

Contact: Brad Berg

FY 2022 OPERATING AND OTHER APPROPRIATIONS REQUESTS

Actions Requested: Consider:

- Approval of the identified operating and other appropriations requests for FY 2022 totaling \$642.87 million.
- Authorizing actions by designated Regent staff to seek collaboration and partnerships between Regent institutions and other sectors of state government. The Regent legislative efforts are an integral part in successfully receiving requested funding.

Executive Summary: Consistent with the Board’s strategic plan, determining and fulfilling appropriate resource needs are essential in providing high quality public education, cutting-edge research, and needed public services. Predictability, transparency and long-term planning strategies are woven throughout the plan. To maximize benefits to Iowans and other citizens, the Board of Regents advocates for adequate support for Regent institutions from all sources for high-quality educational opportunities accessible to Iowans, research and scholarship, service activities, and economic development efforts. The Board’s strategic plan also calls for adequate support of Regent institutions from all sources and promoting the effective use of resources to meet institutional missions. The two key resource components are state appropriations and tuition revenue.

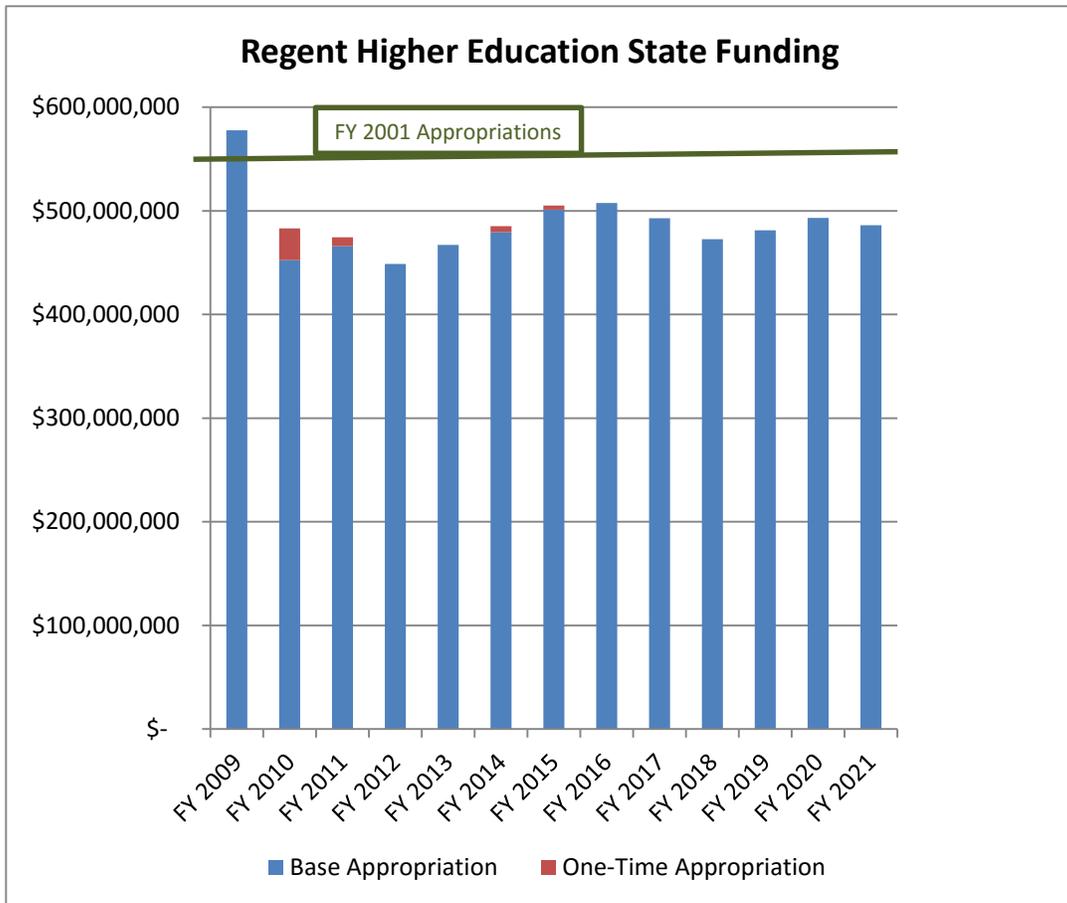
Iowa Code requires state entities to submit the appropriations requests for the ensuing fiscal year to the State on or before October 1. A summary of the proposed appropriations requests is provided below with the individual appropriated units listed on the following page.

APPROPRIATIONS REQUESTS SUMMARY			
	<u>FY21 Continuing</u>	<u>Incremental</u>	<u>FY22 Total</u>
HIGHER EDUCATION	486,046,866	18,000,000	504,046,866
SPECIAL PURPOSE UNITS	66,901,949	-	66,901,949
SPECIAL SCHOOLS & OTHER EDUCATION	16,349,238	8,385,220	24,734,458
ECONOMIC DEVELOPMENT	10,178,702	2,900,000	13,078,702
AGRICULTURE & NATURAL RESOURCES	5,160,682	-	5,160,682
OTHER	28,918,466	31,534	28,950,000
TOTAL	613,555,903	29,316,754	642,872,657

EDUCATION APPROPRIATIONS REQUESTS FY 2022			
HIGHER EDUCATION			
	<u>FY21 Continuing</u>	<u>Incremental</u>	<u>FY22 Total</u>
SUI - GENERAL UNIVERSITY	215,605,480	7,000,000	222,605,480
ISU - GENERAL UNIVERSITY	172,144,766	7,000,000	179,144,766
UNI - GENERAL UNIVERSITY	98,296,620	4,000,000	102,296,620
SUBTOTAL - HIGHER EDUCATION	486,046,866	18,000,000	504,046,866
SPECIAL PURPOSE UNITS			
	<u>FY21 Continuing</u>	<u>Incremental</u>	<u>FY22 Total</u>
UNIVERSITY OF IOWA			
OAKDALE CAMPUS	2,103,819	-	2,103,819
HYGIENIC LABORATORY	4,822,610	-	4,822,610
FAMILY PRACTICE	1,720,598	-	1,720,598
SPECIALIZED CHILDREN'S HEALTH	634,502	-	634,502
PRIMARY HEALTH CARE	624,374	-	624,374
STATE OF IOWA CANCER REGISTRY	143,410	-	143,410
SUBSTANCE ABUSE CONSORTIUM	53,427	-	53,427
BIOCATALYSIS	696,342	-	696,342
BIRTH DEFECTS REGISTRY	36,839	-	36,839
ONLINE PLACEMENT ACADEMY	463,616	-	463,616
FLOOD CENTER	1,154,593	-	1,154,593
WATERMAN NONROFIT RES CENTER	156,389	-	156,389
IOWA STATE UNIVERSITY			
AG. EXPERIMENT. STATION	29,462,535	-	29,462,535
COOP. EXTENSION SERVICE	18,007,366	-	18,007,366
LIVESTOCK DISEASE RESEARCH	170,390	-	170,390
UNIVERSITY OF NORTHERN IOWA			
RECYCLING & REUSE	172,768	-	172,768
MATH & SCIENCE (STEM)	6,354,848	-	6,354,848
REAL ESTATE EDUCATION	123,523	-	123,523
SUBTOTAL - SPECIAL PURPOSE	66,901,949	-	66,901,949
SPECIAL SCHOOLS			
	<u>FY21 Continuing</u>	<u>Incremental</u>	<u>FY22 Total</u>
IA SCHOOL FOR THE DEAF	10,536,171	242,300	10,778,471
IA BRAILLE & SIGHT SAVING SCHOOL	4,434,459	102,000	4,536,459
SUBTOTAL - SPECIAL SCHOOLS	14,970,630	344,300	15,314,930
OTHER			
	<u>FY21 Continuing</u>	<u>Incremental</u>	<u>FY22 Total</u>
NEW: RESTORATION OF \$8M CUT	-	8,000,000	8,000,000
REGIONAL STUDY CENTER	268,297	-	268,297
BOARD OF REGENTS OFFICE	764,642	-	764,642
IOWA PUBLIC RADIO	345,669	40,920	386,589
SUBTOTAL - OTHER	1,378,608	8,040,920	9,419,528
TOTAL EDUCATION APPROPRIATIONS	569,298,053	26,385,220	595,683,273
ECONOMIC DEVELOPMENT APPROPRIATIONS			
	<u>FY21 Continuing</u>	<u>Incremental</u>	<u>FY22 Total</u>
SUI - ECONOMIC DEVELOPMENT	209,279	-	209,279
SUI - ENTREPRENEURSHIP	2,000,000	-	2,000,000
SUI - BIOSCIENCES INNOVATION	271,095	725,000	996,095
ISU - ECONOMIC DEVELOPMENT	2,424,302	-	2,424,302
ISU - BIOSCIENCES INNOVATION	813,286	2,175,000	2,988,286
UNI - ECONOMIC DEVELOPMENT	1,066,419	-	1,066,419
UNI - ADDITIVE MANUFACTURING	394,321	-	394,321
ALL - INNOVATION FUND	3,000,000	-	3,000,000
TOTAL ECON DEV APPROPRIATIONS	10,178,702	2,900,000	13,078,702
AGRICULTURAL & NATURAL RESOURCE APPROPRIATIONS			
	<u>FY21 Continuing</u>	<u>Incremental</u>	<u>FY22 Total</u>
ISU - VET DIAGNOSTIC LAB	4,337,528	-	4,337,528
SUI - AG SAFETY & HEALTH (I-CASH)	128,154	-	128,154
SUI - GEOGRAPHICAL & WATER SURVEY	200,000	-	200,000
SUI - WATER RESOURCE MGMT	495,000	-	495,000
TOTAL AG APPROPRIATIONS	5,160,682	-	5,160,682
OTHER APPROPRIATIONS			
	<u>FY21 Continuing</u>	<u>Incremental</u>	<u>FY22 Total</u>
ALL - TUITION REPLACEMENT	28,268,466	(168,466)	28,100,000
SUI - UIHC PYSCH RESIDENCIES (w/ DPH)	400,000	200,000	600,000
ISU -MIDWEST GRAPE & WINE-STANDING	250,000	-	250,000
TOTAL OTHER APPROPRIATIONS	28,918,466	31,534	28,950,000

HIGHER EDUCATION GENERAL UNIVERSITY APPROPRIATIONS REQUEST..... \$504.05M

Consistent with the Board’s strategic plan, determining and fulfilling appropriate resource needs are essential in providing high quality public education, cutting-edge research, and needed public services. State appropriations are one of two primary sources of core operating funds supporting higher education. Regent operating appropriations for FY 2021 were cut \$8M when compared to the previous year which were largely absorbed by the general university appropriations. State funding levels for higher education remain significantly less than FY 2009 amounts. Looking farther back, higher education appropriations for FY 2021 are \$63 million less than in FY 2001.



The FY 2022 higher education requests provided on page 2 totals \$504.05 million and includes:

- Continuation of FY 2021 recurring appropriations totaling \$486.05 million.
- Incremental funding of \$18.0 million.

Driving additional resources to the classroom and overall student experience is critical to improving student outcomes. Student recruitment and retention, in combination with predictable and sustained state support, create an environment where students and families have better information to plan for college. Years of declining state appropriations have resulted in significant resource constraints, and hampered attempts to provide predictability.

The incremental funding would be dedicated to support student financial aid, equipping additional classrooms for both local and distant on-line/hybrid two-way teaching environments, and for costs associated with making additional classes/programs online capable.

The State of Iowa has no financial aid funding designated solely for students attending Iowa's public universities. Currently, students attending one of the Regent universities may apply for aid through programs available to all sectors, including the All Iowa Opportunity Scholarship (total FY 2021 appropriation of \$3.0 million), and the Iowa National Guard Educational Assistance Program (total FY 2021 appropriation of \$4.7 million). According to the College Student Aid Commission's Condition of Higher Education in Iowa 2020 report, the State of Iowa provides 78% of its need-based aid to students attending private colleges, 15% to community college students, and 6% to public university students. Iowa is last among all states in the percent of need-based aid provided to students attending public colleges and universities.

The pandemic dictated that the institutions analyze and assess the effectiveness of existing technologies and make rapid adjustments, some of these adjustments were temporary and not ideal for sustained online teaching. The nature of the various course offerings may alter the equipment necessary and thereby the cost of necessary equipment. This may include screen captures, document cameras, white board capture, microphones and other media devices. Other cost considerations include software licenses and contractor installation.

The Board's policy charges the universities to provide outreach services to students beyond the boundaries of campus to the extent that resources allow. Resource constraints limit capacity to meet compelling education needs evident in the state and beyond. Additional resources are needed to foster innovation and remove barriers to expand educational access to more areas of study. This investment would enable the universities to modernize and expand their online portfolios.

HIGHER EDUCATION LEGISLATIVE SPECIAL PURPOSE APPROPRIATIONS REQUEST... \$66.90M

These appropriations support specific units/programs at each institution that provide services statewide. The appropriation requests for each individual special purpose unit is provided on page 2. State funding for most of these units continues to be 14%-20% less than FY 2009 amounts. With the exception of the State Hygienic Laboratory, the special purpose unit appropriations were cut a pro rata share of the \$8 million reduction for FY 2021. While these units have a far-reaching impact and additional funding is needed to maintain the quality work they do for Iowans, no incremental funding for FY 2022 is requested. The total special purpose request totaling \$66.90 million equals that appropriated for FY 2021.

SPECIAL SCHOOL EDUCATION OPERATING APPROPRIATIONS REQUEST \$15.31M

The funding request for the two special schools, Iowa School for the Deaf (ISD) and Iowa's Educational Services for the Blind and Visually Impaired (IESBVI; previously known as the Iowa Braille and Sight Saving School) provides resources for them to provide high quality, individualized instructional opportunities to children and youth who are deaf or hard-of-hearing and to those who are blind or visually impaired. ISD and IESBVI rely heavily on state funding for their operations. The Special Schools' request to maintain parity with funding for K-12 public schools includes the continuation of the FY 2021 recurring appropriations totaling \$14.97 million for operations, and incremental funding of \$242,300 for ISD and \$102,000 for IESBVI.

The requested increase will support the core programming for students who are blind or deaf in Iowa through the defined service delivery model currently being used, by ensuring:

- Full implementation of students Individual Education Program in cooperation with the local school districts and Area Education Agencies.
- Achievement of benchmarks for reading in grades K through 3 for students served by IESBVI.
- Measurable growth toward grade level benchmarks in reading and mathematics for students in grades 3 through 11 at ISD.
- Programs and activities that support instruction of the Expanded Core Curriculum
- Access to appropriate transition programming that meets the unique needs of deaf and blind students.

- Operation of safe and efficient facilities for education and residential services on the ISD campus.
- Access to a language rich environment, including American Sign Language and instruction of Braille to meet the communication needs of students who are deaf or blind.

OTHER EDUCATION APPROPRIATIONS **\$9.38M**

Restoration of \$8M Cut – The 2020 General Assembly cut Regent operating appropriations by a total of \$8M to be applied in a manner determined by the Board. In July 2020, the approved a proportional cut allocation to all state general fund appropriations with the exception of Hygienic Laboratory and the Special Schools. This request would restore the cuts realized for FY 2021.

Regional Study Center – Flat funding of \$268,297 is requested for the continued operation and outreach efforts to students across the state at the Western Iowa Regents Resource Center

Board of Regents Office –The FY 2022 appropriation request for the Board Office is \$764,642 and remains flat with FY 2021 funding levels.

Iowa Public Radio - IPR was created by the Board of Regents in 2004 to manage the public radio stations licensed to ISU, UNI and SUI. The requested increase of \$40,920 for FY 2022 would restore state support to FY 2017 levels. The additional funding is needed for higher programming fees, utilities, facility costs, and other operating expenses.

ECONOMIC DEVELOPMENT APPROPRIATIONS REQUEST **\$13.08M**

The economic development funding provided by the State of Iowa for the Regent institutions over the years has been critical to efforts in supporting the formation and growth of entrepreneurship educational activities, assistance to startup and existing Iowa companies, and faculty and student awareness of entrepreneurship and economic development. The translation of university innovations and technologies has proven to be critical and a driving force for innovation and job creation. More importantly, it is essential for the long-term growth of a sustainable, innovative economy that will position Iowa to be competitive in a global market.

Economic Development units included in the funding request include the SUI’s Entrepreneurship and Economic Growth Initiative, the Center for Advanced Drug Development (CADD), the University of Iowa Research Park (UIRP) and the BioVentures Center (formerly Technology Innovation Center); ISU’s Center for Industrial Research and Service Technology Assistance Program (formerly Institute for Physical Research and Technology), the Research Park, and the Small Business Development Centers; UNI’s Institute for Decision Making, Metal Casting Center, MyEntreNet, and Advance Iowa (Economic Gardening).

In addition to the economic development units described above, the Regents Innovation Fund request includes recurring appropriations of \$3.0 million. The Fund leverages private and federal funds resulting in expanded economic development initiatives and enhanced programming for technology transfer, business incubation, and entrepreneurship at the public universities. State funds are matched by equal university financial commitments to maximize the impact of programs and services supported by this request.

Biosciences are critical to Iowa’s economy and are vital to the state’s future economic development and growth. In the TEconomy report released by the Governor, four bioscience platforms were identified where Iowa has the greatest likelihood of achieving a differentiated leadership position to grow and diversify the state’s economy:

- Biobased chemicals (ISU)
- Digital and precision agriculture (ISU)
- Vaccines and immunotherapeutics (ISU)
- Medical devices (SUI)

The State of Iowa's plan for growing the bioscience sector involved the Iowa Economic Development Authority (IEDA) establishing the Iowa Biosciences Development Center (IBDC) for coordinating activities, combined with a strategy to minimize ecosystem costs by leveraging existing assets for technology transfer at ISU and SUI.

For FY 2020, ISU and SUI requested a combined \$4 million in recurring state appropriations to work with IEDA and create an innovation ecosystem for the four Iowa bioscience platforms (\$1 million per platform), leveraging their research strengths and leadership in the field to enable accelerated technology transfer and workforce development in these four platform areas. The state partially funded the request at \$1.1 million beginning in FY 2020 (\$875K for ISU; \$275K for SUI). The appropriation amounts for FY 2021 were slightly less after receiving a pro rata share of the \$8M cut to the Regent operating appropriations.

The FY2021 appropriation was matched by a one-time contribution of \$750K from the Iowa Innovation Corporation (IIC), the organization charged by the Iowa Economic Development Authority with overall leadership of the bioscience economic development effort.

With this combined funding, ISU is:

- Continuing and expanding upon the work initiated in FY2020 in the *Biobased Products* platform, which focused on development of new industry collaborations and support of new startups. Dr. Sundeep Vani, hired in Oct. 2019 as the *Biobased Products* Chief Technology Officer (CTO), continues in this role.
- Hiring CTOs for the *Digital and Precision Agriculture* and the *Vaccines and Immunotherapeutics* platforms. These CTOs will work with innovators in their platforms from ISU and around the state to prioritize and accelerate transfer of new platform technologies to the commercial sector, and build strong industry-university partnerships.
- Initiate or expand seed grant programs in the *Digital and Precision Agriculture* and *Vaccines and Immunotherapeutics* platforms. The focus of these efforts is to create new industry-university collaborations – with companies that are either headquartered or have significant footprints within Iowa – on projects offering the potential to positively impact economic growth in the state. These programs will build on the model launched last year for the *Biobased Products* and *Vaccines and Immunotherapeutics* platforms.

The incremental FY 2022 request of \$2.175M for ISU's bioscience platforms will enable maintenance of all programs and staff currently in place, enhance and expand industry-university collaborations and boost technology transfer and intellectual property capacities.

Without the resources from the state, focused on implementing the goals of the TEconomy report, these initiatives would not be moving forward. The universities are confident that continued investment in these strategies will pay off for the State of Iowa.

In addition, ISU has applied for National Science Foundation funding. The \$20 million application, if awarded, will support *Biobased Chemicals and Products* technology development and transfer, workforce and economic development. The project team involves ISU, SUI, UNI and Dordt University and would also engage private and community colleges, K-12 STEM education and industry partners within the state.

Significant initial progress was made in the *Biobased Products* platform last year. This year's funding – matched with IIC support – will enable us to create similar momentum within the *Vaccines and Immunotherapeutics* and *Precision and Digital Agriculture* categories. Additional ongoing funding is needed, to not only sustain, but build on the momentum that has been established for these research-based economic development initiatives.

The *Medical Device* platform at SUI focuses on efforts to accelerate medical device start-ups, licensing of devices and diagnostic technologies, support for entrepreneurs, and workforce development to fill unmet needs in healthcare.

Under direction of the Chief Innovation Officer, four key areas of development were outlined in FY2020. Current appropriations of approximately \$275,000 for the *Medical Device* platform allowed for significant growth to occur, including attracting nearly \$700k worth of supplemental support to drive these foundational initiatives.

- Protostudios - Protostudios is a state-of-the-art rapid-prototyping service with locations in the MERGE co-working labs in downtown Iowa City, Van Allen Hall, and a newly opened facility in the UI Hospitals and Clinics (UIHC). Protostudios contracts with innovators to develop fully functional prototypes, largely in the field of medical devices. A Medical Printing Bureau was established in the spring/summer 2020 at UIHC. Protostudios built upon the initial \$1.5M grant from IEDA with an additional \$0.5 million grant from IEDA to purchase another state-of-the-art 3D printer that will support medical device innovation across the state by providing human organs and anatomical models on which innovators may test their devices. With additional support, Protostudios would enhance its design and technical capabilities by engaging additional expertise as more medical innovators come forward.
- MADE - The presence of Protostudios has allowed the SUI to create a one of a kind program –MADE, a student managed manufacturing and e-commerce initiative whose mission is to encourage and facilitate innovative, needs based products reaching the market with the twin goals of solving problems and enhancing economic development. The advent of COVID presented a unique need-based opportunity for MADE. Working with Protostudios, biomedical engineering and UIHC faculty, MADE supported the development of a face shield, an N95 mask with disposable cartridges, and a method for safely connecting multiple patients to a single ventilator. Additional funding allows for expansion of the MADE product line by engaging more faculty innovators in targeted areas of Dentistry, nursing and CCOM and support needed external marketing and ecommerce.
- Concierge Service - The primary unmet need for entrepreneurs and innovators was the need for a one stop shop capable of coordinating and connecting the right resources at the right moment in development. A concierge service capable of connecting innovators to technical expertise, regulatory and legal support, industry talent and capital, and like-minded individuals on campus is essential. The SUI Innovation team won a \$100,000 grant from the Kauffman Foundation, in partnership with the University of Missouri, to survey faculty attitudes and determine best practices for commercialization programs. With additional funding, the concierge service can be scaled to establish a “virtual front door” and database of services.
- Expert Advisory Council - The SUI is assembling a world class group of medical device executive advisors and venture capitalists to vet, mentor, support and in some cases invest in our entrepreneurs. Core to success is creating a vehicle for industry execs meet with our entrepreneurs and researchers, and to engage their wisdom and experience consistently over time. Additional funding would be used to fortify this voluntary network of individuals external to Iowa, many with no homegrown connection.

AGRICULTURAL & NATURAL RESOURCES APPROPRIATIONS REQUEST \$5.16M

Iowa agriculture is highly dependent on trade. A highly capable veterinary diagnostic laboratory is critical to documenting disease status to qualify animals and animal products for export and to keep diseases from entering the United States.

Iowa State’s Veterinary Diagnostic Laboratory (VDL) processes approximately 85,000 cases from livestock and poultry producers and pet owners in Iowa and from across the country, and conducts about 1.25 million tests each year. The laboratory is essential in providing the diagnostic testing and information to continue current exports and develop new export markets for Iowa livestock and animal protein products.

The Iowa Legislature currently provides \$4.3 million in funding to supplement, sustain, and advance the capabilities and services that the ISU VDL provides.

In addition, the State currently appropriates \$0.8M to SUI for the Geographical and Water Survey, Water Resource Management, and to support the Iowa Center for Agricultural Safety and Health. Flat-funding for these programs is included in the FY 2022 request.

OTHER APPROPRIATIONS REQUESTS.....\$28.95M

Tuition Replacement - The 1969 General Assembly passed legislation (Iowa Code 262A) permitting the issuance of Academic Building Revenue bonds to fund capital projects at the Regent universities. The bonding program has enabled the Regents to finance critical academic construction needs at Iowa’s public universities through the public sale of long-term bonds. The issuance of these bonds requires approval of the General Assembly and the Governor. Tuition revenue is pledged to pay the principal and interest on the bonds and the tuition replacement appropriation replaces that revenue. Tuition replacement appropriations represent an ongoing commitment of the state to meet the debt service cost of Academic Building Revenue bonds.

The tuition replacement request is \$28.1 million for FY 2022 and is typically funded from the Rebuild Iowa Infrastructure Fund.

UI Psychiatric Residencies: The state of Iowa is currently working to address the mental health crisis. Key to the effort is increasing access to mental health professionals. However, practicing psychiatrists in Iowa are down 3.5% since 2007. In recent years, several Iowa hospitals have closed their mental health units due to a lack of qualified staff, including psychiatrists. Nationally, Iowa consistently ranks near the bottom in the numbers of psychiatrists per capita with 40% fewer psychiatrists than the national average. There is a need to increase the number of psychiatry residency program positions.

Beginning in FY 2020, UI Health Care received \$400,000 through the Iowa Department of Public Health for four new residency training positions to create a Community Psychiatry Track (CPT) within the University of Iowa Psychiatry Residency Program. The CPT residents work in under-served areas of Iowa. The request for FY 2022 includes an additional \$200,000 for two new residencies in the program.

NON-APPROPRIATIONS REQUEST

The Board of Regents strongly encourages Regent institutions to seek collaboration and partnerships between Regent institutions and other sectors of state government that result in improved productivity, more effective stewardship of state resources and enhanced economic development opportunities for Iowa's citizens. The Board also seeks relief from statutory and administrative state mandates that demonstrably impede the Regents' flexibility in governance, require unnecessary staff work or require significant reporting which no longer serves a critical state or Regent strategic purpose.

SALARY FUNDING

Should the State develop a plan for supporting salaries for all employees, it is important the Regent institutions participate in the salary pool.

The dollar amounts for incremental salary funding are not included in the Regent appropriations. Historically, a separate appropriations bill provides funding for new salary increases to all state agencies. This legislation typically requires that Regent institutions provide comparable salary increases for non-contract employees as provided for contract-covered employees. The Regent institutions request to participate in the salary bill.

Full funding of salary needs for Regent institutions is key to keeping the Regent institutions the premier institutions of their type by:

- Allowing the universities to be competitive with their peers in recruiting and retaining top faculty in a global marketplace;
- Implementing institutional strategic plans;
- Providing exceptional learning opportunities for students;
- Stimulating economic development by supporting new evolving technologies;
- Disseminating knowledge; and
- Delivering valued public service that Iowans expect from the Regent universities