

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Budgets – Iowa Braille and Sight Saving School
Date: June 9, 2003

Recommended Actions:

1. Approve the FY 2003 budget ceiling increase of \$57,347 for a revised general fund operating budget of \$4,833,772.
2. Consider the preliminary FY 2004 general fund operating budget for the Iowa Braille and Sight Saving School in the amount of \$4,980,037 and the restricted fund budget of \$2,041,181, for budgets totaling \$7,021,218.

Executive Summary:

The Iowa Braille and Sight Saving School (IBSSS) 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, IBSSS will present its final FY 2004 general and restricted fund budgets.

FY 2003 Budget Ceiling Request IBSSS is requesting a budget ceiling adjustment to its FY 2003 general university budget of \$57,347.

The School reports an \$80,000 increase in its state vision grant funding; a \$9,036 increase in Universal Services Funding; a \$27,689 decrease in contractual services with a local education agency; and a \$4,000 decrease in interest income due to lower than anticipated interest rates.

The School requests approval to use the \$57,347 for necessary supplies and services. The revised total general fund operating budget for FY 2003 would be \$4,833,772.

General Fund FY 2004 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 \$5.0 million, which is comprised of direct state appropriations of \$4.5 million and other revenues of almost \$0.5 million.

The state appropriation includes an increase of \$91,455 (2.1%) in base operating appropriations over the amount appropriated for FY 2003. No salary funding allocation has been made by the Iowa Department of Management for FY 2004.

IBSSS has made every effort to minimize the operating budget effect on students, but the School reports that prior years' budget cuts have seriously damaged services for blind and visually impaired (including those with additional disabilities) children and youth.

Restricted FY 2004 The restricted fund budget supports donor-specified activities. The restricted fund budget of \$2.0 million primarily consists of sales and services, capital appropriations, federal grants, and endowment funds.

Strategic Plan The educational programs at IBSSS 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.

The School is in its first year of its 2003 – 2007 Strategic Plan that was approved by the Board in January 2003. Quality and Access in Education is the key result area of the plan and includes the following four strategic planning goals:

• Quality Programs for the Visually Impaired	\$3,475,051
• Early Childhood Services	169,038
• Literacy	976,432
• Collaborative Efforts	<u>359,516</u>
	\$4,980,037

Background:

Purpose 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.

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

Program Descriptions The FY 2004 \$5.0 million general fund budget is focused around the following two academic programs:

- Residential – Extends the normal school day into the evenings, focusing on daily living skills, recreation, and many other educational activities.
- Outreach – Provides numerous specialized support services to visually impaired and blind students who attend school in their local school districts.

Operating Budget

General Fund
Budget Comparison

	FY 2003 Revised <u>Budget</u>	FY 2004 Proposed <u>Budget</u>	<u>Change</u>
REVENUES			
General Appropriations	\$4,446,059	\$4,537,514	\$91,455
Other (DOE Funds*)	86,150	86,150	0
Federal Support	169,240	235,452	66,212
Reimbursed Indirect Costs	71,133	71,133	0
Sales and Services	36,040	24,638	(11,402)
Other Income	19,150	19,150	0
Interest	<u>6,000</u>	<u>6,000</u>	<u>0</u>
Total	\$4,833,772	\$4,980,037	\$146,265
EXPENDITURES			
Salaries	\$3,888,118	\$4,069,647	\$181,529
Supplies and Services	617,310	579,256	(38,054)
Utilities	130,165	130,165	0
Building Repairs	110,257	110,257	0
Equipment	50,500	50,500	0
Auditor of State	30,210	33,000	2,790
Library Acquisitions	<u>7,212</u>	<u>7,212</u>	<u>0</u>
Total	\$4,833,772	\$4,980,037	\$146,265

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

- Revenue Sources For FY 2004, the IBSSS budget totals almost \$5.0 million and includes:
- Direct state operating appropriations of \$4,537,514, a \$91,455 (2.1%) increase over last year's base budget. The School had experienced state appropriation reductions totaling \$410,957 (9.0% of its FY 2001 appropriations) over the past two fiscal years (\$302,711 in FY 2002 and \$108,246 in FY 2003).
 - An allocation of state funds of \$86,150 received indirectly through the Iowa Department of Education for Phase I, II, and III Educational Excellence.
 - Federal support of \$235,452, a \$66,212 (39.1%) increase over last year in anticipation of an increase of state vision grant funding primarily for early childhood services and clerical support in the Assistive Device Center. This money will be passed through the Iowa Department of Education.
 - Sales and services of \$24,638, an \$11,402 (31.6%) decrease from last year due to no anticipated vehicle or bus sales.
 - Principal demutualization funds of \$19,150. This is the second year for this revenue source.
 - Interest of \$6,000.
- Salary Shortfall The School hopes to receive salary funding from the Iowa Department of Management to meet its estimated cost of \$194,715. No allocation has been made by the Iowa Department of Management for FY 2004.
- Budget Impact Prior years' budget cuts and continued underfunding of salaries have resulted in many impacts on the School. IBSSS reports that budget cuts have seriously damaged services for blind and visually impaired (including those with additional disabilities) children and youth by:
- Eliminating four outreach consulting positions that provided statewide services (transition/work experience, early childhood, multiple disabilities, and daily living skills);
 - Eliminating summer school (two four-week sessions) and by reducing merit staff from year-round schedules to primarily nine-month schedules and various P&S staff and institutional officials from twelve-month employment to eleven- or ten-month employment; and
 - Furloughing all support staff for up to 10 days.

Salary Action

The Iowa Department of Management has not made any allocation for compensation increases for FY 2004. To meet the state salary policy, IBSSS included the following salary actions in its budget:

Faculty:

- The matrix base salary will increase by 2.5% with no change to the step or track percentages. Average salary increases will be 4.0%;
- Eligible faculty will be provided one step on the salary matrix and progression within the faculty matrix for increased levels of education;
- Extra-curricular stipends (based on percentage of base pay) will remain the same as FY 2003; and
- Academy for Certification of Vision, Rehabilitation, and Education Professionals (ACVREP) Certification stipends will remain at \$900.

Professional and Scientific:

- The salary matrix will be increased by 3.5% at the minimum and 3.5% at the maximum. Average merit salary increases, excluding equity and promotional adjustments, will be 4.0%.

General Service:

- The salary matrix will be increased by 2.0% effective July 1, 2003 to comply with the negotiated collective bargaining agreement; and
- Employees will also receive an increase of 4.5% on their anniversary/eligibility date.

Institutional Officials:

- Salary increases will be based on merit and average 4.0%.

Programmatic
Reallocations

Reallocations assist the School in achieving its primary mission and strategic plan. The FY 2004 budget reflects internal programmatic reallocations totaling \$315,863 on a FY 2003 revised base of \$4,833,772.

The reallocations represent 6.5% of the revised FY 2003 general fund budget and are above the Board's program of reallocations averaging 2.0% per year.

Reallocations include shifting resources from the residential school year program, facility and institutional support, and outreach support and reallocating the dollars to mandatory cost increases and strategic initiatives such as:

- Reinstating the summer program (one three-week session);
- Developing the Quality Programs for the Visually Impaired. The purpose of the program is to develop a continuous instructional improvement process for the on-campus program. IBSSS is the national pilot site for development; and
- Hiring an Early Childhood specialist who will provide and evaluate leadership, statewide strategies, and interventions for families and professionals.

Preliminary FY 2004 General Fund Budget
Summary of Reallocations

From:		
Residential School Year Program	\$245,257	
Facility and Institutional Support	40,608	
Outreach Administrative Support	<u>29,998</u>	
Total Reallocations	<u>\$315,863</u>	
To:		
Mandatory Cost Increases:		
• Compensation Increases	\$184,913	
• Workers' Compensation	3,336	
• Auditor of State	2,790	
Strategic Initiatives:		
• Summer Programming	84,247	
• Quality Programs for the Visually Impaired (Special Schools)	26,450	
• Early Childhood Services	<u>14,127</u>	
Total Reallocations	<u>\$315,863</u>	

Restricted Fund


Sources Restricted funds are segregated from IBSSS's general fund budget.

	Restricted Fund Budget Comparison	
	FY 2003 <u>Revised</u>	FY 2004 <u>Proposed</u>
Outreach Service Billings	\$1,009,524	\$1,009,524
State Capital Appropriations	450,000	450,000
Federal Grants	442,689	442,689
Endowment Funds	<u>138,968</u>	<u>138,968</u>
Total	\$2,041,181	\$2,041,181

The FY 2004 budget is equivalent to the FY 2003 revised budget.

Uses Restricted fund revenues will be used to support donor-specified activities. Unrestricted endowment funds may be used for support of programs and activities.

Strategic Plan The School is in its first year of its 2003 – 2007 Strategic Plan that was approved by the Board in January 2003. Uses of restricted funds are in accordance with the School's strategic plan.


Andrea L. Anania

Approved: 
Gregory S. Nichols