

MEMORANDUM

To: Board of Regents

From: Board Office

Subject: FY 2001 Conceptual General Fund Operating Budget – Iowa Braille and Sight Saving School

Date: May 8, 2000

Recommended Action:

Consider the FY 2001 conceptual general fund operating budget for the Iowa Braille and Sight Saving School (IBSSS).

Executive Summary:

The FY 2001 conceptual general fund operating budget at the Iowa Braille and Sight Saving School is presented in accordance with the Board of Regents' 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 IBSSS that were \$7,358 below the FY 2000 appropriations base. IBSSS is not expected to receive full funding from state appropriations for salary increases – a shortfall of approximately \$52,000 for salaries, not including increased costs for health insurance. The School is expected to receive additional Phase III resources of \$33,000.

The School has presented budgetary options for dealing with the shortfall.

Background and Analysis

Development of the IBSSS budget is based on the Board's and the institution's approved strategic plans, the Board's FY 2001 appropriations request to the Governor and General Assembly, and also the actions of the General Assembly. At the time of this docket memorandum, the Governor had not signed the appropriations bills. Given the shortfall in appropriations, IBSSS has identified salaries, reallocations, and expenditures as three areas of key concern.

With respect to the FY 2001 appropriations decrease and subsequent budget shortfall, the school does not anticipate receiving additional funds in the operating budget other than for Phase III funding. Resources will be managed to the extent possible to compensate for the lack of additional funds to the operating budget. To carry out its strategic plan as approved by the Board in March 2000, the school is currently reorganizing which includes reallocating existing resources.

The institution is redirecting its emphasis from center-based services to its outreach services. It continues to support educational programs that 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. Expenditures, including maintenance projects and equipment purchases, have been reprioritized and postponed.

IBSSS provided options for dealing with the budget shortfall on the three areas of key concern: salaries, reallocations, and expenditures.

Salaries:

IBSSS anticipates an increase in Phase III funding and partial funding of the state salary policy. Subsequently, the institution expects the FY 2001 budget shortfall to affect the number of students it can serve statewide and the quality of these services.

The School anticipates fully funding a faculty pay matrix increase as proposed in G.D. 14, Proposed Salary Policies for Faculty at Special School. The general service staff at IBSSS are governed by a collective bargaining agreement that includes a mandatory salary increase for FY 2001. The projected shortfall in appropriations for salary increases cannot be met by foregoing the required salary increases.

The institution provided four possible options for dealing with the shortfall:

- Utilizing any additional Phase III funding, as allowed by Iowa Code Chapter 294A, to fund existing supplemental pay activities (i.e. AER certifications and extra-curricular stipends) and/or staff development activities currently funded with general fund monies;
- Redirecting general fund faculty to perform direct service to students in their local communities to help compensate for the salary shortfall;
- Shifting necessary operating expenditures to the endowment; and/or
- Postponing or phasing-in staffing changes delineated in the reorganization plan.

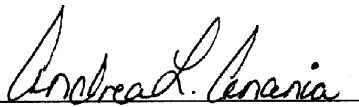
Reallocations:

The appropriation reduction impacts the operating budget in several areas including its reorganization efforts. The School plans to postpone or phase-in newly-created positions; not increase professional contract days to support expanded state-wide services; and redirect general service staff to perform direct-services to students (billable to the AEAs) to help compensate for the salary shortfall. A reduction may also include shifting necessary expenditures to the school's endowment, such as summer school classes.

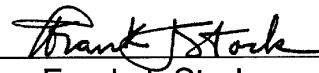
Expenditures:

According to the institution, upgrading the HVAC (heating, ventilation, and air condition) system is vitally needed. Iowa State University has been managing a long-term project to upgrade the HVAC system at IBSSS. The final study on this upgrade is not yet available although IBSSS reports that a campuswide upgrade to the HVAC system is estimated at \$3 million. The institution's short-term plan is to purchase window air conditioning units within the operating budget funds.

IBSSS anticipates diverting FY 2000 deferred maintenance capital monies and the majority of FY 2001 building repair monies towards upgrading the HVAC system. As a result, the school anticipates an increase in deferred maintenance projects and building repairs. The institution intends to use unrestricted endowment and other funds, including a one-year reallocation of equipment monies from the FY 2000 operating budget to the extent possible for the HVAC system.


Andrea L. Anania

Approved: _____


Frank J. Stork