

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Preliminary Detailed Budgets — Iowa School for the Deaf
Date: June 9, 2003

Recommended Action:

Consider the preliminary FY 2004 general fund operating budget for the Iowa School for the Deaf in the amount of \$8,855,862 and the restricted fund budget of \$887,738, for a total School budget of \$9,743,600.

Executive Summary:

The Iowa School for the Deaf (ISD) prepared its FY 2004 detailed budgets in accordance with the strategic plans of the Board and of the School.

The School's FY 2004 budget consists of the general fund and the restricted fund components.

In July, ISD will present its final FY 2004 general and restricted fund budgets.

General Fund

The general fund budget is primarily funded from state appropriations and represents the fundamental operations of the School.

For FY 2004, the general fund budget totals almost \$8.9 million, which is comprised of direct state appropriations of \$8.3 million and other revenues of \$0.6 million. The state appropriation includes:

- An increase of \$163,949 (2.1%) in base operating appropriations over the amount appropriated for FY 2003; and
- Estimated salary funding of \$155,869.

The estimated state appropriation for salary increases is only a portion of the funding needed to implement the state's salary policy. The School has made every effort to minimize the operating budget effect on students, but the School is still experiencing impacts from the prior years' budget cuts and from the continued underfunding of salaries.

Restricted Fund

The restricted fund budget is designated for specific purposes. Its budget of nearly \$0.9 million primarily consists of capital appropriations and revenues from serving Nebraska students. Nebraska funds provide the resources for the additional faculty and staff and operating costs for the Nebraska students.

Strategic Plan	The educational programs at ISD enable its students to leave the School with optimal academic, vocational, interpersonal, and independent living skills. The strategic planning goals for ISD continue to include the following:	
	• Quality Teaching, Pupil Personnel & Administrative Services (Goal #1)	\$7,576,705
	• Strengthen and Expand Creative & Innovative Programming (Goal #2)	274,203
	• Maintain Facilities / Equipment to Provide a Safe, Healthy, Learning Environment (Goal #3)	681,974
	• Flexibility, Efficiency, Cooperation & Accountability (Goal #4)	<u>322,980</u>
		\$8,855,862

Background:

Purpose The Iowa School for the Deaf provides comprehensive educational programs and services to deaf and hard of hearing children and youth in Iowa from early childhood through high school graduation.

Programs are offered throughout the year on campus as well as off campus in a variety of public school settings. Through a contract with the state of Nebraska, ISD also serves the needs of the deaf and hard of hearing students from Nebraska.

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.

In May, the Board considered policy issues related to the construction of FY 2004 budgets. This month, preliminary detailed FY 2004 general fund and restricted fund budgets are presented to the Board for consideration.

In July, final budgets will be presented for approval.

Analysis:

General Fund

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| Program Descriptions | <p>The FY 2004 \$8.9 million general fund budget is focused around the following programs:</p> <ul style="list-style-type: none">• On-Campus Programs – Academic and vocational programming for students, early childhood through high school graduation, designed to meet each child’s individual education requirements as specified in their Individual Education Plans (IEP). These programs are expected to serve 128 students, including 10 Nebraska students, during FY 2004.• Off-Campus Programs – Educational programming in a variety of public school settings for those students whose IEP specifies opportunities for as much interaction with non-disabled peers as is possible and appropriate. These programs are expected to serve over 102 students during FY 2004.• Reverse Mainstream Program – Programming that permits non-disabled students to receive classroom instruction with deaf and hard-of-hearing peers on the ISD campus, including pre-school classes for toddlers of deaf or hard-of-hearing parents or siblings, as well as academic and vocational classes at the middle school and high school level. This program is expected to serve over 15 students and families during FY 2004.• Parent / Infant Program – Educational programming that offers year-round services to deaf and hard-of-hearing infants and toddlers and their families prior to when schooling traditionally begins. Home visits are a unique component of this program because parents have an opportunity to see home-based instruction occurring with their child and staff have an opportunity to review parent / infant educational interaction. This program is expected to serve an estimated 15 families during FY 2004.• The Summer Learning Adventure program, which provides educational programming for deaf and hard of hearing students from Iowa and Nebraska with a cross-departmental multi-handicapped program component during the month of July, serving 65 students within the elementary, middle school, and high school levels. |
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Operating
Budget

	General Fund Budget Comparison		<u>Change</u>
	FY 2003 Final Revised <u>Budget</u>	FY 2004 Proposed <u>Budget</u>	
REVENUES			
General Appropriations	\$7,943,985	\$8,263,803	\$319,818
Other (DOE Funds*)	178,450	178,450	0
Sales and Services	322,693	322,693	0
Federal Support	64,000	54,000	(10,000)
Interest	33,000	25,000	(8,000)
Principal Demutualization	<u>17,785</u>	<u>11,916</u>	<u>(5,869)</u>
Total	\$8,559,913	\$8,855,862	\$295,949
EXPENDITURES			
Salaries	\$7,008,671	\$7,310,728	\$302,057
Prof. / Scientific Supplies	972,549	966,441	(6,108)
Utilities	317,997	317,997	0
Building Repairs	114,224	114,224	0
Equipment	81,246	81,246	0
Auditor of State	57,000	57,000	0
Library Acquisitions	<u>8,226</u>	<u>8,226</u>	<u>0</u>
Total	\$8,559,913	\$8,855,862	\$295,949

* State funding through the Iowa Department of Education for Educational Excellence.

Revenue
Sources

For FY 2004, the ISD budget totals almost \$8.9 million and includes:

- Direct state operating appropriations of \$8,263,803, a \$319,818 increase over last year. The increase includes \$163,949 (2.1%) over last year's base plus estimated salary funding of \$155,869 (No allocation has been made by the Iowa Department of Management.) The School had experienced state appropriation reductions totaling \$735,073 (9.0% of its FY 2001 appropriations) over the past two fiscal years (\$541,940 in FY 2002 and \$193,133 in FY 2003);
- An allocation of state funds of \$178,450 received indirectly through the Iowa Department of Education for Phase I, II, and III Educational Excellence;
- Sales and services of \$322,693, which include items such as leases, Lied multipurpose complex rent, billings for interpreters, farm income, staff meal tickets, etc.;
- Federal support of \$54,000, a \$10,000 (15.6%) decrease from last year due to the reduced number of students eligible for the Federal School Lunch Program;
- Interest of \$25,000, an \$8,000 (24.2%) decrease from last year; and
- Principal demutualization funds of \$11,916. This is the second year for this revenue source.

Salary Shortfall The School hopes to receive \$155,869 in salary funding from the Iowa Department of Management, which is only a portion of the funding needed to fully implement the state's salary policy. ISD proposes to fund the shortfall by:

- Reallocating the salary dollars of unfilled administrative, faculty, and merit positions;
- Using funds budgeted for anticipated retirements; and
- Utilizing the increase in FY 2004 base operating appropriations.

Budget Impact Prior years' budget cuts and continued underfunding of salaries have resulted in many impacts on the School. ISD has made every effort to minimize the operating budget effect on students but reports:

- Increased student / teacher class size ratios;
- Reduced number of classes offered to students;
- Weakened ability to provide intense and meaningful Individual Education Programs for all students;
- Increased staff / resident ratios in the dormitories resulting in less direct supervision during non-structured time;
- Diminished ability to recruit and retain qualified teachers in the area of deaf education;
- Expanded planning and leadership duties for existing teachers and administrators; and
- Limited use of the new Lied Multipurpose Complex due to strained resources.

ISD will be returning to a 180-day school year for FY 2004. The School had reduced the FY 2003 school year by five days in an effort to save on operating funds while preserving the same number of instructional hours during the year.

The School reported that the change was not successful. The continuity of student learning was interrupted and operating savings were minimal.

Salary Action Faculty (See G.D. 5 - Proposed Salary Policies for Faculty at the Special Schools for Fiscal Year 2004):

- The matrix base salary will increase by 2.5% with no change to the step or track percentages;
- Eligible faculty will be provided one step on the salary schedule and progression within the faculty matrix for increased levels of education;
- Merit pay will be provided for qualified sign language proficiency; and
- Stipends will be provided for:
 - Counsel on Education of the Deaf (CED) Professional;
 - CED Provisional; and
 - Extra-curricular activities.

Professional and Scientific (See G.D. 4 - Proposed Salary Policies for Professional and Scientific Staff for Fiscal Year 2004):

- The salary schedule will be increased by approximately 3.5% at the minimum and 3.5% at the maximum. Average salary increases will be 4.0%;
- Salaries will include vacation and holiday pay for all positions, including part-time employees; and
- Merit pay will be provided for qualified sign language proficiency.

General Service:

- Employees will be provided step increases on their eligibility dates;
- Pay matrices will be increased effective July 1, 2003, according to the collective bargaining agreement; and
- Supervisory employees will be treated in a similar fashion.

Institutional Officials:

- Salary increases will be based on merit.

Programmatic
Reallocations

Reallocations assist the School in achieving its primary mission and strategic planning objectives. The FY 2004 budget reflects internal programmatic reallocations totaling \$310,067 on a FY 2003 base of \$8,559,913.

The reallocations represent 3.6% of the FY 2003 general fund budget and are consistent with the Board's program of reallocations averaging 2% per year.

Reallocations include:

- Shifting resources from the elementary program and reallocating the dollars to the High School and Middle School; and
- Savings from vacant staff positions and anticipated retirements will be reallocated to cover the salary shortfall and for supplies and services.

Preliminary FY 2004 General Fund Budget
Summary of Reallocations

From:

Educational Services – Elementary	\$207,000
Administrative Services	<u>103,067</u>
Total Reallocations	<u>\$310,067</u>

To:

Strategic Initiatives:

- Educational Services – High School and Middle School \$148,000
- High School Counselor 59,000

Compensation Increases	91,175
Supplies and Services	<u>11,892</u>

Total Reallocations	<u>\$310,067</u>
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Restricted Fund

Sources Revenues generated from Nebraska students are considered restricted funds and are segregated from ISD's general fund appropriation. The FY 2004 agreements with Nebraska are presented to the Board this month in ISD-2.

Restricted Fund Budget Comparison			
	FY 2003 Final Revised <u>Budget</u>	FY 2004 Proposed <u>Budget</u>	<u>Change</u>
Nebraska Resources	\$729,601	627,590	(\$102,011)
State Capital Appropriations	435,000	100,000	(335,000)
Federal Support	126,091	125,148	(943)
Interest	30,000	30,000	0
Other Income	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total	\$1,325,692	\$887,738	(\$437,954)


The budget reflects a net decrease of \$437,954 from the FY 2003 budget due to:

- A decrease of \$102,011 due to two fewer Nebraska students than during FY 2003;
- A decrease in capital funding of \$335,000; and
- A decrease in Federal Support of \$943, which includes a decrease of \$6,143 in the Part B Entitlement I.D.E.A. Grant and an increase of \$5,200 in the Hearing Impaired Grant.

Uses Restricted fund revenues will be used to:

- Support the operating costs of providing academic and residential services for Nebraska students such as staff travel, printing, and in-service; the purchase and upgrade of computers and computer related software; and supplies in the classroom, in the residential program, and for the staff.
- Provide salary and benefits for three faculty, five professional and scientific staff, and for Superintendent Johnson's consulting services (See ISD-1).
- Continue staff development for faculty and staff opportunities to learn and understand Nebraska special education laws and study Nebraska history for inclusion in student development. This curriculum development is a multi-year process and is done as part of an evaluation cycle.
- Fund student enrichment activities and the maintenance and upgrading of facilities, equipment, vehicles, and furnishings.
- Continue building repairs to lower deferred maintenance costs (\$100,000 appropriated by the state.)

Strategic Plan	Restricted funds will address the following:	
	<ul style="list-style-type: none">• Quality faculty and staff	\$685,772
	<ul style="list-style-type: none">• Availability and access to technology	46,873
	<ul style="list-style-type: none">• Technology purchases and utilization in the educational program	42,591
	<ul style="list-style-type: none">• Staff hiring and focus on Individual Education Program (IEP) outcomes	40,743
	<ul style="list-style-type: none">• Student enrichment activities, including informal learning activities	38,310
	<ul style="list-style-type: none">• Staff development opportunities	<u>33,449</u>
		\$887,738



Andrea L. Anania

Approved: 

Gregory S. Nichols