

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: FY 2005 Budgets – Iowa School for the Deaf
Date: June 7, 2004

Recommended Action:

Approve the Iowa School for the Deaf's final FY 2005 general fund operating budget in the amount of \$9,051,200 and the restricted fund budget of \$1,175,342, for a total School budget of \$10,226,542.

Executive Summary:

The Iowa School for the Deaf (ISD) prepared its FY 2005 final budgets in accordance with the strategic plans of the Board and of the School.

The School's FY 2005 budget consists of the general fund and the restricted fund components.

General Fund The general fund budget is primarily funded from state appropriations and represents the fundamental operations of the School.

For FY 2005, the general fund budget totals \$9.1 million, which is comprised of direct state appropriations of \$8.5 million and other revenues of \$0.6 million. The state appropriation includes an increase of \$368,537 (4.6%) in base operating appropriations over the revised amount appropriated for FY 2004.

Restricted Fund The restricted fund budget is designated for specific purposes. Its budget of \$1.2 million primarily consists of capital appropriations and revenues from serving Nebraska students. Nebraska funds provide the resources for the additional faculty and staff and operating costs for the Nebraska students.

Strategic Plan The educational programs at ISD enable its students to leave the School with optimal academic, vocational, interpersonal, and independent living skills. The FY 2005 general fund supports the School's strategic planning goals for ISD in the following ways:

- Quality Teaching, Pupil Personnel & Administrative Services (Goal #1) \$7,464,740
 - Strengthen and Expand Creative & Innovative Programming (Goal #2) 283,305
 - Maintain Facilities / Equipment to Provide a Safe, Healthy, Learning Environment (Goal #3) 971,076
 - Flexibility, Efficiency, Cooperation & Accountability (Goal #4) 332,079
- \$9,051,200**

Background:

Purpose	<p>The Iowa School for the Deaf provides comprehensive educational programs and services to deaf and hard of hearing children and youth in Iowa from early childhood through high school graduation.</p> <p>Programs are offered throughout the year on campus as well as off campus in a variety of public school settings. Through a contract with the state of Nebraska, ISD also serves the needs of the deaf and hard of hearing students from Nebraska.</p>
Board Budget Process	<p>In April, the Board considered key budgetary issues to provide guidance in the development of the institutional budgets. This month, the Board receives the final general and restricted fund budgets for approval.</p>

Analysis:

General Fund

Program Descriptions	<p>The FY 2005 \$9.1 million general fund budget is focused around the following programs:</p> <ul style="list-style-type: none">• On-Campus Programs – Academic and vocational programming for students, early childhood through high school graduation, designed to meet each child's individual education requirements as specified in their Individual Education Plans (IEP). During FY 2005, these programs are expected to serve 105 students, including 10 Nebraska students.• Off-Campus Programs – Educational programming in a variety of public school settings for those students whose IEP specifies opportunities for as much interaction with non-disabled peers as is possible and appropriate. These programs are expected to serve approximately 100 students during FY 2005.• Reverse Mainstream Program – Programming that permits non-disabled peers to receive classroom instruction with deaf and hard-of-hearing students on the ISD campus, including pre-school classes for toddlers of deaf or hard-of-hearing parents or siblings, as well as academic and vocational classes at the middle school and high school level. This program is expected to serve over 15 students and families during FY 2005.• Parent / Infant Program – Educational programming that offers year-round services to deaf and hard-of-hearing infants and toddlers and their families. Home visits are a unique component of this program because parents have an opportunity to see home-based instruction occurring with their child and staff have an opportunity to review parent / infant educational interaction. This program is expected to serve an estimated 15 families during FY 2005.• Extended School Year – Educational programming for deaf and hard of hearing students from Iowa and Nebraska with a cross-departmental multi-handicapped program component during the month of July, serving 40 students within the elementary, middle school, and high school levels.
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Operating
Budget

General Fund Budget Comparison			
	FY 2004 Final Revised Budget	FY 2005 Final Budget	Change
REVENUES			
General Appropriations	\$8,099,712	\$8,468,249	\$368,537
Other (DOE Funds*)	169,342	169,342	0
Sales and Services	322,693	322,693	0
Federal Support	54,000	54,000	0
Interest	25,000	25,000	0
Principal Demutualization	<u>11,916</u>	<u>11,916</u>	<u>0</u>
Total	\$8,682,663	\$9,051,200	\$368,537
EXPENDITURES			
Salaries	\$7,159,553	\$7,189,662	\$30,109
Prof. / Scientific Supplies	980,641	1,019,069	38,428
Utilities	317,997	357,997	40,000
Building Repairs	98,000	338,000	240,000
Equipment	61,246	81,246	20,000
Auditor of State	57,000	57,000	0
Library Acquisitions	<u>8,226</u>	<u>8,226</u>	<u>0</u>
Total	\$8,682,663	\$9,051,200	\$368,537

* State funding through the Iowa Department of Education for Educational Excellence.

Revenue
Sources

For FY 2005, the ISD general fund budget totals \$9.1 million and includes:

- Direct state operating appropriations of \$8.5 million, a net increase of \$0.4 million over revised FY 2004 levels. (The School had experienced state appropriation reductions totaling \$0.9 million over the past three fiscal years.)

The FY 2005 appropriation increase represents the restoration of the FY 2004 2.5% across-the-board reduction and an allowable growth increase of 2.0%.

- An allocation of state funds of \$169,342, received indirectly through the Iowa Department of Education for Phases I, II, and III of the state's Educational Excellence program;
- Sales and services of \$322,693, which include items such as leases, Lied multipurpose complex rent, billings for interpreters, farm income, staff meal tickets;
- Federal support of \$54,000, equivalent to last year;
- Interest of \$25,000, equivalent to last year; and
- Principal demutualization funds of \$11,916. This is the third year for this revenue source.

Revenue Uses ISD proposes to utilize revenue increases for:

- Salaries and benefits (\$30,109);
- Supplies, administrative services, and staff development and training (\$38,428);
- Anticipated increased utility costs (\$40,000);
- Building repairs and deferred maintenance (\$240,000). ISD has reduced this budget line item by nearly 80% over the past four years due to mandated budget reductions and shortfalls; and
- Upgraded equipment for classrooms (\$20,000).

Salaries and Benefits

To fully fund salaries and benefits of \$457,823 for FY 2005, ISD proposes to:

- Use a portion of the increase in appropriations (\$30,109);
- Eliminate seven faculty positions (\$285,067). The School has 23 fewer Iowa students than last year; and
- Utilize funds from vacant residential counselor and housekeeping positions (\$142,647).
- Overall salary expenditures are only budgeted to increase 0.4%.

Faculty:

- The matrix base salary will increase by 3.0% with no change to the step or track percentages;
- Eligible faculty will be provided one step on the salary schedule and progression within the faculty matrix for increased levels of education;
- Merit pay will be provided for qualified sign language proficiency; and
- Stipends will be provided for:
 - Counsel on Education of the Deaf (CED) Professional;
 - CED Provisional and
 - Extra-curricular activities.

Professional and Scientific:

- The salary schedule will be increased by approximately 2.0% at the minimum and 2.0% at the maximum. Average salary increases will be 4.5%;
- Salaries will include vacation and holiday pay for all positions, including part-time employees; and
- Merit pay will be provided for qualified sign language proficiency.

General Service:

- Employees will be provided step increases on their eligibility dates;
- Pay matrices will be increased effective January 1, 2005, according to the collective bargaining agreement; and
- Supervisory employees will be treated in a similar fashion.

Institutional Officials:

- Salary increases will be based on merit.

Programmatic
Reallocations

Reallocations assist the School in achieving its primary mission and strategic planning objectives. The FY 2005 budget reflects internal programmatic reallocations totaling \$517,123.

The reallocations represent 6.0% of the FY 2004 final revised general fund budget and are above the Board's program of reallocations.

Reallocations include shifting resources:

- From faculty and staff services to compensation increases.
- From the Deaf Resource Center to student English Instruction and American Sign Language (ASL).

Final FY 2005 General Fund Budget
Summary of Reallocations

From:

Faculty / Staff Services	\$427,714
Deaf Resource Center	<u>89,409</u>
Total Reallocations	<u>\$517,123</u>

To:

Strategic Initiatives:

• Student English Instruction and ASL	\$89,409
Compensation Increases	<u>427,714</u>
Total Reallocations	<u>\$517,123</u>

Restricted Fund

Revenue Sources Revenues generated from Nebraska students are considered restricted funds and are segregated from ISD's general fund appropriation.

	Restricted Fund Budget Comparison		
	FY 2004 Final Revised <u>Budget</u>	FY 2005 Final <u>Budget</u>	<u>Change</u>
REVENUES			
Nebraska Resources	\$627,590	\$627,590	\$0
State Capital Appropriations	100,000	385,000	285,000
Federal Support	125,148	127,752	2,604
Interest	30,000	30,000	0
Other Income	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total	\$887,738	\$1,175,342	\$287,604
EXPENDITURES			
Salaries	\$609,348	\$519,384	(\$89,964)
Prof. / Scientific Supplies	55,783	133,507	77,724
Utilities	40,000	40,000	0
Building Repairs	172,194	460,000	287,806
Equipment	8,563	20,601	12,038
Auditor of State	250	250	0
Library Acquisitions	<u>1,600</u>	<u>1,600</u>	<u>0</u>
Total	\$887,738	\$1,175,342	\$287,604

The budget reflects a net increase of \$287,604 from the FY 2004 budget due to:

- An increase in capital funding of \$285,000; and
- An increase in federal support of \$2,604.

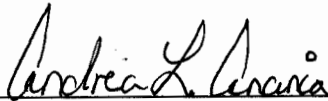
Revenue Uses Nebraska funds will be used for:

- Salary and benefits (\$409,533) for staff, including three faculty, three professional and scientific, and one school assistant; and
- Support (\$218,057) for:
 - Operating costs of providing academic and residential services for Nebraska students such as staff travel, printing, and in-service;
 - Purchase and upgrade of computers and computer related software;
 - Supplies in the classroom, in the residential program, and for the staff; and
 - Staff development for faculty and staff opportunities to learn and understand Nebraska special education laws and study Nebraska history for inclusion in the ISD student curriculum. This curriculum development is a multi-year process and is done as part of an evaluation cycle.

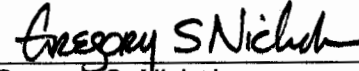
State capital appropriations (\$385,000) will be used to reduce deferred maintenance costs and provide safe and functional classrooms and dormitories. Several deferred maintenance and fire and environmental safety projects are identified in the School's five-year capital plan presented to the Board this month in agenda item 9.

Strategic Plan Restricted funds will address the following:

• Quality faculty and staff	\$739,860
• Availability and access to technology	134,544
• Technology purchases and utilization in the educational program	134,544
• Staff hiring and focus on Individual Education Program (IEP) outcomes	15,964
• Student enrichment activities, including informal learning activities	134,466
• Staff development opportunities	<u>15,964</u>
	\$1,175,342


Andrea L. Anania

Approved:


Gregory S. Nichols