

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Final FY 2001 Detailed Budgets - Iowa Braille and Sight Saving School
Date: July 7, 2000

Recommended Actions:

1. Approve the Iowa Braille and Sight Saving School final FY 2001 general fund operating budget of \$4,911,297.
2. Approve the FY 2001 restricted fund budget, except for the use and expenditure of the unrestricted endowment funds.

Executive Summary:

The final FY 2001 general fund operating budget of \$4.9 million at the Iowa Braille and Sight Saving School (IBSSS) is presented in accordance with the strategic plans of the Board and of the institution.

The general fund operating budget of \$4.9 million includes partial restoration of the FY 2000 base appropriation reduction, partial state funding for implementation of the state salary policy; workers' compensation allocation (reflects a change in state funding policy and distribution methodology but does not represent a net increase in funding for the School); Phase III funding; and a decrease in Phase I & II funding. The School proposes to shift operating expenditures out of the general fund to the restricted fund.

The IBSSS final FY 2001 general fund operating budget includes reallocations of \$488,166 (10.8% of the FY 2000 final budget), which is an increase of \$102,788 over the preliminary budget submitted to the Board in June. The reallocations contained in the budget submission do not reflect the proposed study on the needs of preschool children with visual impairments identified in docket memorandum IBSSS A-2.

The final general fund operating budget is allocated by the School's strategic planning goals of quality and access to education (\$3,434,759); diversity (\$12,811); and finances (\$1,463,727).

The FY 2001 budget for the restricted fund of \$2.0 million includes: carry-over of FY 2000 capital appropriation funding, federal grants, sales and services (outreach billings), vehicle sale proceeds, e-rate funding, and endowment funds. The School is proposing to use over \$500,000 of its reported \$4.3 million of endowment funds in FY 2001. IBSSS has identified almost \$400,000 of the endowment funds for basic operating expenses (page 6). The Board Office recommends that the Board defer approval on the uses of endowment funds until further analysis is conducted.

Background:

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.

IBSSS offers two types of academic programs. The residential program extends the normal school day into the evenings, focusing on daily living skills, recreation, and many other educational activities. The outreach program provides numerous specialized support services to visually impaired and blind students who attend school in their local school districts.

As noted in March 2000 Board documents for the IBSSS reorganization, IBSSS intends to continue to serve its students needing comprehensive services on campus through a strong center-based educational program. The School also recognizes that the majority of students who are visually impaired attend their local public schools.

IBSSS presented to the Board its FY 2001 conceptual budget approach in May and its preliminary general fund operating budget in June. The final general fund operating budget is presented to the Board this month for approval. This final budget is consistent with the previous submissions and the strategic plans of the Board and of the School.

The Board's budget process for the institutions incorporates strategic planning, reallocations, and state appropriations. The strategic planning goals for IBSSS include: quality and access to education; diversity; and finances.

The budget continues to support educational programs that 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.

Analysis:

General Fund Operating Budget

The final FY 2001 general fund operating budget for IBSSS is \$4,911,297. The FY 2001 direct state operating appropriations for IBSSS total \$4,671,023. The state's allocation for implementation of the state's salary policy was \$101,855, which was less than the \$154,123 needed to fully fund salary increases, excluding health insurance.

To compensate for the shortfall from state appropriations for state salary policy increases, IBSSS proposes to:

- Use any additional Phase III funding to fund existing supplemental pay activities and/or staff development activities currently funded with general fund monies;
- Redirect general fund orientation and mobility instructors to perform direct service to students in their local communities (this portion of their salaries will be reflected in the School's restricted fund budget); and/or
- Shift allowable expenditures from the general fund to the endowment. (The Board Office recommends that the Board defer approval on the uses of endowment funds for operating expenditures until further analysis is conducted.)

Other appropriation increases include partial restoration (\$15,000) to the FY 2000 base appropriation reduction and a workers' compensation allocation (\$18,599.) The increase for workers' compensation reflects a change in state funding policy resulting in a direct appropriation to the School but does not represent a net increase in funding for the School. The increase in Phase III funding (\$33,000) is appropriated to the Department of Education and subsequently allocated to IBSSS. The \$5,545 decrease in Phase I and II Educational Excellence funding is due to the decreased on-campus enrollment.

The IBSSS final FY 2001 budget incorporates the salary increase policies as follows:

- The faculty salary matrix, approved by the Board in May, increases steps by 2.5% with no change to the step or track percentages. Eligible faculty will be provided one step on the salary schedule and will also be provided progression within the faculty matrix for increased levels of education.
- Extra-curricular stipends will be changed from a fixed fee to a percentage of base faculty salary. Association for the Education and Rehabilitation of the Blind and Visually impaired (AER) Certification stipends will remain \$900.

- The Professional and Scientific Salary Matrix will increase by approximately 2% at the minimum and 4% at the maximum. P & S staff increases will be based on merit.
- General service employee pay matrices will be increased by 2.6% per the collective bargaining agreement. Eligible general service employees will be provided one step on the new merit system matrices.
- Institutional officials' salary increases will be based on merit.

Reallocations assist the School in achieving its primary mission and strategic planning objectives. Increased revenues and reallocations will be used for mandatory cost increases and strategic planning initiatives increases as identified in the budget summary on page 8. A substantial portion of IBSSS' reallocations support its Focusing Services strategic planning initiative, specifically the implementation of the school's reorganization plan as approved at the March 2000 Board meeting.

The Focusing Services strategic planning initiative will allow the School to offer:

- A smaller, more focused nine-month residential program option;
- Alternative placement options including expanded summer programs and short-term placements; and
- Parent and professional development programs that support students in their local school placement settings.

Since the preliminary budgets were presented at the June 2000 Board meeting, IBSSS increased its reallocations from \$385,378 to \$488,166 (10.8% of the FY 2000 revised budget). The Board's five-year program for reallocations requires an average of 2% per year. The School proposes to reallocate funds from salary lines of institutional officials and faculty, general service salaries, supplies and services, and equipment to support:

- \$76,132 for Education Program Coordinator;
- \$78,645 for State Vision Consultant;
- \$53,112 for Vision Consultant – Daily Living Skills;
- \$63,272 for Vision Consultant – Multiple Disabilities;
- \$23,219 for Family Services Specialist;
- \$48,533 for Administrative Assistant – Educational Services;
- \$52,000 for Building Repair (Heating Ventilation, and Air Conditioning upgrade in Rice Hall);
- \$22,646 for Paraeducator – Deaf-Blind Intervener; and

- \$70,607 for Salary Policy Shortfall.

The Iowa Braille and Sight Saving School's final FY 2001 general fund operating budget was developed using the school's strategic planning process and extensive efforts to maximize the use of limited resources and will support:

- Continuing outcomes endorsement process which will target student progress as its highest priority. (Although the School intends to expand its profile to all students in the state of Iowa, it still needs to provide a strong on-campus comprehensive center-based educational program.);
- Supporting technology initiatives which will primarily concentrate on staff development, updating existing technology, and technological advancements;
- Continuing the cooperative program with the Vinton-Shellsburg Community Schools, wherein students benefit from the opportunity to participate part-time in regular schools;
- Continuing with the center-based team for programmatic reorganization of constructing units around student needs;
- Looking for new ways to out-source services; and
- Changing the contracting procedures for deferred maintenance/building projects to increase the number of deferred maintenance projects that can be completed in a given year.

Restricted Fund Budget

The restricted fund budget includes: four federal grants (\$307,303); outreach billings (\$698,909); vehicle sale proceeds (\$3,500); e-rate funding (\$26,763); endowment funds (\$501,042); and capital funding (\$490,000).

Restricted endowment funds support donor-specified activities. Unrestricted endowment funds may be used to support programs/activities. However, the School proposes to use almost \$400,000 of endowment funds during FY 2001 for general operating expenditures. The Board Office recommends that the Board defer approval of the use and expenditure of the unrestricted endowment funds until further analysis is conducted.

IBSSS proposes to use endowment funds for the following expenses:

| | |
|---|-----------|
| Restricted Deaf-Blind Endowment Fund | |
| A. Partial funding for deaf-blind consultant (including non-salary support. | \$30,100 |
| B. Interpreting Services necessary to serve/blind students. | 1,000 |
| Restricted Lions Endowment Fund (Low Vision Clinics) | |
| A. IBS Low Vision Services Research Project..... | 12,510 |
| Unrestricted Schiffel Endowment Fund (previously approved to support the School's Technology Plan) | |
| A. Technology purchases, maintenance, etc. to support the Technology Plan* | 60,000 |
| Unrestricted Endowment Funds | |
| A. Summer school program supplement* | 50,000 |
| B. Public Information Campaign* | 30,000 |
| C. Recreation/Leisure activities* | 3,500 |
| D. Consultation for Historical archives and 150 th Celebration* | 5,000 |
| E. Weekend on campus due to bad weather* | 5,000 |
| F. Extra-curricular activities (residential and outreach students)* | 30,000 |
| G. Staff development training* | 10,000 |
| H. Building Repair* | 145,000 |
| I. Equipment* | 28,000 |
| J. Educational Program Improvement* | 10,000 |
| K. Art instruction services and supplies* | 16,112 |
| L. Music therapy services* | 26,220 |
| M. Therapeutic horseback riding* | 21,600 |
| N. Furniture/Furniture – Main reception and admin. Wing* | 12,000 |
| O. Miscellaneous other expenditures* | 5,000 |
| Unrestricted Endowment Subtotal | \$397,432 |
| Endowment Funds Total | \$501,042 |

* IBSSS proposes to expend endowment resources only to the extent which general fund resources are not available.

The School proposes to help compensate for the salary shortfall by redirecting general fund orientation and mobility instructors to provide direct service to students in their local communities. Salaries for these instructors will be paid from the School's restricted endowment budget.

Andrea L. Anania

Approved: _____
Frank J. Stork

**IOWA BRAILLE AND SIGHT SAVING SCHOOL
FY 2001 General Fund Budget Summary**

| STRATEGIC PLANNING GOAL | | ALLOCATION OF NEW REVENUES AND REALLOCATIONS | |
|--|----------------------|---|------------------|
| Goal #1 Quality & Access to Education | 3,434,759 | Mandatory Cost Increases | 307,484 |
| Goal #2 Diversity | 12,811 | Shift of expenditures to the endowment | (14,462) |
| Goal #3 Finances | <u>1,463,727</u> | Shift of O&M salaries to restricted fund | (22,660) |
| Total | <u>4,911,297</u> | Reduction in non-salary expenditures | (12,550) |
| | | Decrease in DOE Phase I & II funding | (5,545) |
| | | Strategic Planning Initiatives | <u>417,559</u> |
| | | Total Allocations | <u>669,826</u> |
| SOURCE OF REVENUE | | FY01 MANDATORY COST INCREASES IN THE GENERAL FUND BUDGET | |
| | Final FY00 Budget | FY01 Increase Budget (Decr) | |
| State Appropriation | 4,508,114 | 4,671,023 | 162,909 |
| Federal Support | 133,400 | 140,690 | 7,290 |
| Interest | 18,862 | 26,000 | 7,138 |
| Reimb. Indirect Costs | 21,096 | 23,349 | 2,253 |
| Sales & Services | 48,165 | 50,235 | 2,070 |
| Other Income | 0 | 0 | 0 |
| Total | <u>4,729,637</u> | <u>4,911,297</u> | <u>181,660</u> |
| | | Compensation and Annualization | 204,095 |
| | | Salary Policy Shortfall | 70,607 |
| | | Workers' Compensation | 18,599 |
| | | Inflationary | <u>14,183</u> |
| | | Total Mandatory Cost Increases | <u>307,484</u> |
| NEW REVENUES AND REALLOCATIONS | | STRATEGIC PLANNING INITIATIVES INCREASES | |
| <u>New Revenue:</u> | | Focusing Services | |
| State Appropriations: | | Paraeducator – Deaf-Blind Intervener | |
| Restoration—FY00 base budget | \$15,000 | Education Program Coordinator (I.O.) | \$22,646 |
| Supplemental – Workers Comp. | 18,599 | State Vision Consultant (Faculty) | 76,132 |
| Salary Annualization | 0 | Vision Consultant – Multiple Disabilities | 78,645 |
| Salary Bill Allocation | 101,855 | Vision Consultant – Daily Living Skills | 63,272 |
| DOE Educational Excellence: | | Family Services Specialist | 53,112 |
| Phase I & II | (5,545) | Administrative Asst. – Education Services | 23,219 |
| Phase III | 33,000 | | <u>48,533</u> |
| Strategic Initiatives | 0 | | 365,559 |
| Building Renewal | 0 | | |
| Inflation | 0 | | |
| | | Obtain & Maintain Annual Budgets Sufficient to Support Strategic Plan & Initiatives | |
| | | Building Repair | <u>52,000</u> |
| Federal Support | 7,290 | Subtotal | <u>52,000</u> |
| Interest | 7,138 | Total | <u>\$417,559</u> |
| Reimbursed Indirect Costs | 2,253 | | |
| Sales and Services | 2,070 | | |
| Other Income | 0 | | |
| Revenue Increases | 181,660 | | |
| <u>Internal Reallocations:</u> | | | |
| Programmatic Reallocations | <u>488,166</u> | | |
| Total New Revenue and Reallocations | <u>\$669,826</u> | | |