

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Approval of FY 2004 Detailed Budgets – Iowa Lakeside Laboratory
Date: July 7, 2003

Recommended Action:

Approve the FY 2004 final operating budget of \$469,424 for the Iowa Lakeside Laboratory, as approved by the Lakeside Laboratory Coordinating Committee, including \$371,424 in general funds to be provided as follows:

	<u>Amount</u>
University of Iowa	\$183,623
Iowa State University	112,938
University of Northern Iowa	<u>74,863</u>
Total	\$371,424

Executive Summary:

Approval is requested for a total budget of \$469,424 including a general fund budget of \$371,424 for the FY 2004 operation of Iowa Lakeside Laboratory.

The FY 2004 budget was developed by Dr. Arnold van der Valk, Director of the Laboratory, and approved by the Lakeside Laboratory Coordinating Committee.

The general fund budget is 4.4% higher (\$15,781) than the FY 2003 budget. The FY 2004 preliminary budget presented to the Board at its June meeting has been adjusted to reflect expected salary increases for permanent faculty and staff. (Salary increase funds total \$5,553 or 2.1% of the FY 2003 budget for salaries.) To cover the salary increases, funds have been shifted from building repairs and library acquisitions.

Development of the FY 2004 general fund budget was based upon the following:

1. No state appropriations were provided for salary increases to implement the state's salary policy; and
2. Funding for non-salary expenditures was adjusted by the percentage increase in tuition according to a formula previously approved by the Lakeside Laboratory Coordinating Committee.

Room and board expenditures are budgeted to total \$98,000, which is less than the \$100,000 budgeted for FY 2003.

Strategic Plan:

Review and approval of the Laboratory's budget is consistent with the Board's Strategic Plan (Action Step 4.1.1.2) and provides effective stewardship of resources.

Background:

**Board of Regents
Responsibility**

In 1947, the Board of Regents was made responsible, under the terms of a trust, for the operation and management of Lakeside Laboratory, which has served as a biological field station since 1909. The Laboratory's campus is 140 acres of land located on the west shore of West Okoboji Lake on Little Millers Bay.

**Organizational
Structure**

In 1993, the Board approved a new organizational structure consisting of a "Coordinating Committee" and a three-year plan for the Laboratory. This action was taken as a result of the identification of a series of problems at the Laboratory including declining enrollments, deteriorating facilities, poor community relations and difficulties in interinstitutional coordination.

With Board approval, the new Coordinating Committee hired a new Director for Iowa Lakeside Laboratory and began implementation of the three-year strategic plan.

- Within three years, all of the major planning goals had been achieved and the major problems had been resolved.
- The Laboratory has since enjoyed strong enrollments due to new, innovative curricular offerings, improved community relations and better interinstitutional coordination.

At its February 2000 meeting, the Board approved changes in the structure of the Lakeside Laboratory Coordinating Committee. The provosts of each university are now the representatives of the universities on the Coordinating Committee and the specific duties of the Coordinating Committee have been detailed.

In February 2001, an external review of Iowa Lakeside Laboratory's programs and administration was conducted. The evaluation was positive about the Laboratory and the program, but raised concerns regarding inadequate staffing.

**Infrastructure
Improvements**

The Friends of Iowa Lakeside Lab, Inc. raised over \$1 million to build and endow the new Waitt Water Quality Laboratory and continue to actively raise additional funds for an endowment for the Water Quality Lab staffing and other improvements at Lakeside Laboratory.

Other infrastructure improvements include:

- Donation of two houses and acquisition, relocation and setup of motel/hotel buildings from the Brooks Resort and the Grand Hotel to provide improved housing for faculty, staff and students;
- Appropriation of \$140,000 by the 1997 General Assembly for renovations at the Laboratory; these funds were used for improvements to the Mess Hall.
- Repair of the sewer system, purchase of new computers and installation of a new phone system.
- Appropriation of \$390,000 by the 2002 General Assembly to provide improvements to Mahan Hall and Macbride Lab.

Tuition Revenues Lakeside Laboratory currently does not receive any tuition revenues. The Regent universities collect and retain the tuition dollars associated with the students that take courses at the Laboratory. Funding for the Laboratory is similar to other Regent academic units in that the Laboratory is provided with an allocation of general fund resources.

At its September 2000 meeting, the Coordinating Committee approved a mechanism for increasing the non-salary portion of the Laboratory's operational budget (professional and scientific supplies; library acquisitions; utilities; building repairs; and equipment). That portion would be increased annually by the same percentage increase that the Board authorized for tuition.

Consortium Agreement In October 2001, the Board approved a Lakeside Laboratory Consortium Membership Agreement for non-Regent institutions; the Agreement will hopefully extend the use of the Lakeside Laboratory to faculty and students of other colleges and universities, either within or outside the State of Iowa. Drake University has joined the consortium; the consortium fee in FY 2003 was \$5,000.

Room and Board Revenues Housing operations at the Laboratory are run as a self-supporting activity, as are the housing operations at the Regent universities.

Analysis:

General Fund Budget The mechanism identified above for increasing the non-salary portion of the Laboratory's operational general fund budget would generate an additional \$15,781.

In the preliminary FY 2004 budget request presented in June, this amount, which represents a 4.4% increase in the budget, was to be used for utility costs (\$10,000), which have been significantly higher in FY 2003 and are projected to increase again in FY 2004, and Library Acquisitions (\$5,781).

The final FY 2004 budget includes shifting \$1,386 from building repairs and \$4,167 from library acquisitions to finance the salary increases, which are budgeted at \$5,553.

The University of Iowa and, in the past 10 years, the Iowa State University libraries have acquired a small number of key journals for the Lakeside Library. The cost of the journals has been borne by these libraries. Due to budget cuts, the Iowa State University Library will no longer be able to provide the journals without cost to the Laboratory; the budget thus includes a minimal amount of funds to purchase library materials.

Faculty Salaries – Course Offerings Due to the budgetary pressures of mandatory cost increases during the recent past, the Laboratory has reduced the number of courses offered each summer, thereby reducing expenditures for faculty salaries.

Discussions are underway concerning innovative approaches for restarting popular courses that have been dropped.

Room and Board Budget While room and board income for FY 2003 was budgeted at \$100,000; it was actually \$86,700. Projected expenses for FY 2003 were \$94,300 but were actually much higher - \$108,811.

Dr. van der Valk has attributed the net loss in room and board revenues in FY 2003 to the following:

- Fewer meetings for which participants were housed at the Laboratory;
- Increased operating costs;
- Lower than expected enrollments; and
- One time costs associated with the remodeling of some of the former motel units.

Rates Room and board rates have not been increased in the last two years; however, FY 2004 rates will need to increase by at least 12% to bring revenue into line with expected expenditures.

Joan Racki Approved: *Gregory S Nichols*
Joan Racki Gregory S. Nichols

IOWA LAKESIDE LABORATORY BUDGETS

	FY 2003 <u>Budget</u>	FY 2004 Preliminary <u>Budget</u>	FY 2004 Final <u>Budget</u>	% Change FY 2003 Budget to FY 2004 <u>Final Budget</u>
REVENUE				
General Fund				
University of Iowa	\$ 175,821	\$ 183,623	\$ 183,623	4.4%
Iowa State University	108,140	112,938	112,938	4.4%
University of Northern Iowa	<u>71,682</u>	<u>74,863</u>	<u>74,863</u>	4.4%
Total General Fund	\$ 355,643	\$ 371,424	\$ 371,424	4.4%
Room and Board Revenue*	\$ 100,000	N.I.	\$ 97,104	-2.9%
Transfer from Room and Board Accrual	\$ -	\$ -	\$ 896	
TOTAL OPERATING REVENUE	\$ 455,643		\$ 469,424	3.0%
EXPENDITURES				
Faculty Salaries	\$ 188,447	\$ 188,447	\$ 189,852	0.7%
Director's Salary	87,840	87,840	89,245	1.6%
Teaching Faculty Salaries	100,607	100,607	100,607	0.0%
Prof/Scientific Salaries	54,439	54,439	57,087	4.9%
General Services Salaries	<u>23,091</u>	<u>23,091</u>	<u>24,591</u>	6.5%
Subtotal	\$ 265,977	\$ 265,977	\$ 271,530	2.1%
Professional & Scientific Supplies	\$ 45,924	\$ 45,924	\$ 45,924	0.0%
Library Acquisitions		5,781	1,614	
Utilities	18,356	28,356	28,356	54.5%
Building Repairs	<u>25,386</u>	<u>25,386</u>	<u>24,000</u>	-5.5%
Subtotal	\$ 89,666	\$ 105,447	\$ 99,894	11.4%
Total General Fund Expenditures	\$ 355,643	\$ 371,424	\$ 371,424	4.4%
Room and Board Expenditures*	\$ 97,100	N.I.	\$ 98,000	0.9%
Room and Board Accrual Reserve	\$ 2,900	\$ -	\$ -	
TOTAL OPERATING EXPENDITURES	\$ 455,643		\$ 469,424	3.0%

* The salary of the business manager is paid out of room and board revenue.
N.I. - Revenues and expenditures not included in the preliminary budget.