

Contact: Brad Berg

FY 2007 BUDGETS – SPECIAL SCHOOLS & BOARD OFFICE

Actions Requested: Consider approval of the:

1. FY 2007 operating budget of \$9,746,422 and the restricted fund budget of \$935,098 for the Iowa School for the Deaf, and
2. FY 2006 budget ceiling adjustment of \$52,957 in the general fund operating budget for the Iowa Braille and Sight Saving School, and
3. FY 2007 operating budget of \$5,704,977 and the restricted fund budget of \$1,923,088 for the Iowa Braille and Sight Saving School, and
4. FY 2007 operating budget of \$3,102,686 for the Board Office.

Executive Summary:

The Board is asked to consider approval of the FY 2007 budgets for the Iowa School for the Deaf (ISD), the Iowa Braille and Sight Saving School (IBS), and the Board Office. The Universities' FY 2007 budgets for general operating, athletic systems, residence systems, and restricted funds are scheduled to be submitted for Board approval at the August 8-9, 2006, meeting.

The Regent Policy Manual §7.03A(5) requires Regent institutions to docket proposed changes in budget ceilings for general fund operations for Board action. IBS is requesting a General Fund net operating budget increase of \$52,957 due to various revenue adjustments. The School intends to use the increase in funds for necessary renovations in the main building.

The FY 2007 general operating and restricted fund budgeted amounts for each of the special schools and the Board Office are shown below. The ISD and IBS general operating budget increases are primarily due to the legislative increase in general operating appropriations.

General Operating Funds				
	Actual FY 2005	Final Budget FY 2006	Proposed Budget FY 2007	% Change FY 2006-07
ISD	\$9,044,862	\$9,393,422	\$9,746,422	3.8%
IBS	5,176,918	5,512,828*	5,704,977	3.5%
Board Office	\$2,749,004	\$3,036,701	\$3,102,686	2.2%

* includes proposed budget ceiling adjustment of \$52,957.

The restricted fund budget decreases from FY 2006 are due to the lack of capital appropriations.

Restricted Funds				
	Actual FY 2005	Final Budget FY 2006	Proposed Budget FY 2007	% Change FY 2006-07
ISD	\$1,325,595	\$1,315,379	\$ 935,098	-28.9%
IBS	\$1,826,100	\$2,116,907	\$1,923,088	-9.2%

Detailed budget information for ISD, IBS, and the Board Office is located in Attachments A, B, and C respectively.

FY 2007 BUDGETS – IOWA SCHOOL FOR THE DEAF

FY 2007 General Fund Operating Budget

The mission of the Iowa School for the Deaf (ISD) is to enable deaf and hard of hearing children to attain personal excellence by providing comprehensive and appropriate educational programs and services. The mission is served by accomplishing four strategic goals:

- Quality Faculty and Staff \$8,157,707
- Strengthen and Expand Creative & Innovative Programming 303,634
- Maintain Facilities/Equipment 981,447
- Flexibility, Efficiency, Cooperation & Accountability 303,634
- \$9,746,422**

The following educational programs are included in the FY 2007 operating budget:

- On-Campus – The primary educational program provides academic and vocational programming for deaf and hard of hearing children from early childhood through high school. ISD projects the on-campus program will serve 108 (14 from Nebraska) during FY 2007.
- Off-Campus – Off-campus programs include indirect instruction from itinerant resource teachers to ensure that students are succeeding in their educational programs. ISD will serve approximately 90 off-campus students during FY 2007.
- Reverse Mainstream – This program permits non-disabled peers to receive classroom instruction with deaf and hard of hearing students on the ISD campus and will serve more than 15 students and families during FY 2007.
- Parent/Infant – ISD estimates 15 families will receive year-round educational services from the parent/infant program.

ISD General Operating Fund				
	Actual FY 2005	Final Budget FY 2006	Proposed Budget FY 2007	% Change from FY 2006
REVENUES				
General Appropriations	\$8,470,461	\$8,810,471	\$9,163,471	4.0%
Other (DOE Funds)	171,967	169,342	169,342	0.0%
Federal Support	54,130	54,000	54,000	0.0%
Interest	15,306	25,000	25,000	0.0%
Sales and Services	321,082	322,693	322,693	0.0%
Other Income (Princ. Demutualization)	<u>11,916</u>	<u>11,916</u>	<u>11,916</u>	0.0%
TOTAL REVENUES	\$9,044,862	\$9,393,422	\$9,746,422	3.8%
EXPENDITURES				
Salaries	\$6,966,833	\$7,541,469	\$7,845,847	4.0%
Prof. & Scien. Supplies	1,083,499	1,051,291	1,102,341	4.9%
Library Acquisition	7,036	8,226	8,226	0.0%
Rentals				
Utilities	325,752	357,997	381,619	6.6%
Bldg. Repairs	500,154	296,193	296,193	0.0%
Aud. of State Reimburse	39,011	57,000	40,000	-29.8%
Equipment	<u>122,577</u>	<u>81,246</u>	<u>72,196</u>	-11.1%
TOTAL EXPENDITURES	\$9,044,862	\$9,393,422	\$9,746,422	3.8%

The major change in the budget from FY 2006 for ISD comes from a legislative appropriation increase of \$353,000 similar to the K-12 allowable growth. The state funding increase will be used to fully fund salaries and benefits, cover increases in workers compensation premiums, and increases in fuel and utility costs. ISD also plans to reallocate \$183,500 from regular education and operating expenses to special needs instruction and workers compensation premiums.

FY 2007 Restricted Budget

The FY 2007 restricted fund budget of \$935,098 represents a net decrease of \$380,281 from the FY 2006 budget resulting from:

- a decrease in Nebraska tuition funding of \$54,776
- a net increase of \$1,495 in Iowa grants
- a decrease of \$327,000 in capital funding

Revenue generated from students attending ISD from Nebraska will again be treated as restricted and will be segregated from ISD's general fund appropriation. The FY 2007 budget anticipates 14 students attending from Nebraska, an increase of one student from the FY 2006 budget. Revenue from Nebraska is down even though there is one more student because fewer are projected to reside at ISD during the FY 2007 school year.

The utilization of these restricted funds ties directly to the following strategic areas:

- quality faculty and staff \$665,171
- availability and access to technology 59,681
- technology purchases and utilization in the educational program 95,882
- staff hiring and focus on Individual Education Program outcomes 34,681
- student enrichment activities 59,683
- staff development opportunities 20,000
- \$935,098**

ISD Restricted Fund				
	Actual FY 2005	Final Budget FY 2006	Proposed Budget FY 2007	% Change from FY 2006
REVENUES				
Capital Appropriations	\$ 210,000	\$ 327,000	\$ -	-100.0%
Federal Support	157,400	137,512	139,007	1.1%
Interest	20,117	30,000	30,000	0.0%
Sales and Services (Neb. Revenue)	923,685	815,867	761,091	-6.7%
Other Income	<u>14,393</u>	<u>5,000</u>	<u>5,000</u>	0.0%
TOTAL REVENUES	\$1,325,595	\$1,315,379	\$ 935,098	-28.9%
EXPENDITURES				
Salaries	\$ 486,629	\$ 515,608	\$ 589,490	14.3%
Professional & Scientific Supplies	177,550	262,570	193,407	-26.3%
Library Acquisition	-	2,600	2,600	0.0%
Utilities	-	50,000	30,000	-40.0%
Building Repairs	163,844	460,000	100,000	-78.3%
Auditor of State Reimbursement	-	1,000	1,000	0.0%
Equipment	<u>397</u>	<u>23,601</u>	<u>18,601</u>	-21.2%
TOTAL EXPENDITURES	\$ 828,420	\$1,315,379	\$ 935,098	-28.9%

FY 2007 BUDGETS – IOWA BRAILLE & SIGHT SAVING SCHOOL

FY 2007 General Fund Operating Budget

The mission of the Iowa Braille and Sight Saving School (IBS) is to enable Iowa's students who are blind or visually impaired to function as independently as possible in all aspects of life by providing appropriate educational opportunities, resources, and support services. The mission is served by accomplishing four strategic goals:

- Improve quality of programs provided to students enhancing literacy \$3,197,177
 - Develop and maintain a process for the delivery of Early Childhood Services 215,642
 - Improve the literacy of children who are blind or visually impaired 1,272,102
 - Create and sustain opportunities through collaborative efforts 1,020,056
- \$5,704,977

The administration of IBS with consultative assistance is redesigning a coordinated statewide service delivery system including the redesign of the on-campus educational and residential programs. The following must occur to improve the current educational system:

- Equitably distribute resources and services across the state
- Improve the quality of service providers
- Inform parents and educators about the unique educational needs of students

IBS plans to reallocate \$453,684 from center-based school year programs, plant operations and maintenance, institutional support, and academic support to unavoidable cost increases and strategic initiatives. The proposed FY 2007 budget was assembled to encompass the strategic goals and improve the current education system.

The projected decrease in indirect cost reimbursements, even with an increase in federal support, is a result of eliminating the 5% administrative fee currently assessed to the AEAs/LEAs on contracts for orientation and mobility specialists and teachers of the visually impaired.

IBS General Operating Fund				
	Actual FY 2005	Final Budget FY 2006	Proposed Budget FY 2007	% Change from FY 2006
REVENUES				
General Appropriations	\$4,737,675	\$ 4,930,295	\$5,127,507	4.0%
Other (DOE & DAS)	95,263	93,800	88,643	-5.5%
Federal Support	207,155	261,868	344,527	31.6%
Interest	5,466	18,200	20,000	9.9%
Reimb. Indirect Costs	70,682	106,279	39,626	-62.7%
Sales and Services	44,913	83,709	65,406	-21.9%
Other Income (Princ. Demutualization)	<u>15,764</u>	<u>18,677</u>	<u>19,268</u>	3.2%
TOTAL REVENUES	\$5,176,918	\$5,512,828*	\$5,704,977	3.5%
EXPENDITURES				
Salaries	\$4,298,803	\$ 4,477,634	\$4,489,428	0.3%
Supplies and Services	567,678	651,060	822,415	26.3%
Library Acquisition	4,348	7,212	7,212	0.0%
Utilities	176,095	185,165	198,165	7.0%
Bldg. Repairs	110,408	110,257	110,257	0.0%
Aud. of State Reimburse	19,586	26,000	22,000	-15.4%
Equipment	-	<u>55,500</u>	<u>55,500</u>	0.0%
TOTAL EXPENDITURES	\$5,176,918	\$5,512,828*	\$5,704,977	3.5%

* includes proposed budget ceiling adjustment of \$52,957.

FY 2007 Restricted Budget

The FY 2007 restricted fund budget of \$1,923,088 represents a decrease of \$193,819 from the FY 2006 budget, which includes:

- increase of \$44,598 in federal grants
- decrease of \$67,195 in sales and services
- decrease of \$173,000 in capital funding
- increase of \$1,778 in other revenues

The market value of the school unrestricted endowment fund at March 31, 2006 was \$3,331,578. IBS anticipates spending \$166,500 in unrestricted endowment funds in FY 2007 for on-going operating expenditures including therapeutic horseback riding, leisure activities, summer programs, building repair, and furniture. The unrestricted endowment monies of \$166,500 coupled with \$70,778 of endowment funds are included in the FY 2007 restricted budget and comprise the other income of \$237,278.

IBS Restricted Fund				
	Actual FY 2005	Final Budget FY 2006	Proposed Budget FY 2007	% Change from FY 2006
REVENUES				
Capital Appropriations	\$ 250,000	\$ 173,000	\$ -	-100.0%
Federal Support	248,100	269,672	314,270	16.5%
Sales and Services	1,278,401	1,438,735	1,371,540	-4.7%
Other Income - Endowment	<u>49,599</u>	<u>235,500</u>	<u>237,278</u>	0.8%
TOTAL REVENUES	\$1,826,100	\$2,116,907	\$1,923,088	-9.2%
EXPENDITURES				
Salaries	\$1,330,120	\$1,535,106	\$1,471,494	-4.1%
Supplies & Services	245,967	322,561	370,354	14.8%
Library Acquisition	13	500	500	0.0%
Bldg. Repairs	250,000	231,740	65,740	-71.6%
Equipment	<u>-</u>	<u>27,000</u>	<u>15,000</u>	-44.4%
TOTAL EXPENDITURES	\$1,826,100	\$2,116,907	\$1,923,088	-9.2%

FY 2007 BUDGET – BOARD OFFICE

FY 2007 Operating Budget

The total FY 2007 operating budget of the Board Office represents a 2.2% increase when compared to the FY 2006 budget. The FY 2007 state appropriated amount remains identical to that of FY 2005 and FY 2006. Institutional reimbursements are projected to increase by 3.5% from FY 2006 to FY 2007 due to a change in billing methodologies implemented by the Attorney General.

“Special services” is primarily comprised of costs associated with the Attorney General’s billing for services to the Regent enterprise and is 12.4% of the entire Board Office budget. All tort liability and litigation related fees will now be consolidated and charged to the Board Office to be reimbursed by the Universities.

Approximately 74% of the Board Office’s proposed FY 2007 budget is comprised of personnel costs reflecting the service nature of the Board Office. Restructured staff positions due to departures will allow the Board Office to strategically fill one full-time and one part-time staff position to complement the needs of the office without increasing the personnel budget. Average annual salaries of continuing staff are projected to increase an average of 3.5% after performance evaluations for FY 2007.

Board Office Operating Fund				
	Actual FY 2005	Final Budget FY 2006	Proposed Budget FY 2007	% Change from FY 2006
Revenues				
State Appropriations	\$1,167,137	\$1,167,137	\$1,167,137	0.0%
Institutional Reimbursements	1,591,963	1,864,064	1,930,049	3.5%
Non-institutional	1,191	3,500	3,500	0.0%
Principal Demutualization	2,419	2,000	2,000	0.0%
TOTAL REVENUE	\$2,762,710	\$3,036,701	\$3,102,686	2.2%
Expenditures				
Personnel and Board per diem	\$2,088,500	\$2,300,296	\$2,293,000	-0.3%
Travel	48,097	120,063	97,000	-19.2%
Office Supplies & Printing	22,549	27,000	27,000	0.0%
Dues	20,600	20,000	20,000	0.0%
Advertising	2,370	12,000	2,000	-83.3%
Communications	38,961	47,500	50,500	6.3%
Outside Services & Repairs	48,207	22,649	22,650	0.0%
State Audit	9,833	13,000	14,000	7.7%
Workers Comp	4,339	5,004	5,004	0.0%
Data Processing	41,338	28,500	28,500	0.0%
Office Equipment & Furnishings	56,870	10,000	10,000	0.0%
Office Space	94,000	109,289	118,032	8.0%
Educational/Training Expense	8,736	15,000	15,000	0.0%
Board Meeting Cost Reimb	10,163	0	15,000	--
Special Services	266,887	306,400	385,000	25.7%
TOTAL EXPENDITURES	\$2,761,450	\$3,036,701	\$3,102,686	2.2%