

**Governing Iowa's public
universities and special schools**

University of Iowa
Iowa State University
University of Northern Iowa
Iowa School for the Deaf
Iowa Braille and Sight Saving School
Lakeside Lab Regents Resource Center
Quad-Cities Graduate Center
Southwest Iowa Regents Resource Center
Tri-State Graduate Center



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December 15, 2010

Michael E. Marshall
Secretary of the Senate
State Capitol Building
Des Moines IA 50319

Charles Smithson
Chief Clerk of the House
State Capitol Building
Des Moines IA 50319

Re: Regents Efficiencies Initiatives and Funding Reduction Report – FY 2010

Dear Members of the Iowa General Assembly:

Pursuant to 2010 Iowa Acts Chapter 1183 §12, enclosed is the annual report on the Regents Efficiencies Initiatives and Funding Reduction Report from the Regent institutions.

If there are any questions concerning this report, please do not hesitate to contact us.

Sincerely,

Robert Donley

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Enclosure

cc: Dwayne Ferguson
Legislative Liaisons
Legislative Log

University of Iowa

FY10 Budget Reductions

In response to the Governor’s Executive Order 19 issued on October 8, 2009, the University of Iowa submitted to the Board of Regents the following proposal for immediate expense reductions and revenue enhancements in order to meet the required 10% across-the-board appropriations reduction at mid-year (\$24,720,111).

The proposal was approved by the Board of Regents at its October 29, 2009 meeting and implemented by the University shortly thereafter. Supplemental appropriations allocated to the University during late spring 2010 modified this proposal slightly. The \$100 tuition surcharge originally assessed to all students at the beginning of the spring 2010 semester was refunded in April 2010. All other measures remained in effect. Ultimately, the University incorporated these appropriation reductions within its comprehensive FY 2011 General Education Fund budget which was approved by the Board of Regents on June 9, 2010

FY10 Budget Reduction Proposal

Expenditure Reductions

- Benefit revision – TIAA-CREF Employer Match (1)
- Redirection of ARRA funds (2)
- Building Renewal/Equipment/Capital Improvements (3)
- Attrition (4)
- General Expense Reduction (5)

Revenue Enhancements

- Spring FY 2010 Surcharge (6)
- Student Aid (7)

Total

	General Education Fund	Non-General Education Fund	Total
	\$3,250,000	-	\$3,250,000
	13,000,000	-	13,000,000
	5,119,309	-	5,119,309
	-	723,000	723,000
	-	448,802	448,802
	2,563,000		2,563,000
	(384,000)		(384,000)
	\$2,179,000	\$1,171,802	2,179,000

- (1) Reduced employer contribution from 10% to 8% from 11/1/09 – 6/30/10. Reduction effective through 6/30/11.
- (2) Utilized ARRA funds originally intended for competitive award projects
- (3) Building renewal, equipment and capital improvement deferrals
- (4) Reduced salaries and benefits via staff attrition
- (5) Reduced supplies, travel and services expenditures
- (6) \$100 per student surcharge assessed spring semester 2010
- (7) Student financial aid set-aside associated with student surcharge

Efficiency Initiatives for 2009-2010

During FY 2010 and during budget development for the current fiscal year, the University provided a number of reports and statistics on efficiency and economy measures, initiatives to increase tuition revenue through enrollment growth and improved student retention, and through cooperative measures among the Regent universities and with state government. Below is a summary of this information.

Over this two year period the University increased credit hour delivery per faculty member by 6.5%, it continued streamlining business and HR functions with the intensive use of technology and reduced overall employment within the General Education Fund by 473 full time equivalent positions while increasing sponsored research and credit hours delivered. During the last year, first year student enrollment increased 12%, and the University reached a total of \$467 million in sponsored awards.

1. Expanded electronic Workflow applications to all aspects of UI business operations
2. Established early and phased retirement programs
 - 462 individuals approved
 - Estimated University-wide first-year savings \$17.6 million
3. Established highly electronic and volume based purchasing practices – eBuy, SciQuest, major purchasing group partnerships
4. Initiated changes to flexible health/dental/life benefit system for faculty and professional staff
 - FY10 Estimated savings University-wide \$2.0 million
 - Additional changes and savings to take effect in FY11 that will enable better control of future cost increases
 - No benefit changes to merit staff governed by statewide collective bargaining agreement
5. Increased faculty productivity
 - Student enrollment expanded by 900
 - Tenured/tenure track faculty paid from instructional resources declined by 30
 - Faculty teaching loads increased by 7%
 - Result - larger class sizes, elimination of many low-enrolled courses, expanded use of technology, and change in mix of faculty
6. Began process to demolish Oakdale Hall (212,500 sq ft) and relocate or eliminate occupant offices/labs. Less than two year payback.
7. Reallocated funds to support sustainability initiatives
 - FY10 – Hired 5 new tenure/tenure-track faculty with teaching and research interests in sustainability
 - FY10 – Established Sustainability Certificate program with core curriculum
 - FY09 – Established sustainability office
 - FY10 – Applied for grants to establish biomass gasification facility at Oakdale
 - FY10 – Installed engines at Oakdale capable of burning synthetic (non-fossil fuel) gas

- FY11 – Extended oat hull final purchase program with Quaker Oats of Cedar Rapids
8. Sought external grant support and partnerships to advance University and State's sustainability efforts
 - E-car Port: Advance and research smart grid technology. Reduced petroleum use.
 - Landfill Gas: Negotiating partnership with Iowa City and MidAmerican Energy Company to pursue, implement and operate landfill gas system to supply the Oakdale Power Plant. Reduced natural gas fossil fuel use.
 - West Campus Plant: Provide critical back up power and steam generation for the campus, and provide capacity/redundancy in the event of a plant outage at the Main Power Plant. Focused on protecting UIHC.
 - Oakdale Gasifier Plant: Establish gasifier plant and steam generator utilizing renewable fuels
 9. Investing resources in energy reducing capital projects
 - Adopted aggressive 2020 goals of offsetting energy consumption growth and use of renewable fuels
 - Oakdale Renewable Energy Plant: Position Oakdale Plant to become a 100% renewable powered campus. Pursue co-generation; an efficient, clean, and reliable approach to generating power and thermal energy from a single fuel source. Establish critical back up power to enhance reliability and eliminate vulnerability
 - Energy Hawks: Building on the early success of the Energy Hawks program, extend the program into future years to continue improving energy efficiency and reducing energy costs in General Education Fund-supported buildings
 - Established LEED standards for all new construction
 10. Established six strategic initiative task forces to generate ideas to improve academic and budget planning for 2010-2015
 - Strategic Budgeting
 - Undergraduate Education and Success
 - Graduate Education: Selective Excellence
 - Research and Creative Excellence
 - Internationalization and Diversity
 - Public Outreach and Civic Engagement
 11. Consolidated campus libraries
 12. Reorganized central IT services to improve efficiencies and campus-wide data security
 13. Consolidated financial and administrative aspects of Oakdale campus with the main UI campus
 14. Established high level reviews for all new hires or replacement positions
 15. Significant reductions and refocus of building operation and maintenance service levels and service delivery
 16. Consolidation and merger of programs

Iowa State University

Iowa State University Report on Actions Taken to Meet the FY 2010 Appropriations Reversion Pursuant to Executive Order Number 19 Issued October 8, 2009, SF 2376

<u>Expenditure Reductions</u>	<u>Dollar Amount</u>
(1) Temporary layoffs/furloughs during the period 1/1/10 - 6/30/10	\$ 7,000,000
• Applied to all faculty and P&S staff.	
• The amount of days per individual was prorated by FTE and salary level.	
(2) Temporary reduction in TIAA-CREF employer contribution	2,600,000
• Reduced employer contribution from 10% to 8% from 11/1/09 - 6/30/10.	
(3) Other personnel cost savings	
• Shifted some salary and full benefit costs to non-general fund revenue sources.	3,300,000
• Delayed filling or eliminated position vacancies.	
• Implemented personnel retirement incentive options yielding some savings in FY10.	
(4) Operating expense savings	4,100,000
• Reduced or delayed equipment purchases.	
• Reduced travel, professional development, and communications expenditures.	
• Implemented a partial closing over the Dec. 24 - Jan 3 semester break which generated some utility cost savings.	
(5) Program reductions	1,000,000
• Reduced support for centers and institutes.	
• Reduced custodial, grounds and environmental health and safety services.	
 <u>Revenue Enhancements</u>	
(1) Temporary student surcharge in 2009-2010	2,400,000
• Assessed \$100 per student surcharge for the 2010 Spring Semester.	
• This surcharge was later refunded when the state restored some FY10 funding.	
(2) Unbudgeted revenue	4,131,564
• Utilized tuition revenue generated by higher than planned enrollments and other funds.	

Iowa State University administrators continue to pursue new ideas that create institutional efficiencies and cost savings, while maintaining the quality of education to our students and the quality of campus work/life to our faculty and staff. The list below identifies some new initiatives in development or implemented at Iowa State during the 2009-2010 year.

- Partial university-wide shutdown during December 24th – January 3 winter break. The University will realize substantial energy savings through the partial closing of offices and non-essential activities during the holiday period. Last year an estimated savings of \$117,500 in energy costs were realized.
- Tray-less dining. Campus dining services initiated tray-less dining in residence halls and other food venues. It is estimated that nearly \$10,000/year is saved in food waste and costs of tray washing.

- Electronic course catalog initiative. During 2010, a vendor was selected to provide software and training for course catalog management using Leapfrog technologies, the same software used by SUI for course catalog development and management. This initiative will replace the traditional printed catalog that has been produced every 2 years at an average cost of ~ \$40,000 for design and printing. The electronic software will provide an online course catalog that will be real time and easily accessible to students.
- Enrollment services has implemented a new process that lets prospective students know the status of their acceptance in two business days instead of a week or more through online self-reporting. Applicants need only answer four simple questions online regarding their class rank, ACT score, GPA, and foreign language course requirements. There's no incentive for students to overestimate their academic record because enrollment is subject to verification of the final high school transcript. This process is better for students and saves staff time in reviewing the estimated 15,000 preliminary transcripts from U.S. applicants.
- Implementation of CyMail for ISU students. CyMail is Iowa State University's implementation of Google's Gmail system for students. It provides email, calendaring, website creation, and online document editing in an integrated environment. Students can access their data from virtually anywhere via personal computers, laptops, netbooks, labs, or even web-enabled smartphones.
- Central administrative units are evaluating and discussing sharing of administrative functions and staff to create business efficiencies and savings. Units are looking for opportunities to share expertise and assistance, which may result in less hiring of new staff by some administrative units.
- Some colleges are developing a business center concept that would provide administrative and financial task support for multiple disciplines or departments within a college.
- Purchasing has implemented the CYBuy online system which allows authorized staff to directly purchase goods and services electronically through contracts set up with businesses such as Office Max, Staples, and several chemical companies. This paperless electronic purchasing saves staff time and supply costs through competitive pricing.
- University Relations has discontinued printing *Inside Iowa State* in paper format. This weekly news update is delivered directly via email.
- Solar-powered trash compactors: Two large solar-powered trash compactors have been installed on central campus for waste disposal. This provides less-frequent waste pickup, saving fuel cost and reducing maintenance cost of grounds, as well encouraging a 'live green' campus.
- Electric vehicles. Four electric vehicles have been purchased and are being used in Facilities Planning and Management and transportation services. The electric vehicles use about 13 cents worth of electricity per day to stay charged. On average, vehicles in the gasoline-powered fleet – pickup trucks, minivans and "Gator" type utility vehicles – use \$3.49 worth of fuel daily.

Iowa State administrators continue to be involved with inter-institutional Task Force work in the further study of 12 project initiatives proposed to the Board of Regents to achieve greater efficiency and/or cost savings for the participating regent schools.

University of Northern Iowa

The University of Northern Iowa responded to the budget cuts of FY 2009-2010 by evaluating a comprehensive list of cost reduction measures.

It should be noted that to balance the FY 2010-2011 general fund budget required additional permanent reductions of \$1.2 million to meet mandated expenditures for negotiated salary and related fringe benefit cost increases.

University of Northern Iowa Report on Actions Taken to Meet the FY 2010 Appropriations Reversion Pursuant to Executive Order Number 19 Issued October 8, 2009, SF 2376

<u>Expenditure Reductions</u>	Dollar Amount
(1) Temporary reduction in pay, layoffs,/furloughs	\$ 1,500,000
<ul style="list-style-type: none"> • The direct response to the 10% cut involved reduction in pay for Institutional Officials, Academic Administrators, United Faculty (through opening negotiations), and Professional & Scientific employee groups • Through bargaining with AFSCME, leave without pay was also implemented 	
(3) Temporary reduction in TIAA-CREF employer contribution by 20%	1,000,000
<ul style="list-style-type: none"> • Reduced employer contribution from 10% to 8% from 11/1/09 - 6/30/10. 	
(4) Permanent base reductions	1,500,000
<ul style="list-style-type: none"> • Divisions, including special appropriated units, processed permanent base budget reductions of \$1.5 million and generated an additional \$1.5 million in one-time savings 	
 <u>Revenue Enhancements</u>	
(1) Temporary student surcharge in 2009-2010	
<ul style="list-style-type: none"> • Assessed \$100 per student surcharge for the 2010 Spring Semester. • This surcharge was later refunded when the state restored some FY10 funding. 	1,000,000
(2) Unbudgeted revenue	3,200,000
<ul style="list-style-type: none"> • Utilized tuition revenue of \$2.6 million generated by higher than planned enrollments and higher revenue from other sources of \$0.6 million 	

Initiatives Undertaken to Reduce Costs

In addition to the above actions, the following initiatives were undertaken for long and short-term cost reduction:

- UNI offered an early retirement program to employees resulting in recurring savings within five years of approximately \$4.0 million (2/3rd of salary and benefit savings from early retirees).
- A hiring freeze along with a review of operations and process improvement resulted in less faculty and staff, over and above the impact of the early retirement program. Tenure-track faculty positions were held open and in some cases replaced by adjunct appointments.

- President Allen appointed a cost containment task force and a revenue enhancement task force in the Spring of 2009 to identify ways to reduce costs while also looking for revenue enhancement initiatives. Division heads have been working to implement many of the task force recommendations.
- The Executive Vice President and Provost appointed an academic program assessment committee early in FY 2009 to review academic programs for possible elimination or change. Previously, the university eliminated the Center for the Enhancement of Teaching and reorganized the International Studies and International Student Services, resulting in cost savings.
- We reduced our instruction costs by combining sections in every college. In the College of Business, the fall 2009 schedule of courses was about 20% fewer sections than in the previous year. The result was larger class sizes and a saving of about \$100,000.
- Meager supplies and services budgets have been reduced even more in academic and support units. Budgeted funds for equipment, information technology, professional development, technical training for instructional technology personnel has been cut significantly.
- After assessing building usage patterns in recent years the Library open hours for fall and spring semesters were reduced by 6 hours weekly and then increased for the week prior to finals week. This resulted in a savings of approximately \$6,000 in student assistant wages which was reallocated to other student assistant jobs within the library.
- Out-of-State travel was reduced dramatically.
- In the summer of 2009, we adjusted custodial services hours and cleaning schedules to respond to budget reductions. The investment in a new student information system will result in cost savings and reduction in errors caused by manual record keeping and processing. Self-service features will aid students as they register for classes, pay tuition, room and board and fees, and address a myriad of academic, student service, and payment-related tasks.
- Sustainability has been a top priority for the Governor, President Miles, and President Allen. The Regents institutions have worked collaboratively together and with the state to identify ways to reduce costs while emphasizing sustainability and reducing our carbon footprint. Examples of cost saving initiatives at UNI are:
 - Four electric vehicles for Facilities Maintenance use were purchased in FY 2010. Energy savings and environmental benefits will be seen over the life of the vehicles.
 - We are reducing the temperature of buildings in the winter and increasing temperatures in the summer.
 - Recycling and reuse efforts, in collaboration with Cedar Falls, have resulted in a new recycling center on campus and increased recycling by students, staff, and the community.
 - More and more university land is being naturalized using prairie plantings, eliminating the need to mow and reducing landscaping costs.
 - The renovation of Sabin Hall for occupancy in Spring Semester 2011, will save energy/water usage due to the adoption of such sustainable elements as low flow toilets, energy saving light fixtures, increase usage of natural lighting etc. Sabin Hall has been designated a "green" building and the university is seeking LEED Silver status,

- Working with Facilities Planning, Library personnel identified many places in the building where lighting can be reduced or changed. Estimated savings of \$22,000 per year will be realized.
- ISU, UNI, U of Iowa, DOT and others participated in a Request for Proposal by ISU for recycling of motor oil.
- Purchase of hand sanitizers initiated by UNI resulted in improved pricing of between 16% and 20% for U of Iowa, including UIHC, and others purchasing from the Healthcare Facility Price list.
- A Campus Sustainability Conversation held in April 2009 generated a number of initiatives that have resulted in energy savings and more emphasis on a unified sustainability program at UNI.
- In FY 2009, an intercollegiate athletic sport was eliminated resulting in a savings of \$425,000. In the last eight years three athletic teams were eliminated saving a total of \$800,000 in athletic-related costs. General fund support to Auxiliaries such as Athletics, Performing Arts Center, and Wellness Recreation Center are being reduced.
- In recent years, we have reduced Print Services operations due to technology changes, online publishing, and departmental printing - a savings of \$200,000.
 - The Schedule of Courses went online spring semester 2010.
 - The university annual budget was placed on CD and the paper copy was eliminated, saving \$5,000 annually.
 - University Marketing and Public Relations staff are spearheading an effort to move to digital signage in an effort to continue to reduce costs of printing and paper production.
 - In order to (a) substantially reduce paper waste, (b) reduce fire hazard, and (c) improve communication to students, the Department of Residence is no longer accepting materials to be posted within the residence halls. To help residents stay informed about university activities and business, a limited number of bulletin boards in high traffic areas of each residence hall will be replenished every Monday with an enlarged version of My UNIverse News. More than 60,000 sheets of paper were posted throughout the residence system in 2008-2009.
 - Printing on two-sided, recycled paper, no color is now a standard default feature on copiers.
- Procurement partnering with the State, Regents institutions, and other external organizations has resulted in savings, especially when purchasing technology equipment, IT services and software, and services, food purchases, custodial supplies, office supplies, and vehicles. For example,
 - An annual PC contract with University of Iowa and Iowa State University combined with bulk purchasing has resulted in a ~45% reduction in the cost for a typical desktop unit over standard educational pricing.
 - The joint Regent bid combined with bulk purchasing is estimated to have saved UNI \$500,000 in FY09 over standard educational pricing for Dell desktop computers.
 - A collaborative purchasing agreement with University of Iowa, Iowa State University and University of Northern Iowa for the Microsoft Campus Agreement saves UNI ~\$130,000-\$210,000 annually when compared to the Microsoft Select

- Agreement which was the contract used prior to the Microsoft Campus Agreement. The result is better efficiency and in several cases, cost savings.
- UNI was able to improve its pricing for food purchases with its prime food vendor, Martin Brothers, based on pricing provided to U of Iowa for its bid response in spring 2009. Savings are projected to be 1%-2% or \$35,000-\$50,000 annually.
 - Additional collaborative efforts have been seen in the three DAS/DOT.BOR taskforces.
 - Emergency Response Task Force – Creating joint RFP for emergency response services. Savings generation may never occur, depending on need, however if needed cost should be reduced compared to current street price for services.
 - IT Task Force – Evaluating opportunities for savings in significant IT spend areas across agencies. Specific examples include whether savings available to higher education from Oracle and Microsoft can be extended to other State agencies.
 - Sustainability Task Force – Evaluating types of green products where collaboration and joint bidding could be beneficial. Areas of focus could include cleaning products, disposable food service utensils and snow and barricade fencing.
 - Reorganizations of offices and the creation of the Follon Student Services Center resulted in a one-stop shop for students and staff. Through cross-functional training, improved collaborative services to students, and streamlining of operations and improvements in business practices has resulted in more efficiency and cost savings. Electronic billing and collections has resulted in significant reduction in forms costs, postage, and staff time. The roll out of automatic clearing house (ACH) disbursements has reduced costs and allowed for faster processing of payments to vendors.
 - Process improvement projects using “Lean” methodology by external consultants and internally trained personnel has reduced processing steps and processing costs.
 - Considerable dollars (present value) have been saved by issuing academic building revenue bonds and Field House Revenue Bonds to take advantage of low interest rates. In recent years, each of the three universities has saved the state and universities considerable money by refinancing.
 - Two years ago, UNI partnered with the City of Cedar Falls and the Cedar Falls School Corporation to upgrade the West Campus recreation fields and create a new 4 acre recreation and educational pond. The only out-of-pocket cost to UNI for this project, which is part of UNI’s West Campus master plan, is to extend the length of the fence at the City’s Robinson-Dresser softball diamond for use by UNI’s intercollegiate women’s softball team. Total cost savings to UNI was over \$750,000.

Iowa School for the Deaf

List details of initiatives implemented (business or academic).

Reduced salary/benefit budget through staff terminations and eliminating unfilled positions.
Eliminated Summer School program.
Equipment and Building Repair budgets reduced.

List significant budget cuts - dollar amount and description.

Iowa School for the Deaf Actions Taken to Meet the FY 2010 Appropriations Reversion Pursuant to Executive Order Number 19 Issued October 8, 2009, SF 2376

<u>Expenditure Reductions</u>	Dollar Amount
Salary/benefit budget reduction	
• Implemented furloughs for Administration and P&S positions.	
• Shifted some salary/benefit costs to non-general fund revenue sources.	\$760,999
Equipment/Building Repair reduction	147,000
Supply and Miscellaneous budget reductions	64,850

The Iowa School for the Deaf has pursued external grant support to partially fund several major energy efficiency initiatives that will result in significant cost savings and energy use reduction. Most notable will be the replacement of boiler # 3 with a steam generator to allow the campus central utility plant to be more responsive and efficient in low load conditions. Also, grant funding was obtained to replace a 35 year old chiller for the elementary school building with a more efficient unit that more closely fits the summer time programming for this building. The campus street lighting system is in the process of phasing out the MH system with a new LED system that will utilize half as many KWHS to operate on an annual basis. The school also replaced old inefficient high bay lighting systems with new T-5 lighting systems.

The school continues to utilize the procurement services of ISU for purchasing which allowed the school to realize some significant savings in the fitting out of the schools new science center. Similarly, the school recognized some significant savings in undertaking the science center project and the installation of fire sprinklers in dormitory buildings due to a very positive bid climate.

Iowa Braille and Sight Saving School

Iowa Braille and Sight Saving School Actions Taken to Meet the FY 2010 Appropriations Reversion Pursuant to Executive Order Number 19 Issued October 8, 2009, SF 2376

<u>Expenditure Reductions</u>	<u>Dollar Amount</u>
Salaries/Benefits; Unfilled open positions (Educational Consultant, Transition Specialist, Teacher of the Visually Impaired) and furloughs	\$321,784
Building Repairs; Prior year projects were lower in cost than was encumbered allowing for the FY09 encumbered funds to be applied to FY10 projects. Deferred Maintenance projects were put off to future years (e.g. Hospital roof, Natatorium ventilation, Old Main elevator upgrade).	123,016
Utilities/Equipment; Milder than expect cooling/heating seasons, deferred purchase of vehicles and computer equipment.	102,625

FY10 Significant Initiatives Implemented (Business or Academic):

IBSSS has reduced salary/benefits through elimination of unfilled positions.

IBSSS is replacing midsize vehicles with compact vehicles (Taurus with E85 compatible Focus).

IBSSS has installed numerous motion sensors in high traffic areas (e.g. employee break rooms, copier rooms).

IBSSS is upgrading overhead lighting fixtures as they fail with energy efficient fixtures. The same is being done as light bulbs fail.

IBSSS is evaluating all deferred maintenance projects and deferring many to future years.