

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Approval of FY 2003 Detailed Budgets — Iowa Braille and Sight Saving School
Date: July 8, 2002

Recommended Actions:

Approve:

- The final Iowa Braille and Sight Saving School (IBSSS) FY 2003 general fund (operating) budget of \$4,776,425; and
- The restricted fund budget of \$2,041,181 for a total of \$6,817,606.

Executive Summary:

The Iowa Braille and Sight Saving School prepared its FY 2003 detailed budgets in accordance with the strategic plans of the Board and of the School.

The FY 2003 budgets consist of the general fund and the restricted fund budgets.

General Fund

The general fund budget represents the fundamental operations of the School and is primarily funded from state appropriations. The FY 2003 general fund budget totals \$4.8 million, which is comprised of direct state appropriations of almost \$4.5 million and other revenues of \$0.3 million.

- During FY 2002, the School experienced reductions in state appropriations totaling \$302,711.
- For FY 2003, state appropriations were further reduced for the School by \$108,246.
- State appropriations for salary increases provided only 75% of the funding needed to implement the state's salary policy.

These reductions and salary funding shortages in state appropriations have considerably affected the educational programming at IBSSS.

Restricted Fund

The restricted fund budget supports donor-specified activities. The restricted fund budget of \$2.0 million primarily consists of federal grants, AEA contracted service billings, e-rate funding, endowment funds, and capital appropriations.

Strategic Plan

The educational programs at IBSSS enable visually impaired and blind youth throughout Iowa to function as independently as possible in all aspects of life by providing appropriate educational opportunities, resources, and support services.

The strategic planning goals for IBSSS include:

- Quality and Access to Education;
- Diversity; and
- Finances.

Background:

Purpose The Iowa Braille and Sight Saving School provides direct educational services to children and youth in the state of Iowa with visual impairments who require the comprehensive programs provided by the School, whether enrolled as residential students or as part of the outreach program of the School.

Board Budget Process In prior years, the budget process has included a series of budgetary presentations to the Board. This process allows the Board time to consider institutional plans and provide guidance prior to final approval of budgets in July. This process has been modified as a result of delayed actions on appropriations.

In June, the Board considered key budgetary policy issues. This month, the final IBSSS FY 2003 general fund and restricted fund budgets are presented to the Board for approval.

Analysis:

General Fund

Program Descriptions The FY 2003 \$4.8 million general fund budget is focused around the following two academic programs:

- Residential – Extends the normal school day into the evenings, focusing on daily living skills, recreation, and many other educational activities.
- Outreach – Provides numerous specialized support services to visually impaired and blind students who attend school in their local school districts.

**General Fund Operating Budget
Revenue Sources**

	FY 2002	FY 2003
Direct State Operating Appropriations	\$4,422,904	\$4,446,059
Federal Support	149,867	89,240
DOE Funds*	89,483	86,150
Reimbursed Indirect Costs	38,734	71,133
Sales and Services	40,911	63,729
Other Income	0	10,114
Interest	<u>23,000</u>	<u>10,000</u>
Total	\$4,764,899	\$4,776,425

* State funding through the Iowa Department of Education for Educational Excellence. The state funding for School Technology programs has been eliminated.

Appropriation
Reductions and
Funding Shortfalls

- During FY 2002, the School experienced reductions in state appropriations totaling \$302,711.
 - For FY 2003, state appropriations were further reduced for the School by \$108,246.
 - State appropriations for salary increases provided only 75% of the funding needed to implement the state's salary policy.
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Budget Actions

The IBSSS general fund budget includes:

Elimination of:

- The summer school program for FY 2003.

Cost increases in:

- The state's salary policy;
- State auditor costs;
- Workers' compensation (\$54,000, a 214% increase over FY 2002); and
- Non-discretionary costs.

Reductions in:

- Faculty member schedules – from year-round schedules to primarily nine-month schedules; and
 - P&S and institutional officials schedules – from twelve-month employment to eleven- or ten-month employment;
 - Outcomes endorsement;
 - Outreach; and
 - Center-based support services.
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Impact of Operating
Reductions

IBSSS reports that considerable budgetary constraints will be experienced during FY 2003. The School reports that it is no longer able to fulfill the goals set forth in the Strategic Plan and that it must focus its resources on the standard school-year programs available to all children in Iowa.

The changes most likely will have an impact by:

- Diminishing the School's ability to provide skills to students who attend summer school;
 - Reducing opportunities to provide students with the ability to develop independent living skills in the areas of technology, independent living, and mobility;
 - Decreasing efforts in public schools; and
 - Depriving students of access to educational opportunities.
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Salary Action

As approved by the Board at its June 2002 meeting, IBSSS included the following salary actions in its budget:

Faculty:

- The matrix base salary will increase by 2.25% with no change to the step or track percentages. Average salary increases will be 3.5%;
- Eligible faculty will be provided one step on the salary matrix and progression within the faculty matrix for increased levels of education;
- Extra-curricular stipends (based on percentage of base pay) will remain the same as FY 2002; and
- Academy for Certification of Vision, Rehabilitation, and Education Professionals (ACVREP) Certification stipends will remain at \$900.

Professional and Scientific:

- The salary matrix will be increased by 3% at the minimum and 4% at the maximum. Average merit salary increases will be 3.5%.

General Service:

A single pay matrix will be implemented for AFSCME-covered employees on July 1, 2002 and affect employees in the following ways:

- Employees will receive a \$.41 per hour increase;
- Employees with salaries below pay grade minimums will be brought to the minimum;
- The maximum of each pay grade will be increased by 4.5% on February 1, 2003; and
- Employees who have been at the top of the pay plan for at least one year will receive a 4.5% increase and their eligibility date will be changed to February 1.

Institutional Officials:

- Salary increases will be based on merit and average 3.5%.
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Programmatic
Reallocations

Reallocations assist the School in achieving its primary mission and strategic planning objectives. The FY 2003 budget reflects internal programmatic reallocations totaling \$221,647. Of this amount, approximately \$58,000 will be reallocated to cover mandatory cost increases in workers' compensation, state auditor costs, center-based staffing needs, and other programmatic initiatives.

The reallocations represent 4.7% of the revised FY 2002 general fund budget and is above the Board's program of reallocations averaging 2% per year.

The largest reallocation is from elimination of the Summer School Program. Savings will be reallocated to cover necessary services to students attending the residential program during the standard school year, such as:

- The program being developed as a method to determine the quality of instruction that visually impaired students receive (Quality Programs for the Visually Impaired);
- A new teacher for the center-based program to accommodate for additional students with increased behavioral difficulties;
- An art teacher;
- Additional paraeducators in the dorms; and
- Intervention training for every staff member.

Restricted Fund

Sources Restricted funds are segregated from IBSSS's general fund appropriation.

Restricted Fund Budget

	<u>FY 2002</u>	<u>FY 2003</u>
Outreach Service Billings	\$989,209	1,006,524
State Capital Appropriations	400,000	450,000
Federal Grants	371,724	442,689
Endowment Funds	256,049	133,527
E-Rate Funding	26,763	5,441
Vehicle Sale Proceeds	<u>2,500</u>	<u>3,000</u>
Total	\$2,046,245	\$2,041,181

The budget reflects a net increase of \$128,463 over the FY 2002 budget. The decrease of endowment funds is primarily due to the downturn in the stock market.

Uses Restricted endowment funds support donor-specified activities. Unrestricted endowment funds may be used for support of programs and activities.

Strategic Plan Uses of restricted funds are in accordance with the School's strategic plan and will address key result areas for the School, such as:

- Quality and access to education;
- Diversity; and
- Finances.

The School is now in its final year of its 1998 – 2002 Strategic Plan. The Board approved a progress report on its plan in November 2001.

The Quality and Access to Education goal includes three initiatives: focusing services, outcome endorsement and targeting technology. Over the past few years, the primary emphasis has been on focusing services, which includes the following four strategies:

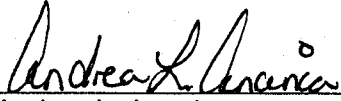
- Focus the Residential Option;
- Target Summer Programs;
- Provide Parent and Professional Development; and
- Continue to Develop Comprehensive Services to students throughout Iowa.

FY 2003
Endowment Fund
Expenditures

IBSSS will utilize endowment funds for the following:

<u>Expenditure Type</u>	<u>Amount</u>
Unrestricted Schiffel Endowment Fund**	\$30,000
Restricted Deaf-Blind Endowment Fund	
• Partial funding for deaf-blind consultant (includes non-salary support)	\$37,575
FY 2003 On-Going Operational Expenses**	
Unrestricted Endowment Funds*	
• Recreation / leisure activities	\$1,000
• Extra-curricular activities (residential & outreach students)	6,000
• Building repair	14,500
• Equipment	2,500
• Educational program improvement	500
• Music therapy services	27,232
• Therapeutic horseback riding	9,720
• Furniture / furnishings	500
• Miscellaneous other expenditures	<u>3,500</u>
Subtotal	\$65,452
FY 2003 One-Time Expenditures**	
Consultation for historical archives & 150 th Celebration	<u>\$500</u>
Total FY 2003 Unrestricted Endowment Total	\$65,952
Endowment Funds Total	\$133,527

** These expenditures will be funded by endowment resources only to the extent which general fund resources are not available.


Andrea L. Anania

Approved:


Gregory S. Nichols

IOWA BRAILLE AND SIGHT SAVING SCHOOL
FY 2003 General Fund Budget Summary

STRATEGIC PLANNING GOALS		
Goal #1	Quality and Access to Education	\$3,119,611
Goal #2	Diversity	13,989
Goal #3	Finances	<u>\$1,642,825</u>
TOTAL		\$4,776,425

	Goal	General Fund FY 2003 New Revenues and Reallocations			
		Appropriations	Reallocations	Other	Total
<u>Budget Shortfall / Mandatory Cost Changes</u>					
Workers' Compensation	3	0	54,780	0	54,780
Auditor of State Reimbursement	3	0	3,456	0	3,456
<u>Programmatic Reallocations</u>					
QPVI Contracted Services	1	0	12,150	0	12,150
Art Teacher	1	0	18,831	0	18,831
Teacher of Visually Impaired	1	0	61,333	0	61,333
Paraeducators (dorm)	1	0	48,755	0	48,755
Systems of Intervention Training	1	0	22,342	0	22,342
<u>New Revenues</u>					
Salary Increase		131,401	0	0	131,401
Base Budget Reduction		(108,246)	0	0	(108,246)
School Technology Funds		(3,333)	0	0	(3,333)
Federal Support		0	0	(60,627)	(60,627)
Interest		0	0	(13,000)	(13,000)
Reimbursed Indirect Costs		0	0	32,399	32,399
Sales and Services		0	0	22,818	22,818
Other Income		0	0	10,114	10,114
TOTAL		\$19,822	\$221,647	(\$8,296)	\$233,173