



DENNIS C. PROUTY
DIRECTOR
515/281-5279
FAX 281-8451

STATE CAPITOL
DES MOINES, IOWA
50319

STATE OF IOWA
LEGISLATIVE FISCAL BUREAU

Memorandum

DATE: September 19, 2001
TO: Legislative Fiscal Committee
FROM: Mary Shipman
RE: Board of Regents Budget Ceiling Adjustments

Each year at the May meeting, the Board of Regents considers and approves budget ceiling increases for each of the institutions. The budget ceilings are increased to accommodate increased revenues typically from tuition or interest. The institutions are then authorized to expend the revenues as proposed.

Attached is a historical look at the budget ceiling increases from FY 1995 to FY 2001. Total budget ceiling increases have ranged from a low of \$353,000 (FY 2001) to a high of \$5.8 million (FY 1999). Also attached are excerpts from ***Fiscal Update*** articles that summarize how the institutions proposed to expend the funds.

Regents Budget Ceiling Adjustments

Prepared 9/17/2001

- **FY 2001** (approved at the May 2001 Board of Regents meeting) – total of **\$353,000.***
 - SUI - \$50,000
 - ISU - \$0
 - UNI - \$225,000
 - ISD - \$75,000
 - IBSSS - \$2,600

*Not included in this total is a \$20.0 million budget ceiling increase for SUI Hospitals and Clinics. The increased Hospital revenue was offset by expenditures of a like amount.
- **FY 2000** (approved at the May 2000 Board of Regents meeting) – total of **\$4.5 million.**
 - SUI - \$1.7 million
 - ISU - \$700,000
 - UNI - \$2.0 million
 - ISD - \$44,170
 - IBSSS - \$0
- **FY 1999** (approved at the May 1999 Board of Regents meeting) – total of **\$5.8 million.**
 - SUI - \$3.9 million
 - ISU - \$1.2 million
 - UNI - \$900,000
 - ISD - \$70,000
 - IBSSS - \$0
- **FY 1998** (approved at May 1998 Board meeting) – a total of **\$1.9 million.**
 - SUI - \$0
 - ISU - \$1.1 million
 - UNI - \$800,000
 - ISD - \$20,000
 - IBSSS - \$0
- **FY 1997** (approved at May 1997 Board meeting) – a total of **\$3.5 million.**
 - SUI - \$3,000
 - ISU - \$3.2 million
 - UNI - \$250,000
 - ISD - \$0
 - IBSSS - \$13,000
- **FY 1996** (approved at May 1996 Board meeting) – a total of **\$3.7 million.**
 - SUI - \$104,000
 - ISU - \$2.1 million
 - UNI - \$1.5 million
 - ISD - \$27,000
 - IBSSS - \$98,000
- **FY 1995** (approved at May 1995 Board meeting) – a total of **\$2.7 million.**
 - SUI - \$2.0 million
 - ISU - \$0
 - UNI - \$700,000
 - ISD - \$15,000
 - IBSSS - \$24,000

REGENTS PROJECTED FY 1995 REVENUES INCREASED

Four of the institutions of the Board of Regents have increased revenue projections for FY 1995 and received Board approval at the May Board of Regents meeting to expend the revenues for certain items. The following is a summary.

- **University of Iowa General University.** Increased revenues of \$1.9 million are from indirect cost reimbursements (\$1.0 million), tuition (\$600,000), and interest earnings (\$300,000). Approved expenditures include:
 - Research Initiatives - \$390,000
 - Remodeling Research Facilities - \$200,000
 - Library Operations - \$200,000
 - Student Degree Audit System - \$130,000
 - Collegiate General Expense - \$180,000
 - Collegiate Equipment Acquisitions - \$200,000
 - Graduate Assistance Support - \$200,000
 - Purchasing General Expense - \$100,000
 - Presidential Search - \$100,000
 - Grant Equipment Match Requirement - \$200,000
- **University of Iowa - Oakdale.** Increased revenues of \$100,000 are from rental and cafeteria income. Approved expenditure is for deferred maintenance in Oakdale Hall.
- **University of Iowa - Family Practice Program.** Increased revenues of \$3,000 are from the Training Program. Approved expenditure is for outreach activities at sites of the community-based residency programs.
- **University of Northern Iowa General University.** Increased revenues of \$700,000 are from tuition (\$200,000), interest earnings (\$200,000), and indirect cost reimbursements (\$300,000). Approved expenditure is for fire safety and deferred maintenance projects.
- **Iowa School for the Deaf.** Increased revenues of \$15,000 are from interpreting services. Approved expenditure is for capital projects.
- **Iowa Braille and Sight Saving School.** Increased revenues of \$23,750 are from interest earnings (\$5,000), outreach services within the area education agency (\$14,000), refunds (\$3,000), and indirect cost reimbursements (\$1,750). Approved expenditures are two vehicles and staff training.

Source: Fiscal Update
May 30, 1995

FY 1996 BUDGET CEILING INCREASES BY REGENTS INSTITUTIONS

At the May meeting of the Board of Regents, the Board approved FY 1996 budget ceiling increases. This is necessary when revenues are greater than the original budgeted amounts, and permits the institutions to expend the unplanned revenues. The following budget units received approval to increase the budget ceilings:

- University of Iowa Oakdale Campus. The non-budgeted revenue of \$100,000 is due to additional rental income and indirect cost reimbursements. The money is expected to be used for updating the Heating, Ventilation, and Air Conditioning (HVAC) system.
- University of Iowa Family Practice Program. The non-budgeted revenue of \$4,000 is additional income from the Statewide Family Practice Training Program. The money is expected to be used for travel costs and expenses associated with the residency programs.
- Iowa State University General University. The non-budgeted revenue of \$2.1 million is from additional tuition (\$1.0 million) and indirect cost reimbursements (\$1.1 million). This results in tuition revenue being under budgeted by 1.3% and indirect cost reimbursements revenue being under budgeted by 14.9%. The money is expected to be used for supplies (\$300,000), building repair (\$1,050,000), and equipment (\$750,000).
- University of Northern Iowa General University. The non-budgeted revenue of \$1,450,000 is from additional tuition (\$850,000), interest (\$100,000), indirect cost reimbursements (\$350,000), and sales/services (\$150,000). This results in tuition revenue being under budgeted by 3.1%, interest revenue being under budgeted by 50.0%, indirect cost reimbursements revenue being under budgeted by 46.7%, and sales/services revenue being under budgeted by 31.6%. The money is expected to be used for building repair (\$700,000) and equipment (\$750,000).
- Iowa School for the Deaf. The non-budgeted revenue of \$27,000 is from additional rental income (\$25,000) and an FY 1996 supplemental appropriation for prescription drugs (\$2,000). The money is expected to be used for prescription drugs (\$2,000), fire safety (\$15,000), and computers (\$10,000).
- Iowa Braille and Sight Saving School. The non-budgeted revenue of \$98,000 is from an FY 1996 supplemental appropriation for prescription drugs (\$2,000), a federal summer program (\$55,000), interest (\$10,000), and sales/services (\$31,000). The money is expected to be used for salaries for the federal summer program (\$55,000), equipment (\$21,000), the telephone system (\$20,000), and prescription drugs (\$2,000).

The institutions carry over funds allocated toward building repair and equipment so those two categories are used frequently when increasing the budget ceilings during the last quarter of the fiscal year, since the funds do not have to be expended or encumbered before the end of the fiscal year. In the case of the Iowa School for the Deaf and the Iowa Braille and Sight Saving School, the FY 1996 supplemental appropriations also included \$45,000 per School for technology. In lieu of increasing the FY 1996 budget ceilings and carrying over the funds, the two Schools added the supplemental to the FY 1997 budgets.

Source: Fiscal Update
May 28, 1996

REGENTS FY 1997 BUDGET CEILING ADJUSTMENTS

Changes in FY 1997 Budget

At the May meeting of the Board of Regents, the Board approved changes in the FY 1997 budget ceilings for several of the budget units. This action is necessary when the expected revenues used for the budgets exceed the estimate, allowing the institutions to expend the unexpected revenues. The actions are explained below.

Univ. Of Iowa

University of Iowa Family Practice Program. The change is an increase of \$3,000 from outside income. This revenue source was not included in the original budget. The funds will be used for outreach activity expenditures.

ISU Revenue Changes



Iowa State University (ISU) general university budget. The changes reflect an increase of \$3.2 million, with:

- An increase of \$3.0 million from unexpected tuition revenues. This represents an increase of 3.8% compared to the original budget for tuition.
- An increase of \$400,000 from unexpected indirect cost reimbursements. This represents an increase of 5.2% compared to the original budget for reimbursements.
- A decrease of \$200,000 in interest income. This represents a decrease of 17.4% compared to the original budget for interest.

ISU Expenditure Changes

Iowa State University plans to expend the funds on:

- Computing equipment and infrastructure - \$1.4 million.
- Building repair and safety projects - \$1.7 million.
- Student recruitment - \$100,000.

UNI Revenue Changes



University of Northern Iowa (UNI) general university budget. The change reflects an increase of \$250,000, with:

- An increase of \$150,000 from unexpected indirect cost reimbursements. This represents an increase of 17.7% compared to the original budget for reimbursements.
- An increase of \$100,000 from interest income. This represents an increase of 50.0% compared to the original budget for reimbursements.

UNI Expenditure Changes

The University of Northern Iowa plans to expend the funds for fire safety and deferred maintenance projects.

Request Denied

The University requested but did not receive approval to include another \$325,000 from disability and life insurance rebates as a budget ceiling increase. The University was informed that the \$325,000 should be used as a deduction to the salaries and wages expenditure.

Braille & Sight Saving

The Iowa Braille and Sight Saving School. An increase of \$12,854 with:

- An increase of \$30,805 as a one-time State salary adjustment to fund Generally Accepted Accounting Principles (GAAP).
- An increase of \$4,500 from interest income.
- An increase of \$16,189 from outreach activities.
- An increase of \$910 from indirect cost reimbursements.
- A decrease of \$29,386 in federal support.
- A decrease of \$10,164 from health insurance conversions.

Expenditure Change

The Iowa Braille and Sight Saving School plans to expend the \$12,854 for utility costs.

Source: Fiscal Update
June 3, 1997

FY 1998 BUDGET CEILING INCREASES BY REGENTS INSTITUTIONS

The Board of Regents met May 20 and 21 and conducted the following business:

- Approved FY 1998 budget ceiling increases as follows:
 - At Iowa State University, tuition revenues are expected to be \$1.3 million more than budgeted, an increase of 1.6% from original projections. An additional \$100,000 is now planned from interest revenues, an increase of 10.3%. The planned expenditure of the \$1.4 million total is to be divided equally between two categories: equipment and building repairs, and technology upgrades.
 - At the University of Northern Iowa, tuition revenues are expected to be \$350,000 more than budgeted, an increase of 1.2% from original projections. An additional \$200,000 from indirect cost revenues is now expected, an increase of 23.5% from original projections. An additional \$250,000 interest compared to original estimates is also expected, an increase of 100.0%. The total of \$800,000 in revenues now expected compared to original budgets is to be expended on building repairs.
 - At the Iowa School for the Deaf, sale of vehicles caused the "sales/services" revenue category to increase by \$8,000, an increase of 4.3% from original projections. An additional \$12,000 is expected from federal lunch program reimbursements, an increase of 34.3% from original projections. The total of \$20,000 in revenues now expected compared to original budgets is to be expended on fire and safety requirements.

FY 1999 BUDGET CEILING INCREASES BY REGENTS INSTITUTIONS

Budget Ceiling Adjustments for FY 1999 – The Board approved budget ceiling adjustments for four Regents institutions that have new revenues. The adjustments were as follows:

- ***University of Iowa (SUI)*** - An increase of \$3.9 million for general university and \$2,000 for the Family Practice Program. The additional revenue consists of:
 - \$2.5 million for indirect cost recoveries (federal administrative funds) associated with sponsored grants and contract activities.
 - \$1.4 million of tuition and fee revenue as a result of enrollment exceeding projections.
 - \$2,000 of other income for the Family Practice Program.

The University plans to expend the additional revenue for year 2000 computer compliance costs, research support, enrollment-related costs, and student aid. The additional revenue for the Family Practice Program will be used for increased outreach activities.

- ***Iowa State University (ISU)*** – An increase of \$900,000 for general university, \$203,000 for the Ag Experiment Station, and \$60,000 for the Extension Service. The additional revenue consists of:
 - \$412,000 from increased tuition and fees.
 - \$90,000 additional interest income.
 - \$263,000 additional federal funds.
 - \$300,000 from increased indirect cost reimbursements.
 - \$33,000 from sales and services.
 - \$65,000 of other income.

The University plans to expend the increased revenues on one-time equipment and building repairs, international recruitment, and technology upgrades.

- ***University of Northern Iowa (UNI)*** – An increase of \$900,000. The additional revenue consists of:
 - \$700,000 from increased tuition and fees.
 - \$200,000 additional interest income.

The University plans to expend the increased revenues on one-time building repairs, equipment, and student aid.

- ***Iowa School for the Deaf (ISD)*** – An increase of \$68,000. The additional revenue consists of:
 - \$2,000 one-time distribution of real estate proceeds.
 - \$4,000 increased Phase III allocation from the Department of Education.
 - \$28,000 from interpreter services provided to local school districts.
 - \$17,000 increased reimbursements from the federal school lunch program due to increased enrollments.
 - \$12,000 lease revenue.
 - \$5,000 additional interest income.

The additional revenues will be used to meet fire and safety requirements and on-going building repair and maintenance.

FY 2000 BUDGET CEILING INCREASES BY REGENTS INSTITUTIONS

- **Budget Ceiling Adjustments for FY 2000 and Conceptual General Fund Operating Budgets for FY 2001 –**
The Board approved budget ceiling increases for FY 2000 as follows:
 - **SUI - \$1,700,000.** The additional income is the result of increased indirect cost reimbursements (federal funds - \$1,300,000) and tuition and fee increases (\$400,000).
 - **SUI Hospitals and Clinics - \$11,275,500.** Sales and services revenues increased from pharmaceuticals and medical/surgical supplies. According to SUI Hospitals and Clinics, although there is some markup, much of the increase will be offset by the increased cost of these products.
 - **ISU - \$700,000.** The additional income is the result of increased indirect cost reimbursements (\$1,000,000), interest income (\$100,000), and a decrease in tuition revenue (\$400,000).
 - **UNI - \$2,000,000.** The additional income is the result of increased tuition and fees (\$1,267,000), indirect cost reimbursements (\$450,000), and interest income (\$283,000).
 - **ISD - \$44,170.** The additional income is from interest earnings.

Source: Fiscal Update
May 23, 2000

FY 2001 BUDGET CEILING ADJUSTMENTS

- University of Iowa (SUI) Oakdale Campus - \$50,000 due to increased indirect cost recovery funds. The additional funds will be used to offset utility costs.
- SUI Hospitals and Clinics - \$20.0 million for increased charges for pharmaceuticals and surgical supplies. The increased revenues are offset by increased expenditures in the same categories. Patient volume has exceeded budgeted levels and resulted in increased patient charges and expenditures in these categories.
- University of Northern Iowa (UNI) - \$225,000 due to increased revenue from tuition and fees and indirect cost recoveries. The UNI will use these additional funds for new financial information system software.
- Iowa School for the Deaf - \$75,000 due to increased revenue from Phase III of the Education Excellence Program (\$1,000), interpreter fees (\$40,000), sale of two vehicles (\$20,000), and lease/rental income (\$14,000). The School will use these additional funds to offset utility costs.
- Iowa Braille and Sight Saving School - \$2,600 due to increased revenues from billable itinerant services with the Area Education Agencies. The additional funds will be used for building repairs.

Source: Fiscal Update
July 10, 2001