

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** FY 2005 Budgets—Board Office  
**Date:** June 7, 2004

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**Recommended Actions:** Approve the proposed FY 2005 operating budget of the Board Office in the amount of \$2,459,223 from all funds, including implementation of salary changes as recommended by the Executive Director for current Board Office staff.

Direct the institutions to include projected Board Office reimbursement levels as contemplated in the proposed Board Office budget in institutional budgets for FY 2005.

**Executive Summary:** The Board Office is requesting approval of a budget for FY 2005 of \$2,459,223, which is the same as the budget for FY 2004, after adjustments for the state across-the-board budget reduction made in the fall of 2003. The budget originally approved by the Board last summer for FY 2004 was \$2,489,077, and was revised downward by approximately \$30,000 in response to the state reduction later in the year.

Revenues for Board and Board Office operations in the proposed budget are derived from state appropriations of \$1,160,398, institutional reimbursements of \$1,293,325, and miscellaneous income of \$5,500. All of these revenues are projected to be at the same level in the proposed FY 2005 budget as in the revised FY 2004 budget.

Internal reallocations and cost saving measures will be necessary in FY 2005, as they were in FY 2004 to provide necessary services and strategic initiatives within this level amount of funding.

**Expenditures:** Budgeted salaries of \$1.45 million represent 59.0% of the proposed Board Office FY 2005 budget. Staff salaries are to be increased with both performance-based increments and other pay actions, including those related to changing responsibilities, by approximately 1.9% in FY 2005. Internal reallocations and cost reduction measures will be implemented, as necessary, to cover this incremental cost. Individual staff salary increases vary

from the average, based in part on supervisor evaluations.

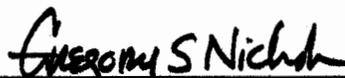
Based on current information, this budget should be adequate to cover the basic needs of the Regents in the coming year for staff assistance, research, office space, equipment, supplies, communications, travel and training, association dues, and other items important to the conduct of Regents business. This conclusion is based, however, on assumptions that there will not be any extraordinarily unpredictable increases in the following key budgeted areas:

- Special services including legal work by the office of the attorney general and any outside counsel;
- Unusually costly proceedings in upcoming collective bargaining;
- Emergence of direction from the Board in the coming year to add new services, new staff positions, or additional projects requiring significant consulting services on a billable basis;
- Unknown cost factors that may arise in connection with replacement of key staff who may leave during the coming year.

Should such extraordinary demands beyond normal inflationary expectations arise during the fiscal year, or should there be an unanticipated reduction in state support, a revised budget and revised schedule of institutional reimbursements will be prepared for the Regents' review.

For the current FY 2004, ending on June 30, it appears that efforts to control expenditures will result in the Board Office's coming in under budget, after accounting for some staff productivity investments in training and professional development, and office equipment. The primary areas of savings, however, may not reappear in the future. These savings were due to conscientious efforts to leave vacancies open longer, reduce reliance on outside consultants where possible, to cut back on strategic plan costs, and on unexpectedly low billings for legal services.

  
Christine Schnell

Approved:   
Gregory S. Nichols

**BOARD OFFICE PRELIMINARY BUDGET - FY 2005**

	FY 2004 Final <u>Budget</u>	FY 2004 Revised <u>Budget</u>	FY 2005 Preliminary <u>Budget</u>
<b>TOTAL BOARD OFFICE BUDGET</b>			
<b>Income</b>			
State Appropriations	1,190,152	1,160,398	1,160,398
Institutional Reimbursements <sup>1</sup>	1,293,325	1,293,325	1,293,325
Non-institutional	3,500	3,500	3,500
Principal Demutualization	<u>2,100</u>	<u>2,100</u>	<u>2,000</u>
	<u>2,489,077</u>	<u>2,459,323</u>	<u>2,459,223</u>
<b>Expenditure</b>			
Personnel			
Board Office Staff	1,438,786	1,428,786	1,451,572
Regents per diem	5,000	5,000	5,000
Fringe benefits	387,908	386,154	396,830
Principal Demutualization	<u>2,100</u>	<u>2,100</u>	<u>2,000</u>
sub-total	1,833,794	1,822,040	1,855,402
Travel	45,650	43,650	52,336
Office Supply, Print & Dues	47,000	47,000	47,000
Advertising	5,750	4,750	2,000
Communications	30,000	28,500	28,500
Outside Services	23,760	22,760	22,760
Workers Comp	4,175	4,175	4,175
Outside Repairs	150	150	150
Data Processing	31,063	28,063	28,500
Office Equipment	12,000	6,000	6,000
Office Space	94,000	94,000	94,000
Educational/Training Expense	17,500	14,000	15,000
Special Services	<u>344,235</u>	<u>344,235</u>	<u>303,400</u>
sub-total	655,283	637,283	603,821
Grand Total Expenditures	<u>2,489,077</u>	<u>2,459,323</u>	<u>2,459,223</u>

<sup>1</sup> Attorney General, Bargaining and Strategic Planning Included in FY 2004 Institutional Billings.