

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** FY 2002 Detailed Budgets - Iowa Braille and Sight Saving School  
**Date:** July 6, 2001

**Recommended Action:**

Approve the Iowa Braille and Sight Saving School FY 2002 general fund operating budget of \$4,798,556 and the restricted fund budget of \$2,046,245, for a total of \$6,844,801.

**Executive Summary:**

The Iowa Braille and Sight Savings School (IBSSS) FY 2002 detailed general fund operating budget and restricted fund budget are presented in accordance with the strategic plans of the Board and of the School. The general fund budget is consistent with the conceptual budget information presented in May and June.

The general fund operating budget of \$4.8 million is comprised of direct state appropriations of almost \$4.5 million and other revenues of \$0.3 million. The state appropriations reflect a 5.9% reduction (\$269,683) in base operating appropriations from FY 2001 and a state salary allocation of \$155,636 for increases in employee compensation. The net budget reduction from the revised FY 2001 budget is \$115,335.

The School has had to reverse programmatic reallocations made in previous years to compensate for the FY 2002 appropriation shortfalls and other non-discretionary operating cost increases. IBSSS reports that insufficient resources means that students will be deprived access to important educational opportunities. To address the decreased budget, the School reduced its summer school programming, eliminated unfilled positions, and reduced the number of employees. The School has also reallocated a total of \$198,708 (4.0% of the revised FY 2001 budget), of which \$146,708 will be used to meet basic operational needs.

The general fund operating budget is allocated by the School's strategic planning goals of quality and access to education (\$3.3 million); diversity (\$13,300); and finances (\$1.5 million).

The restricted fund budget of \$2.0 million primarily consists of sales and services from outreach service billings and vehicle sale proceeds, capital appropriations, federal support, and endowment funds.

**Background:**

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.

IBSSS offers two types of academic programs, residential and outreach. The residential program extends the normal school day into the evenings, focusing on daily living skills, recreation, and many other educational activities. The outreach program provides numerous specialized support services to visually impaired and blind students who attend school in their local school districts.

The general fund budget represents the fundamental operations of the School and is primarily funded from state appropriations. The restricted fund budget is designated for specific purposes.

As noted in March 2000 Board documents for the IBSSS reorganization, IBSSS intends to continue to serve its students needing comprehensive services on campus through a strong center-based educational program. The School also recognizes that the majority of students who are visually impaired attend their local public schools.

The Board's budget process includes a series of budgetary presentations to the Board. In May and June, IBSSS presented its FY 2002 conceptual general fund operating budget, which demonstrated the likely impact that a 6% reduction in state appropriations would have on the School's strategic plan. The detailed FY 2002 general fund operating budget is consistent with the previous budget submissions. The FY 2002 general fund operating and restricted fund budgets are presented to the Board this month for approval.

The budgets are in line with the strategic plans of the Board and of the School and continue 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. The strategic planning goals for IBSSS include:

- Quality and Access to Education;
- Diversity; and
- Finances.

The School is in its fourth year of the 1998 – 2002 Strategic Plan. The Board received a progress report on the plan at its November 2000 meeting. Refinements in language from the initial plan were made to better describe the activities in which the School is involved. Action steps and benchmarks were also added to the original plan.

**Analysis:****General Fund Operating Budget — \$4,798,556**

The FY 2002 general fund operating budget for IBSSS includes direct state operating appropriations of \$4.5 million, state funding through the Iowa Department of Education of \$91,712 for the Educational Excellence and School Technology programs, federal support of \$149,867, interest of \$23,000, reimbursed indirect costs of \$38,734, and revenues from sales and services of \$40,911.

As illustrated on page 7, the School's FY 2002 budget decreased by \$115,335 from the FY 2001 appropriation. This decrease is the net amount of the base appropriation reduction of \$269,683 (5.9%); the state salary allocation of \$155,636 to fund compensation increases, a reduction in School Technology Funds of \$10,000, an increase of federal support of \$35,567 as well as reimbursed indirect costs of \$10,734, and a reduction in sales and services of \$37,589.

The School proposes to reverse one of its programmatic reallocations made in FY 2001 – the \$52,000 for the HVAC system at Rice Hall. ISD proposes to reallocate these funds in FY 2002 to compensate for the appropriation shortfalls and other non-discretionary operating cost increases. To address the budget, the School has planned for the reduction and/or deferral of expenditures, a reduction in summer school programming, elimination of unfilled positions, as well as a reduction of employees. IBSSS reports that students will be deprived access to vital educational opportunities.

To address the base appropriation reduction of \$269,683, IBSSS plans to:

- Reduce:
  - Facilities, food service, health center, and secretarial FTEs (\$75,611);
  - Summer School programming and a mini-camp (\$41,950);
  - Vehicle/bus replacement and general equipment budgets (\$22,840);
  - Building repair (\$17,784);
  - Extra-curricular salary costs (\$12,698);
  - Supplies and other contracted services (\$12,321);
  - Travel expenditures (\$11,940);
  - Staff in-servicing budgets (\$5,600);
  - Grantwood AEA contracted services (\$3,596);
  - Library acquisitions (\$1,357);
- Save on starting salaries for new hires (\$8,494);
- Eliminate the unfilled Outreach Preschool Consultant position (\$36,026); and
- Restructure the center-based day and evening direct service staff (\$19,466).

IBSSS proposes to implement the following salary policies for FY 2002, which will cost approximately \$248,358. The state allocation for compensation increases was \$155,636.

- The faculty salary matrix, presented to the Board for approval this month, increases the base salary by 3.0% with no change to the step or track percentages. Eligible faculty will be provided one step on the salary schedule and will also be provided progression within the faculty matrix for increased levels of education.
- Extra-curricular stipends presented to the Board for approval this month, will reflect changes to the percentage amounts. Stipends will be combined for girls and boys coaching responsibilities providing one coach for track and swimming; cheerleading will be eliminated.
- Academy for Certification of Vision, Rehabilitation, and Education Professionals (ACVREP) Certification stipends will remain \$900.
- The Professional and Scientific Salary Matrix will increase by approximately 2.0% at the minimum and 3.0% at the maximum. P & S staff increases will average 3.0% and will be based on merit.
- General service employee pay matrices will be increased by 3.0% per the collective bargaining agreement. Eligible general service employees will be provided one step on the new merit system matrices.
- Institutional officials' salary increases will average 3% and will be based on merit.

To compensate for the shortfall of \$92,722 from state appropriations for state salary policy increases and other non-discretionary operating cost increases of \$62,698, IBSSS proposes to use \$146,708 in reallocations and \$8,712 in non-appropriation revenue. The School also plans to cover the \$10,000 decrease in school technology funding by decreasing its technology equipment budget by \$10,000.

Reallocations assist the School in achieving its primary mission and strategic planning objectives. IBSSS internal reallocations of \$198,708 represent 4.0% of the revised FY 2001 budget and are consistent with the Board's program for reallocations averaging 2% per year.

For FY 2002, the School proposes to reallocate funds from building repair and salary lines of vision and transition/work experience consultants to meet basic operating needs as follows:

- \$52,000 for vehicle/bus replacement budget;
- \$10,948 for fuel/utility cost increases;
- \$2,400 for Workers' Compensation and other insurance cost increases;
- \$4,350 for postage, dues, and other fixed cost increases;

- \$36,288 for contracted services and Regent shared personnel cost increases, and;
- \$92,722 for salary policy funding.

### **Restricted Fund Budget — \$2,046,245**

The restricted fund budget of \$2.0 million is comprised of \$989,209 from outreach billings, \$400,000 from state capital appropriations; \$371,724 from three federal grants, \$256,049 in endowment funds; \$26,763 from e-rate funding, and \$2,500 from vehicle sale proceeds.

Restricted endowment funds support donor-specified activities. Unrestricted endowment funds may be used to support programs/activities. At its meeting in September 2000, the Board approved guidelines for the School's planned expenditure of unrestricted endowment funds. These guidelines are as follows:

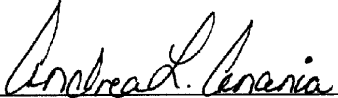
- Endowment resources would be used only to the extent that general fund resources are not available to support educational and related expenditures according to the School's strategic plan.
- The budgeted annual use of unrestricted endowment resources will not be greater than the average earnings generated by the endowment over the preceding three years. This will serve to provide the integrity and availability of these funds well into the future.
- The School will continue to provide, for Board approval, expenditure details during the budget process for the proposed use of unrestricted endowment funds and will distinguish between on-going operating uses and one-time funding needs.

IBSSS proposes to use endowment funds for the following expenses:

Restricted Deaf-Blind Endowment Fund	
A. Partial funding for deaf-blind consultant (including non-salary support) .....	\$36,149
B. Interpreting Services necessary to serve deaf/blind students .....	1,000
Restricted Lions Endowment Fund (Low Vision Clinics)	
A. IBS Low Vision Services Research Project .....	2,620
Unrestricted Schiffel Endowment Fund (approved by the Board in May 1997 to support the School's Technology Plan)	
A. Technology purchases, maintenance, etc. to support the Technology Plan* .....	60,000
FY 2002 On-Going Operational Expenses	
Unrestricted Endowment Funds*	
A. Summer school program supplement .....	10,000
B. Public Information Program.....	10,000
C. Recreation/Leisure activities .....	3,500
D. Extra-curricular activities (residential and outreach students).....	20,000
E. Building Repair .....	25,000
F. Equipment.....	5,000
G. Educational Program Improvement .....	5,000
H. Art instruction services and supplies.....	20,000
I. Music therapy services.....	26,220
J. Therapeutic horseback riding.....	16,560
K. Furniture/Furnishings .....	5,000
L. Miscellaneous other expenditures .....	5,000
Subtotal.....	\$151,280
FY 2002 One-Time Expenditures*	
Consultation for Historical archives & 150 <sup>th</sup> Celebration.....	\$5,000
Unrestricted Endowment Subtotal.....	\$156,280
Endowment Funds Total.....	\$256,049

At its September 2000 meeting, the Board approved guidelines to permit the School to use unrestricted endowment funds. To assure future availability of these funds, the maximum annual amount that the School is allowed to spend is not to be greater than the average unrealized earnings generated by the endowment over the preceding three years. The School's planned usage of \$156,280 in unrestricted endowment resources during FY 2002 is in line with the amount allowed by Board approved guidelines; \$151,280 reflects on-going operational expenditures and \$5,000 is for one-time expenditures.

\* *IBSSS proposes to expend endowment resources only to the extent which general fund resources are not available.*

  
Andrea L. Anania

Approved:   
Frank J. Stork

**IOWA BRAILLE AND SIGHT SAVING SCHOOL  
FY 2002 General Fund Budget Summary**

<b>STRATEGIC PLANNING GOAL</b>				<b>ALLOCATION OF NEW REVENUES AND REALLOCATIONS</b>	
<b>Goal #1</b>	Quality & Access to Education	\$3,271,495		Mandatory Cost Increases	\$311,056
<b>Goal #2</b>	Diversity	13,300		Base Budget Reduction	(269,683)
<b>Goal #3</b>	Finances	<u>1,513,761</u>		School Tech Funding Reduction	(10,000)
	Total	<u>\$4,798,556</u>		Strategic Planning Initiatives	<u>52,000</u>
				Total Allocations	<u>\$83,373</u>
<b>SOURCE OF REVENUE</b>				<b>FY02 MANDATORY COST INCREASES IN THE GENERAL FUND BUDGET</b>	
		Original FY 2001	Revised FY 2001	FY 2002	
State Appropriations	\$4,568,379	\$4,568,379	\$4,454,332	Compensation and Annualization (Goal #1)	\$248,358
DOE Funds	102,644	101,712	91,712	Workers Comp & Insurance (Goal #3)	2,400
Federal Support	140,690	114,300	149,867	Postage, dues & other fixed cost increases (Goal #3)	4,350
Interest	26,000	23,000	23,000	Contr Svcs & Regent shared personnel costs (Goal #3)	45,000
Reimb. Indirect Costs	23,349	28,000	38,734	Fuel/Utility costs (Goal #3)	<u>10,948</u>
Sales & Services	<u>50,235</u>	<u>78,500</u>	<u>40,911</u>	Total Mandatory Cost Increases	<u>\$311,056</u>
Total	<u>\$4,911,297</u>	<u>\$4,913,891</u>	<u>\$4,798,556</u>		
<b>NEW REVENUES AND REALLOCATIONS</b>				<b>STRATEGIC PLANNING INITIATIVES INCREASES</b>	
From Revised FY 2001 Budget				Focusing Services (Goal #1)	\$0
<b><u>New Revenues</u></b>				Diversity (Goal #2)	0
<b>State Appropriations:</b>				Obtain & Maintain Annual Budgets Sufficient to Support Strategic Plan & Initiatives (Goal #3)	
Base Reduction		(\$269,683)		Vehicle/Bus replacement	<u>52,000</u>
Salary Bill Allocation		<u>155,636</u>		Total	<u>\$52,000</u>
		(\$114,047)			
School Technology Funds		(10,000)			
Federal Support		35,567			
Reimbursed Indirect Costs		10,734			
Sales and Services		<u>(37,589)</u>			
		(\$1,288)			
Total Change in Revenue			<b>(\$115,335)</b>		
<b><u>Reallocations</u></b>			<b>\$198,708</b>		
<b>TOTAL</b>			<b><u>\$83,373</u></b>		