Studies; and position the Center to compete for external research funding.

**Request**  
**\$3,000,000**

## **Partnership to Improve Instructional Quality**

### Maintaining Library Collections (\$800,000)

The University Libraries is a coordinated network of 12 individual libraries offering a wealth of informational and scholarly resources pertinent to the academic departments, institutes, programs, and services of the University. Libraries are essential to the creation of a quality educational experience for undergraduate and graduate students and in the support of the quality research in all fields.

The University's libraries acquisitions budget is used to provide access to books, journals, electronic resources and other forms of information to support the teaching, research, and service missions of the University. Since the mid-1980's, the acquisitions budget has been battered by inflation rates averaging between 9-11% annually, particularly for scientific information resources, which account for over half the budget. In a recent ten-year period, inflation for journals acquired by research libraries increased 148%, compared with 44% for the Consumer Price Index. Library vendors have projected price increases averaging over 11% for 2002.

In the last several years, the availability of digital information resources has been transforming research in many academic fields, both in science and medicine, and in disciplines as diverse as business and classics. But the high cost of much digital information adds to the inflationary pressures already having an impact on the budget.

The University requests recurring appropriations of \$800,000 to address the effects of inflation and the need to provide access to electronic resources. Distinguished research and scholarship and premier graduate and professional programs cannot be achieved without library resources to attract and support productive faculty and talented students. Undergraduates cannot compete in today's highly technological job market without exposure to the databases and digital resources now commonplace in many fields. Digital resources in particular can level the playing field for distance education students, since they can be as accessible in Sioux City as they are in Iowa City. As the State's largest library, the University of Iowa libraries also serve as a resource for the entire state, a role especially important in the medical community and in business and economic development.



University Libraries Digital Library Initiative (\$100,000)

The purpose of the University of Iowa Digital Library Initiative is to provide the University of Iowa faculty and students, as well as citizens of Iowa, with broad access to digitized collections and resources.

The libraries' first step toward meeting this goal was to establish the Scholarly Digital Resources Center (SDRC) to foster the creation and use of digitized collections of interest to the University community and the citizens of Iowa. Through the SDRC, the libraries have been able to develop several ongoing initiatives including digitizing its unique Chautauqua collection which is now used by K-12 teachers and students and those in other Iowa colleges and universities.

This initiative will enable the libraries to synchronize digitization efforts with academic departments, the Museum of Art, and other units throughout the University by expanding access to unique campus collections statewide.

Through this initiative the libraries expect to reach out beyond the University campus and collaborate on the development of projects throughout the state. These projects will result in the creation of shared digitized collections useful for all citizens and further the development of standards and best practices for digitization of materials. With funding, students and faculty will have greater access to research and teaching materials in all digital formats including sound, images, and text.

By digitizing important collections, the libraries can also fill an important need not only for the University community but also for K-12 education throughout the state by enabling these resources to be accessed through the Internet. The utilization of resources now restricted by place will change dramatically through digitization and Web-based access.

Advancing the libraries digital access capability would complement the University's strengths. Digitized information resources have become crucial to medicine and other health sciences fields, particularly in serving remote areas of Iowa. As an example, virtual medical simulations are helping to expand learning opportunities for students and health practitioners. The Digital Library Initiative will not only provide critical access to information resources for students and faculty, but also for educators and practicing professionals across the State of Iowa.

Funding will be used to: (1) Create a professional position with technological expertise in digital production and management; (2) Hire student assistants, and (3) Establish a recurring budget for computer equipment and software required for such an operation. Existing personnel will supplement the specialized staff.

Next Generation Science (\$1,000,000)

This proposal addresses the serious challenge of rebuilding the University's science departments in the face of substantial and increasing faculty losses. These losses are being felt most crucially in the College of Liberal Arts and Sciences, in its departments of Biological Sciences, Chemistry, Computer Science, and Psychology.

These departments are at a critical juncture due to the convergence of four factors:

- Substantial faculty turnover, particularly due to retirements and raiding by other universities;
- Dramatic increases in the numbers of students seeking these majors;
- Very strong demand for service courses from engineering and pre-health-science students as well as students in the Liberal Arts and Sciences; and
- Spiraling costs for instrumentation and for essential renovation of laboratory space.

These factors have affected science departments in a debilitating way. Departments have been unable to replace faculty fast enough to meet student demand for coursework. In the next four years, the College needs to fill a minimum of 2 to 3 positions per year in Biological Sciences, 2 to 3 positions per year in Chemistry, 2 positions per year in Computer Science, and 2 positions in laboratory areas of Psychology, as well as replacing faculty in other laboratory science departments (Exercise Science, Geoscience, Physics and Astronomy, and Speech Pathology and Audiology).

Peer Research I universities nationwide are also facing the problem of increasing numbers of retirements and large start-up costs for laboratory research, but they are responding to the challenge more vigorously, leaving SUI at a marked disadvantage in filling vacancies. These institutions have recruited excellent faculty away from SUI departments.

It has always been a challenge to renew the physical plant that houses the natural sciences and to provide students and faculty with updated instrumentation and well-designed laboratory space to make teaching and learning possible. The greatest need is the buildings that house the departments of Chemistry, Geoscience, and Psychology.

Rapid advances in the types of investigation done in these areas have outstripped the resources available to the University to keep up with developments in the sciences. The start-up equipment for one new faculty member in Chemistry will cost \$500,000 over a two-year period; in Biology, \$400,000; in Psychology's neuroscience area, \$200,000; in Computer Science, \$100,000. This start-up funding is an investment in the career of a faculty member whose laboratory will bring in millions of dollars in external funding over the course of his or her career.

In all the natural sciences, the technology that supports teaching and research is developing rapidly. The cost of equipping laboratory spaces has grown substantially. The University cannot teach and practice science for the 21<sup>st</sup> century with 1960s equipment and facilities. Prospective employers and professional schools expect graduates to know how to use laboratory equipment that is more advanced than that currently used for teaching. The University does not have sufficient resources to allow it to catch up and keep up with technological changes and certainly not to meet the standards it must maintain to be competitive in faculty recruitment and offer students the modern education they expect and deserve.

This proposal begins to address the challenge of rebuilding the science departments. State funding is a critical, necessary factor for recruitment and retention of excellent faculty in the laboratory sciences and essential for equipment purchases and facilities renovation.

The University requests an allocation of \$1,000,000 in recurring funds beginning in FY 2003. These funds would be used solely for start-up equipment and minor renovation of space for new faculty in Biological Sciences and Chemistry or for improving facilities and purchasing specialized equipment for faculty that have received outside offers. Due to faculty losses, the University expects to have the resources to support the salaries of these hires.

Opening Medical Education and Biomedical (\$1,100,000)

The Medical Education and Biomedical Research Facility (MEBRF) is scheduled to be open during the second half of FY 2002. Approximately 61% of the building space will be devoted to instruction and the remaining 39% will house research activities. The annual cost of providing custodial services, general maintenance and utilities is estimated to be approximately \$2,466,000. The reallocation of funding previously used for the Steindler Building that was demolished as part of this project will be used to offset partially the costs of operating this new facility. After applying the savings from the Steindler Building, the new recurring annual net cost of maintaining the instructional space in MEBRF is approximately \$1.1 million.

  
Pamela M. Elliott

Approved:   
Frank J. Stork