

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Preliminary FY 2004 Budget — Board Office
Date: June 9, 2003

Recommended Actions:

1. Consider the preliminary FY 2004 operating budget of the Board Office in the amount of \$2,548,588 from all funds.
 2. Authorize the Executive Director to proceed to implement salary changes for current Board Office staff, effective July 1, at an aggregate level of 1.7% merit increase budgeted for existing staff and 0.3% for other pay adjustments.
 3. Direct the institutions to include projected Board Office reimbursement levels as contemplated in the preliminary Board Office budget in institutional FY 2004 final budgets for approval in July.
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Executive Summary:

The preliminary FY 2004 operating budget totals \$2.5 million. This includes state appropriations of \$1.2 million, same as FY 2003, and institutional allocations of \$1.3 million, which represents a \$59,000 increase.

Budgeted expenditures have been reallocated to address costs related to the Board's new strategic plan, especially in the areas of economic development, outreach, and communications as well as workload issues. Substantial savings in special services, which includes organizational audit, bargaining, and attorney general reimbursement, in FY 2003 have been reallocated to staff salaries, travel, outside services and educational training in FY 2004.

Background:

Purpose The Board Office is responsible for the implementation of the Board's governance strategies. The staff of the Board of Regents provides professional and administrative support to the Board through review, analysis, and policy recommendations on all matters coming before the Board.

The Board Office works closely with the Regent institutions in executing its responsibilities to the Board.

The Board Office budget was revised for FY 2003 to provide a more complete budget tracking system for all revenue and expenditures.

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

In July, final budgets will be presented for approval.

Analysis:

FY 2003 Status The Board Office anticipates that actual expenditures for FY 2003 will be under budget by 3-4%, or \$75,000-100,000. This means that estimated institutional reimbursements for the fiscal year can be reduced.

These reductions will be realized in large part because of delays in filling vacant staff positions while searches were performed. The Board Office expects these positions to be filled soon, as the searches and screening procedures are being completed.

FY 2004 Proposed Budget For FY 2004, the preliminary Board Office budget anticipates revenues of \$2.5 million, approximately 2.4% higher than the FY 2003 budget.

Revenue Sources State appropriations will remain at exactly the same dollar amount as FY 2003. The state has not provided any funding for salary increases for the Board Office.

The Board Office plans to increase the institutional reimbursements by approximately \$59,000 compared to FY 2003 budget. These reimbursements are split among the five institutions based on an existing allocation formula. The proposed allocations to the Regent institutions for FY 2004 are listed below:

Preliminary Institutional Allocations	
University of Iowa	\$538,834
Iowa State University	520,487
University of Northern Iowa	246,122
Iowa School for the Deaf	31,071
Iowa Braille & Sight Saving School	<u>16,322</u>
	\$1,352,836

Expenditures

The budgeted expenditures for the Board Office in FY 2004 reflect a number of internal reallocations to meet projected needs greater than the increase in revenues. These include mostly items designed to improve the working capacity of the staff.

- Salary and benefit increases for staff, in light of no state appropriations for this purpose. The Board Office staff annual evaluation process is underway, and the total projected increase in salaries for the staff is approximately 2%. Benefit costs are also projected to rise.
- The proposed budget establishes a new full-time position in the business and finance unit to meet increased workload.
- The proposed FY 2004 budget anticipates costs for activities related to the Board's new strategic goal on promotion of economic growth, for which state appropriations were requested but not provided.
- To assist in meeting an anticipated increase in workload partially related to economic growth and strategic plan outreach and promotion, a communications intern will be utilized during a portion of the coming year.
- This budget proposes to create an education and training fund to cover costs of deferred skills upgrades desired for all staff. A Board Office policy is currently in place, but no budgeted resources are available to support the costs.

These items are funded in the proposed budget from a minimal increase in institutional reimbursements as well as by reallocations from the expenditure category of special services and outside consulting.


Christine Schnell

Approved: 
Gregory S. Nichols

BOARD OFFICE - PRELIMINARY BUDGET - FY 2004

	FY 2003 Final Budget	FY 2004 Preliminary Budget	Change
TOTAL BOARD OFFICE BUDGET			
Income			
State Appropriations	1,190,152	1,190,152	
Institutional Reimbursements¹	1,293,325	1,352,836	59,511
Special Event Travel - Institutional Reimbursement		0	
Non-institutional	3,500	3,500	
Principal Demutalization	<u>3,081</u>	<u>2,100</u>	(981)
	<u>2,490,058</u>	<u>2,548,588</u>	<u>58,530</u>
Expenditure			
Personnel			
Board Office Staff	1,406,993	1,449,786	
Regents per diem	5,000	5,000	
Fringe benefits	368,362	390,419	
Educational/Training Expense		25,000	
Principal Demutalization	<u>3,081</u>	<u>2,100</u>	
sub-total	1,783,436	1,872,305	88,869
Travel	39,150	45,650	
Office Supply, Print & Dues	38,000	47,000	
Advertising	750	5,750	
Communications	30,000	30,000	
Outside Services	18,760	58,760	
Workers Comp	4,175	4,175	
Outside Repairs	150	150	
Data Processing	31,063	31,063	
Office Equipment	5,500	15,500	
Office Space	94,000	94,000	
Special Services	<u>445,074</u>	<u>344,235</u>	
sub-total	706,622	676,283	(30,339)
Grand Total Expenditures	<u>2,490,058</u>	<u>2,548,588</u>	<u>58,530</u>

¹Includes Special Services, General Office and Positions and Support on the SUI budget.