

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Final FY 2003 Operating Budget – Iowa Lakeside Laboratory
Date: July 8, 2002

Recommended Action:

Approve the FY 2003 final operating budget of \$452,743 for the Iowa Lakeside Laboratory as approved by the Lakeside Laboratory Coordinating Committee, including \$355,643 in general funds to be provided as follows:

	<u>Amount</u>
University of Iowa	\$175,821
Iowa State University	108,140
University of Northern Iowa	<u>71,682</u>
Total	\$355,643

Executive Summary:

Approval is requested for a total budget of \$452,743 including a general fund budget of \$355,643 for the FY 2003 operation of Iowa Lakeside Laboratory.

The attached FY 2003 general fund budget was developed by Dr. Arnold van der Valk, Director of the Laboratory, and approved by the Lakeside Laboratory Coordinating Committee.

The proposed general fund budget is 0.7% higher (\$2,560) than the FY 2002 budget excluding salary increase funds and 3.0% higher (\$10,404) including salary increase funds.

The following adjustments were made to the FY 2002 general fund budget in arriving at the FY 2003 budget:

1. Base budget reduced by 3.8%;
2. Salaries increased by 3%; and
3. Non-salary expenditures increased by the percentage increase in tuition according to a formula previously approved by the Lakeside Laboratory Coordinating Committee.

Room and board revenues are budgeted to decline by \$36,600 (-26.8%) from FY 2002 to FY 2003 as the FY 2002 revenues were higher than average since three groups held meetings at the Laboratory last fall.

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 held. 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 \$900,000 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 and other improvements at Lakeside Lab.

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 new phone system.
- Appropriation of \$390,000 by the 2002 General Assembly to provide improvements to Mahan Hall and Macbride Lab.

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.

Tuition Revenues

Lakeside Laboratory currently does not receive any tuition revenues. The 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 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.

Room and Board Revenues

Housing operations at the Laboratory are run as a self-supporting activity, as are the housing operations at the universities.

Analysis:

General Fund Budget

Base Reductions

In developing the budget which was approved by the Lakeside Laboratory Coordinating Committee, Dr. van der Valk reduced the FY 2002 base budget by 3.8% or \$13,119.

Non-Salary
Funding

Consistent with the policy previously adopted by the Coordinating Committee regarding the increase in the non-salary portion of the budget, an additional \$15,679 would be provided.

The net effect of the reduction in the base budget and the additional funding is a net increase of \$2,560.

These funds will be used to provide a 3.0% increase (\$1,337) in professional and scientific supplies, 4.8% increase (\$837) in utilities, and a 1.5% increase (\$386) in funding for building repairs.

The budget does not include funds for library acquisitions, equipment or hourly salaries.

Salary Funding

Salary increase funds of \$7,844 have been provided; these funds will provide an average 3% salary increase from the FY 2002 budgeted salaries.

The net effect of the overall base reduction of 3.8%, the increase in the non-salary component, and the salary increase funds is a FY 2003 net increase of \$10,404 (3.0%) in the Laboratory's budget.

Room and Board Budget

The room and board budget revenues generated from the room and board fees charged to students, researchers and visitors who live on campus are used to cover the salaries of the business manager, the kitchen staff and cleaning staff, and all expenses associated with the running of the kitchen and housing facilities.

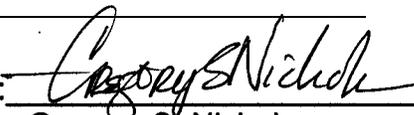
Room and board revenue is estimated to decline by \$36,600 from FY 2002 to FY 2003; FY 2002 revenue was higher than average due to the housing of three groups which held meetings at the Laboratory last fall.

Room and board expenses are estimated to increase by \$2,800 (3.0%) from \$94,300 in FY 2002 to \$97,100 in FY 2003.

FY 2003 room and board revenues are expected to exceed expenses by \$2,900.

When revenues are greater than expenses, funds are available to cover unforeseen housing expenses, improvements to the housing, or a shortfall in revenues in a subsequent year.


Joan Racki

Approved: 
Gregory S. Nichols

IOWA LAKESIDE LABORATORY BUDGETS

	FY 2002 <u>Budget</u>	FY 2003 Proposed <u>Budget</u>	% <u>Change</u>
REVENUE			
University of Iowa	\$ 170,679	\$ 175,821	3.0%
Iowa State University	104,978	108,140	3.0%
University of Northern Iowa	69,582	71,682	3.0%
Total General Fund	\$ 345,239	\$ 355,643	3.0%
Room and Board Revenue*	\$ 136,600	\$ 100,000	-26.8%
TOTAL OPERATING REVENUE	\$ 481,839	\$ 455,643	-5.4%
EXPENDITURES			
Faculty Salaries	\$ 182,890	\$ 182,890	
Director's Salary	85,250	85,250	
Teaching Faculty Salaries	97,640	97,640	
Prof/Scientific Salaries	52,834	52,834	
General Services Salaries	22,409	22,409	
Hourly Salaries	-	-	
Salary Increase Funds	-	7,844	
Subtotal	\$ 258,133	\$ 265,977	3.0%
Prof & Scien. Supplies	\$ 44,587	\$ 45,924	3.0%
Library Acquisitions	-	-	
Rentals	-	-	
Utilities	17,519	18,356	4.8%
Building Repairs	25,000	25,386	1.5%
Aud. of State Reimbursement	-	-	
Equipment	-	-	
Student Aid	-	-	
Subtotal	\$ 87,106	\$ 89,666	2.9%
Total General Fund Expenditures	\$ 345,239	\$ 355,643	3.0%
Room and Board Expenditures*	\$ 94,300	\$ 97,100	3.0%
Room and Board Accrual	\$ 42,300	\$ 2,900	-93.1%
TOTAL OPERATING EXPENDITURES	\$ 439,539	\$ 452,743	3.0%

The salary of the business manger is paid out of room and board revenues.