

MEMORANDUM

To: Board of Regents

From: Board Office

Subject: FY 2000 Budget Ceiling Adjustment and FY 2001 Conceptual General Fund Operating Budget – Iowa School for the Deaf

Date: May 8, 2000

Recommended Actions:

1. Approve the budget ceiling adjustment of \$44,170 for a revised FY 2000 budget for ISD of \$8,426,948.
2. Consider the FY 2001 conceptual general fund operating budget for the Iowa School for the Deaf.

Executive Summary:

FY 2000 Budget Ceiling Increase

Board policy and strategic planning (Action Step 4.1.1.5) require the Board to approve all budget ceiling adjustments. The Iowa School for the Deaf is requesting approval of a budget ceiling adjustment for FY 2000 of \$44,170 (.53%) for a revised FY 2000 budget of \$8.4 million. In addition to Phase III funding, these increases are from interest income on investments, interpreter receipts, and a one-time payment for the sale of real estate. ISD is proposing to use these additional funds for safety, maintenance, and technology projects.

FY 2001 Conceptual General Fund Operating Budget

The FY 2001 conceptual general fund operating budget of the Iowa School for the Deaf is presented in accordance with the Board of Regent's strategic plan. This conceptual view of the FY 2001 budget summarizes the current budgetary issues and challenges for implementation of the FY 2001 budget. These challenges result primarily from a shortfall in state appropriations for the general fund operating budget and state appropriations that are less than the Regent calculated need for implementation of the state salary policy.

The Legislature recently approved FY 2001 education appropriations (HF 2549) for ISD that were \$12,631 below the FY 2000 appropriations base. ISD is not expected to receive full funding from state appropriations for salary increases – a shortfall of approximately \$86,000 for salaries, not including increased costs for health insurance. The School is expected to receive additional Phase III resources of \$67,000.

The School plans to implement full funding of faculty salaries and to use reallocations and delays in unfilled positions to fund the salary shortfall and mandatory cost increases. This may potentially lower the student-teacher and/or student-staff ratios which may conflict with state mandated class size ratios.

Background/Analysis:

FY 2000 Budget Ceiling Increase

Regent Procedural Guide §7.04 requires that Regent institutions docket proposed changes in budget ceilings for general fund operations for Board action prior to institutional action modifying their obligations.

ISD requests a general fund budget ceiling increase of \$44,170 for a revised FY 2000 budget of \$8,426,948. The increase is from the following revenue sources:

- A one-time receipt for the sale of real estate right-of-way for the reconstruction of Highway 275 (\$8,625) as approved by the Board at its May, 1999, meeting;
- Phase III funds (\$5,545);
- Interest income on investments (\$15,000); and
- Interpreter receipts through billings for the Off-Campus Program (\$15,000).

The School proposes to use all of the Phase III funds for supplemental pay for extracurricular activities of the teachers as allowed in Iowa Code Chapter 294A. Phase III funds allow the school to support performance-based pay plans and supplemental pay plans from this resource rather than from operating appropriations.

For the remaining \$38,625, the School plans to use these funds meet fire and safety requirements and ongoing building repair and maintenance projects as well as additional technology for the Vocational Education area.

FY 2001 Conceptual General Fund Operating Budget

Development of ISD's conceptual budget is based on the Board's and institution's strategic plans, the Board's FY 2001 appropriation request to the Governor and General Assembly, and actions of the General Assembly. At the time of this docket memorandum, the Governor had not signed the education appropriations bill.

ISD has identified budgetary concerns given the shortfall in appropriations including salaries and programs.

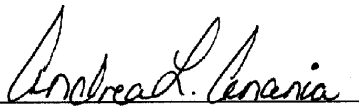
The Board's budget process for the institutions incorporates strategic planning, reallocations, and state appropriations. The strategic planning goals for the School include:

1. Quality Teaching, Pupil Personnel, and Administrative Services
2. Strengthen and Expand Creative and Innovative Programming
3. Maintain Facilities and Equipment to Provide a Safe, Healthy Learning Environment
4. Flexibility, Efficiency, Cooperation, and Accountability

To fulfill the goals of its strategic plan, ISD believes that full funding of faculty salaries is necessary for the School to remain competitive in the short- and long-term by attracting and retaining skilled specialists in deaf and hard of hearing education. The School anticipates fully funding a faculty pay matrix increase as proposed in G.D. 14, Proposed Salary Policies for Faculty at Special School.

To accomplish the salary funding objective, reallocations from other critically needed areas are proposed. The School plans to reallocate the salary lines of vacant positions, including the vacant Assistant to the Superintendent position, to fund the salaries of existing faculty. According to the institution, vacant teacher positions will remain open, potentially lowering the student-teacher and/or student-staff ratios thus conflicting with state mandated class size ratios.

ISD intends to delay building repairs and routine maintenance creating more deferred maintenance. Also, ISD reports that the budget shortfall may affect the services that the school provides such as the July 2000 summer program.


Andrea L. Anania

Approved: 
Frank J. Stork