

MEMORANDUM

TO: Board of Regents, State of Iowa
FROM: Greg Nichols
DATE: June 1, 2005 *ASN*
SUBJ: FY 2006 Board Office Budget

Recommended Action:

Approve the FY 2006 operating budget for the Board Office in the amount of \$3,036,701.

Executive Summary:

FY 2005 Budget The revised budget approved last fall for revenues is on target. The projected expenditures are projected to come in under revised expenditure budget by a small amount, perhaps 0.5%.

FY 2006 Proposed Budget The revenue budget is built on three key assumptions.

- a. State appropriations are identical to FY 2005.
- b. Institutional reimbursements will increase for specific Board-priority expenditures.
- c. Board Office continuing staff salary increase costs for FY 2006 will be budgeted from internal reallocations available due to downsizing and reorganization undertaken in last 12 months per previous Board leadership directive.

The expenditure side of the budget continues to reflect the service nature of the organization--about 3/4 of the budget is devoted to personnel. Within that segment of the budget, however, resource allocation continues to evolve by function in order to best serve Board objectives and priorities as shown on the attached graphics. These represent real reductions in the resources devoted to administration and academic affairs functions versus FY 2005, resource proportions holding steady in finance and legal/human resources areas, and increases (with corresponding institutional budget decreases) in public affairs and audit.

The budget annualizes the costs of changes made in staffing during FY 2005, most notably in the public affairs area. Staff salaries, after performance evaluations for continuing staff, are being increased an average of 3.8%. Funding for all costs associated with this come from internal reallocations--primarily through reductions in force and reorganization in administrative and academic affairs areas undertaken during FY 2005. There is no increase in state support or institutional reimbursement attributable to the increases in compensation for continuing Board Office staff.

A new Board Office staff position and attendant costs as a result of Board direction for FY 2006 not existing in FY 2005 is funded through institutional reimbursement increases. This is the Internal Audit director position to be filled this summer. There are anticipated offsetting or indeed greater institutional savings by virtue of centralizing this function.

As legal and human resource services at the Board Office continue to be improved, a small increment of institutional reimbursement increases will be used to provide greater coordination in retention of outside counsel, and better utilization of 'enterprise' legal expertise across the institutions. As has been the case in FY 2005 related to better utilization of Board office staff in collective bargaining, offsetting savings in campus legal expenses are anticipated to result from this effort.

The travel budget for FY 2006 is increased. These funds are in part attributable to the new Internal Audit position, and in part, due to planned Board federal relations activities in the coming fiscal year.

There are incremental small changes in other areas of the budget. For example, office space costs increase in FY 2006 as new and more functional finished square footage has come on-line to accommodate staff changes being implemented. There is also an increase in advertising and communications items.

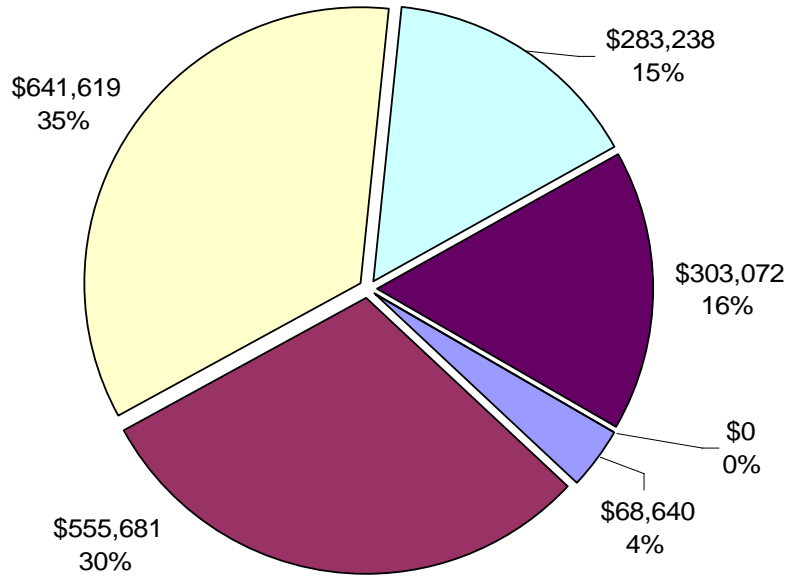
The 'special services' item continues to contain the costs associated with the Attorney General's billing for services to the entire enterprise--an item costing in excess of \$275,000 annually, or about 9% of the total Board Office budget.

The Board Office operation, in total, and including costs for Board members as well as staff, remains below 1% of the total Regent enterprise budget. In relation to the size of the enterprise, this is one of the leanest operations of its kind in the nation.

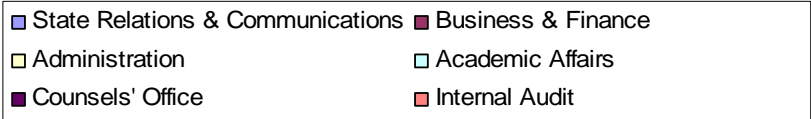
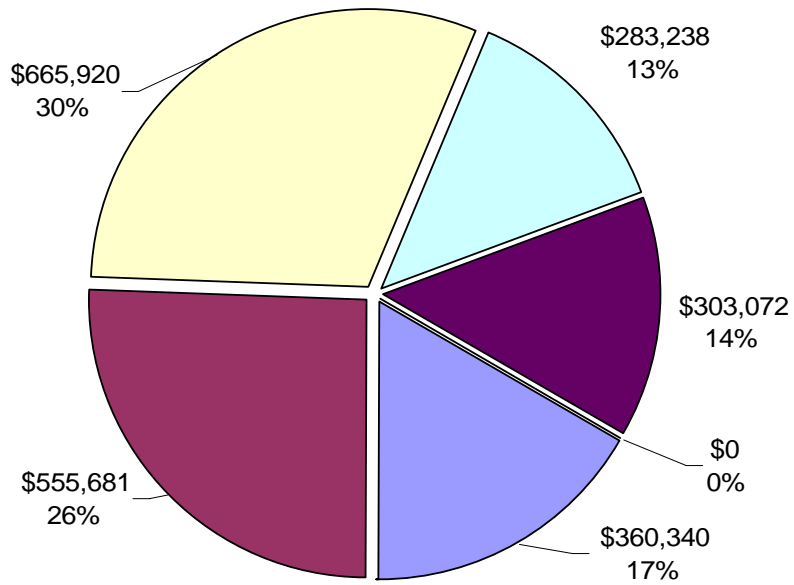
BOARD OFFICE BUDGET

	FY 2005 Initial Budget	FY 2005 Revised Budget	FY 2006 Proposed Budget
Income			
State Appropriations	1,160,398	1,167,137	1,167,137
Institutional Reimbursements	1,295,557	1,645,557	1,864,064
Non-institutional	3,500	3,500	3,500
Principal demutualization	2,000	2,000	2,000
Total	2,461,455	2,818,194	3,036,701
Expenditure			
Personnel and Board per diem	1,857,634	2,173,634	2,300,296
Travel	52,336	74,336	120,063
Office Supplies & Printing	27,000	27,000	27,000
Dues	20,000	20,000	20,000
Advertising	2,000	2,000	12,000
Communications	28,500	40,500	47,500
Outside Services & Repairs	9,910	16,649	22,649
State Audit	13,000	13,000	13,000
Workers Compensation	4,175	4,175	5,004
Data Processing	28,500	28,500	28,500
Office Equipment & Furnishings	6,000	6,000	10,000
Office Space	94,000	94,000	109,289
Educational/Training	15,000	15,000	15,000
Special Services	303,400	303,400	306,400
Total	2,461,455	2,818,194	3,036,701

**Salaries & Benefits - Functional Areas
Preliminary FY 2005 Budget**



**Salaries & Benefits - Functional Areas
Final FY 2005 Budget**



**Salaries & Benefits - Functional Areas
Proposed FY 2006 Budget**

