

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Conceptual FY 2002 Operating Budget – Iowa Lakeside Laboratory
Date: June 1, 2001

Recommended Action:

Receive the conceptual FY 2002 general fund operating budget for the Iowa Lakeside Laboratory.

Executive Summary:

The Regent universities collectively provide the general fund budget for Iowa Lakeside Laboratory. The FY 2001 budget of \$353,724 was allocated among the universities 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%

The Iowa Lakeside Laboratory Coordinating Committee, which includes the three provosts as the university representatives, directed that a FY 2002 budget be developed totaling 90% of the FY 2001 budget. The FY 2002 budget, without salary increase funds, would thus total \$318,352 or \$35,372 less (-10%) than the FY 2001 budget. Dr. Arnold Van der Valk, Director of the Laboratory, prepared a budget at this level, with the major reduction being a decrease in his position from one-half time to one-quarter time during the academic year. This reduction in time could negatively impact the ability of the Laboratory to increase the number of organizations and groups using the Laboratory, and could impair efforts to generate more revenue to put the Laboratory on a sounder financial footing.

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 2001 operational budget of \$353,724 is a total increase of 17.9% over the last seven years or approximately 2.6% per year. This rate of increase is lower than that of any other Regent institution during this period and has already forced Lakeside Laboratory to reduce expenditures to a minimum.

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, which totals \$91,970 for FY 2001. That portion would be increased annually by the same percentage increase that the Board authorized for tuition. For FY 2002, the Board approved a 7.2% increase in base tuition for the three universities. A 7.2% increase on the non-salary budget of \$91,970 would total \$6,622. The net effect of the overall base reduction of 10% and the 7.2% increase in the non-salary component would be a FY 2002 net decrease of \$28,750 (-8.1%) in the Laboratory's budget.

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:

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 1993, the Board of Regents 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. Specific successes in meeting the goals include:

- The number of university courses offered each summer session has increased, with new courses in a variety of disciplines introduced. Enrollments have 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.

- Relationships between the Laboratory and the Okoboji community have improved substantially. Since 1996, the Friends of Iowa Lakeside Lab, Inc. have raised over \$900,000 to build and endow the new Waitt Water Quality Laboratory. The Friends are currently organizing an endowment campaign with a goal of \$1,000,000 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 renovations 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.
- In June 2000, the Board authorized the purchase of three wings (14 rooms) of the Grand Hotel in Spencer, Iowa and their relocation to the Laboratory to provide upgraded housing.
- The sewer system has been repaired, new computers purchased and a new phone system installed.

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.

Since FY 1999, research grants and other outside support have funded a full-time position in 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.

An evaluation of the Lakeside Laboratory in the Spring 2001 was positive about the Laboratory and the program, but raised concerns regarding staffing.

Analysis:

The net effect of the budget proposed by the Lakeside Laboratory Coordinating Committee would be a reduction in the Laboratory's base budget (exclusive of salary increase funds) by approximately 8.1% from the FY 2001 budgeted amount.

The largest single component of the reduction would be a decrease in administrative time for the director of the Laboratory during the academic year. Reducing his time from one-half to one-quarter time could delay development of the Lakeside Laboratory consortium, reduce student recruiting activities, and postpone the development of environment education programs.

The main goal of the Laboratory's long-range plan has been to put it on a sounder financial footing. Absent a significant increase in funding from the universities and the Laboratory's ability to retain the tuition paid by the students from Regent institutions who attend its programs, the chief way to generate additional revenues is to attract more users.

- Two avenues being pursued to increase the number of organizations and groups using the Laboratory throughout the year are development of a Lakeside consortium and a K-12 environmental educational program.
 - The consortium would extend the use of Iowa Lakeside Laboratory to faculty and students of non-Regent colleges and universities, either within or outside the state of Iowa. A proposed consortium agreement will be presented to the Board for its consideration at a future meeting. Under the draft of the agreement currently under discussion, each non-Regent member of the consortium would pay a membership fee to the Laboratory and the Laboratory would retain the course fee from students enrolled through non-Regent institutions.
 - Reducing the Director's time would hinder the recruitment of new consortium members.
- The Laboratory's long-range plan includes the hiring of an environmental education coordinator to make the K-12 environmental education program viable.

Teaching salaries, hourly salaries, teaching supplies and equipment, and building repairs would also have to be cut to achieve the directed reduction.

- A reduction in total faculty salaries would result in one or two fewer courses being offered each summer. Fewer courses could lead to a drop in summer enrollments, which could then reduce housing revenues.
- Housing operations are run as a self-supporting activity, as are the housing operations at the universities.

Lakeside Laboratory does not receive tuition income. Tuition is retained by the Regent institution through which a student registers. The Coordinating Committee previously endorsed a methodology for increasing the non-salary component of the budget (professional and scientific supplies; library acquisitions, utilities, building repairs, and equipment). Since this non-salary component only accounts for approximately 25% of the Laboratory's budget, a significant increase in this component will not significantly increase the Laboratory's total budget.

In February 2001, an external review of Iowa Lakeside Laboratory's programs and administration was held. This review endorsed the development of the proposed Lakeside consortium and K-12 environmental education programs. It also noted that the Laboratory is understaffed and that many buildings, especially the fieldstone teaching laboratories, are "in desperate need of repairs" and need to be renovated to bring them up to contemporary university laboratory standards.


Joan Racki

Approved: 
Frank J. Stork