

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: FY 2001 Final Operating Budget – Iowa Lakeside Laboratory
Date: July 7, 2000

Recommended Action:

Approve the FY 2001 final operating budget of \$433,554 for the Iowa Lakeside Laboratory as approved by the Lakeside Laboratory Coordinating Committee, including \$353,724 in general funds to be provided as follows:

	<u>Amount</u>
University of Iowa	\$174,879
Iowa State University	107,559
University of Northern Iowa	<u>71,286</u>
Total	\$353,724

Executive Summary:

Approval is requested for a total budget of \$433,554 including a general fund budget of \$353,724 for the FY 2001 operation of Iowa Lakeside Laboratory. The budget is consistent with the one presented to the Board in June and approved by the Lakeside Laboratory Coordinating Committee.

The FY 2001 general fund budget is \$9,882 (+2.9%) higher than the approved FY 2000 general fund budget. It includes a 4% average increase in the budgeted amount for faculty and staff salaries. The general fund budget for the Laboratory is provided by the universities; a recommended allocation is included above. 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.

In 1994, when the Board reorganized the administration and funding of Iowa Lakeside Laboratory, it established eight goals for the Laboratory; among these goals was improving the financial situation. Lakeside Laboratory's operational budget in FY 1995 was \$300,000. The FY 2000 operational budget was \$343,842, for a total increase of 14.6% over the last six years or 2.4% per year. This rate of increase is lower than the rate of any other Regent institution. Lakeside Laboratory does not receive any tuition revenues, which remain with the institution through which the student registers.

Last month, the Board approved the purchase of three housing units and their relocation to the Laboratory. With this increase in winterized housing units, which would replace existing unheated units, the room and board budget would increase by 4%. A higher room and board rate is charged for winterized units to offset the higher utility costs associated with them.

Background:

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 adjacent to Millers Bay and the west shore of West Okoboji Lake.

In the summer of 1993, the Board of Regents approved a three-year plan and a new organizational structure for the Lakeside Laboratory including a Lakeside Laboratory Coordinating Committee and a new directorship.

In June 1997, the Board received a comprehensive presentation on achievement of the eight goals established by the Board of Regents in 1994 for the Laboratory. These goals were:

1. Enhance the Instructional Program to include all of the environmental sciences and examine other programmatic possibilities consistent with the mission of the Laboratory.
2. Increase Enrollments with a goal of 80 students; course enrollments should meet the minimum criteria for a summer course offering at the universities.
3. Improve Financial Situation so that additional income is generated to put the financing of the Laboratory on a more stable basis; attention was to be given to the privatization of some functions.
4. Reexamine Curriculum to broaden the mission of the Laboratory to include all environmental sciences.
5. Improve Relations with the Lake Okoboji Community and incorporate this goal as a component of the year round program for the Laboratory.
6. Increase Scholarships from a variety of external sources.
7. Examine Distant Learning Potential to determine what courses could be brought to the area and to provide unique instruction to other areas.
8. Enhance Research Opportunities through the broadening of the scope of the instructional programs.

The Laboratory has achieved, and in some instances, exceeded, all goals except the one related to distance learning.

- The number of university courses increased from 9 to 10 to 16 to 18 per summer session with new courses in a variety of disciplines introduced. Enrollments increased significantly, exceeding the Regent goal of 80 students since the summer of 1995. New programs were initiated for residents and visitors to the Iowa Great Lakes community and for grade, middle and high school classes during the academic year.
- Substantial improvements have been made in working with the Okoboji community. The Friends of Iowa Lakeside Lab, Inc. raised over \$900,000 to build and endow the new Waitt Water Quality Laboratory. In conjunction with the June 2000 Board meeting, a special celebration was held announcing the Waitt Water Quality Lab Endowment Fund campaign to support environmental education and water quality research programs at the Laboratory.

In addition to the Waitt Water Quality Laboratory, other infrastructure improvements have been accomplished.

- In March 1995, the Board approved the acquisition, moving and setup of motel buildings from the Brooks Resort to provide improved housing for faculty and staff.
- The 1997 General Assembly appropriated \$140,000 for improvements at the Laboratory; these funds were used for improvements to the Mess Hall, including the addition of a west entry porch, insulation of the dining room, conversion of the east porch to a dining area, and the addition of heating, air conditioning and restrooms.
- In May 1999, the Board approved the donation of a house to the Laboratory by a local landowner; the house is used to provide needed housing.
- The sewer system has been repaired, new computers purchased and a new phone system installed.
- In June 2000, the Board approved the purchase of three housing units and their relocation to the Laboratory.

Beginning with FY 1998, a budgeted account for the Laboratory was established at Iowa State University to improve the accounting of revenues and expenditures.

- This method differed from the previous method in which the universities were billed based upon Laboratory expenditures. For the period FY 1995 –

FY 1997, Laboratory expenditures exceeded Board approved budgets by \$50,335.

- For FY 1999, the budget of the Lakeside Laboratory was increased to sustain the quality of the operations and educational programs and to ensure a balanced budget.
- The Board also requested that Iowa State University put into effect pre-audit controls beginning with FY 1999 to ensure that the expenditures of the program were within the Board approved budget.

Beginning with FY 2000, Iowa State University has funded a three-quarter time position to staff the Water Chemistry Lab, which is a central component of the Water Quality Lab facility.

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.

Analysis:

General Fund Operating Budget

The proposed general fund operating budget totals \$353,724. This amount is \$9,822 (+2.9%) higher than the approved FY 2000 general fund budget. The increase includes an average 4% increase in the faculty and staff salary lines.

The budget also includes a reallocation of \$5,000 from utilities to faculty salaries since many of the courses have been expanded from 3 to 4 weeks (credits). The increase in the faculty teaching load has increased the overall summer faculty teaching budget. The utility savings result from a switch from propane to natural gas as the heating fuel.

Funding by the universities of the general fund portion of the budget is recommended as follows:

	<u>Amount</u>	<u>Percentage</u>
University of Iowa	\$174,879	49.4%
Iowa State University	107,559	30.4%
University of Northern Iowa	<u>71,286</u>	<u>20.2%</u>
Total	\$353,724	100.0%

Lakeside Laboratory does not receive tuition income. Tuition is retained by the Regent institution through which a student registers.

Room and Board Budget

Iowa Lakeside Laboratory also has a room and board budget with revenues generated from the room and board fees charged to students, researchers and visitors who live on campus. These revenues 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.

Last month, the Board approved the purchase and relocation to the Laboratory of three winterized housing units with 14 housing areas. With this approval, the Laboratory proposes an increase of 4% in the room and board budget for FY 2001. A higher rate is currently charged for winterized housing units and the new housing units would replace three existing, unheated units, thereby generating increased revenues. These revenues would also help pay the semi-annual master lease payments for the funds borrowed to purchase and relocate the facilities.

Joan Racki

Approved: _____
Frank J. Stork

IOWA LAKESIDE LABORATORY BUDGETS

	FY 2000 <u>Budget</u>	FY 2001 Proposed <u>Budget</u>
<u>REVENUE</u>		
University of Iowa	\$ 169,997	\$174,879
Iowa State University	104,555	107,559
University of Northern Iowa	<u>69,290</u>	<u>71,286</u>
Total General Fund	\$ 343,842	\$353,724
Room and Board Revenue*	\$ 76,760	\$ 79,830
TOTAL OPERATING REVENUE	\$ 420,602	\$433,554
<u>EXPENDITURES</u>		
99005 - Faculty Salaries	\$ 175,656	\$ 187,682
99010 - Prof/Scientific Salaries	48,220	50,148
99015 - General Services Salaries	19,224	19,993
99020 - Hourly Salaries	<u>3,952</u>	<u>4,110</u>
Subtotal	\$ 247,052	\$ 261,934
304 - Prof & Scien. Supplies	\$ 46,290	\$ 46,290
315 - Library Acquisitions	500	500
402 - Rentals	0	0
403 - Utilities	20,000	15,000
409 - Building Repairs	25,000	25,000
412- Aud. of State Reimbursement	0	0
501 - Equipment	5,000	5,000
803 - Student Aid	<u>0</u>	<u>0</u>
Subtotal	\$ 96,790	\$ 91,790
Total General Fund Expenditures	\$ 343,842	\$353,724
Room and Board Expenditures*	\$ 76,760	\$ 79,830
TOTAL OPERATING EXPENDITURES	\$ 420,602	\$433,554

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