

**MEMORANDUM**

**To:** Board of Regents  
**From:** Board Office  
**Subject:** Final FY 2002 Operating Budget – Iowa Lakeside Laboratory  
**Date:** July 6, 2001

**Recommended Actions:**

1. Approve the FY 2002 final operating budget of \$430,839 for the Iowa Lakeside Laboratory as approved by the Lakeside Laboratory Coordinating Committee, including \$345,239 in general funds to be provided as follows:

|                             | <b><u>Amount</u></b> |
|-----------------------------|----------------------|
| University of Iowa          | \$170,679            |
| Iowa State University       | 104,978              |
| University of Northern Iowa | <u>69,582</u>        |
| <b>Total</b>                | <b>\$345,239</b>     |

2. Accept the donation, by Mr. Tom Rierson, of a house to the Laboratory.

**Executive Summary:**

Approval is requested for a total budget of \$430,839 including a general fund budget of \$345,239 for the FY 2002 operation of Iowa Lakeside Laboratory. During the presentation of the FY 2002 conceptual budget for the Laboratory at the June Board meeting, it was noted that the Iowa Lakeside Laboratory Coordinating Committee had met that morning and revised the guidelines for development of the general fund budget, which is provided by all three universities. The attached FY 2002 general fund budget, which was developed by Dr. Arnold van der Valk, Director of the Laboratory, reflects the revised guidelines. This budget, which has been approved by the Coordinating Committee, is 6.1% lower than the FY 2001 budget excluding salary increase funds and 2.4% lower including salary increase funds.

Under the proposed budget, teaching faculty salaries would be reduced by approximately 9.7% (exclusive of salary increase funds). This \$11,773 reduction is the largest dollar decrease (by budget category). Based upon the average cost per course, two fewer courses will be offered.

In addition to the loss of two summer courses, other impacts of the budget reduction include: decline in student enrollment resulting from fewer course offerings; further deterioration of the physical plant due to inadequate staff and funds to maintain it; and inability to purchase equipment.

In 1994, when the Board reorganized the administration and funding of Iowa Lakeside Laboratory, it established eight goals for the Laboratory including improvement of its financial situation. Lakeside Laboratory's operational budget in FY 1995 was \$300,000. The FY 2001 operational budget of \$353,724 was a total increase of 17.9% over the last seven years or approximately 2.6% per year. The proposed FY 2002 operational budget of \$345,239 is 15.1% higher than the FY 1995 budget or the equivalent of approximately 1.9% over the last eight years. These rates of increase are lower than those of any other Regent institution during these periods.

Review and approval of the Laboratory's budget is consistent with the Board's Strategic Plan (Action Step 4.1.1.2) and provides effective stewardship of resources.

Replacing substandard housing at Lakeside Laboratory is an essential part of the strategic plan to improve the infrastructure and to turn the Laboratory into a year-round facility. The Lakeside Laboratory Coordinating Committee requests that the Board approve the donation of a house by Mr. Tom Rierson and its relocation to Iowa Lakeside Laboratory. Mr. Rierson has agreed to pay the cost of moving the house to the Lakeside location and constructing a new foundation. The estimated cost to the Laboratory for demolition of cottages and utility hookups is \$3,000.

**Background:**

In 1947, the Board of Regents was made responsible, under the terms of a trust, for the operation and management of Lakeside Laboratory, which has served as a biological field station since 1909. The Laboratory's campus is 140 acres of land located on the west shore of West Okoboji Lake on Little Millers Bay.

In 1993, the Board approved a new organizational structure consisting of a "Coordinating Committee" and a three-year plan for the Laboratory. This action was taken as a result of the identification of a series of problems at the Laboratory including declining enrollments, deteriorating facilities, poor community relations and difficulties in interinstitutional coordination. With Board approval, the new Coordinating Committee hired a new Director for Iowa Lakeside Laboratory and began implementation of the three-year strategic plan. Within three years, all of the major planning goals had been achieved and the major problems had been

resolved. The Laboratory has since enjoyed strong enrollments due to new, innovative curricular offerings, improved community relations and better interinstitutional coordination. Specific successes in meeting the goals include:

- The number of university courses offered each summer session has increased, with new courses in a variety of disciplines introduced. Enrollments have increased significantly, exceeding the Regent goal of 80 students since the summer of 1995. New programs were initiated for residents and visitors to the Iowa Great Lakes community and for grade, middle and high school classes during the academic year.
- Relationships between the Laboratory and the Okoboji community have improved substantially. Since 1996, the Friends of Iowa Lakeside Lab, Inc. have raised over \$900,000 to build and endow the new Waitt Water Quality Laboratory. The Friends are currently organizing an endowment campaign with a goal of \$1,000,000 to support environmental education and water quality research programs at the Laboratory.

In addition to the Waitt Water Quality Laboratory, other infrastructure improvements have been accomplished.

- In March 1995, the Board approved the acquisition, relocation and setup of motel buildings from the Brooks Resort to provide improved housing for faculty and staff.
- The 1997 General Assembly appropriated \$140,000 for renovations at the Laboratory; these funds were used for improvements to the Mess Hall, including the addition of a west entry porch, insulation of the dining room, conversion of the east porch to a dining area, and the addition of heating, air conditioning and restrooms.
- In May 1999, the Board approved the donation of a house to the Laboratory by a local landowner; the house is used to provide needed housing.
- In June 2000, the Board authorized the purchase of three wings (14 rooms) of the Grand Hotel in Spencer, Iowa and their relocation to the Laboratory to provide upgraded housing.
- The sewer system has been repaired, new computers purchased and a new phone system installed.

Beginning with FY 1998, a budgeted account for the Laboratory was established at Iowa State University to improve the accounting of revenues and expenditures. This method differed from the previous method in which the universities were billed based upon Laboratory expenditures.

Since FY 1999, research grants and other outside support have funded a full-time position in the Water Chemistry Lab, which is a central component of the Water Quality Lab facility.

At its February 2000 meeting, the Board approved changes in the structure of the Lakeside Laboratory Coordinating Committee. The provosts of each university are now the representatives of the universities on the Coordinating Committee and the specific duties of the Coordinating Committee have been detailed.

In February 2001, an external review of Iowa Lakeside Laboratory's programs and administration was held. The evaluation was positive about the Laboratory and the program, but raised concerns regarding inadequate staffing.

### **Analysis:**

#### **General Fund Budget**

At its meeting on June 12, 2001, the Lakeside Laboratory Committee directed that a FY 2002 budget be prepared with a base reduction of 8% and that the budget include Dr. van der Valk continuing to serve with a one-half time appointment as director of the Laboratory during the academic year. (The conceptual budget, which had been previously approved by the Committee, included a 10% base reduction.)

Lakeside Laboratory currently does not receive any tuition revenues. The universities collect and retain the tuition dollars associated with the students that take courses at the Laboratory. Funding for the Laboratory is similar to other academic units in that the Laboratory is provided with an allocation of general fund resources.

At its September 2000 meeting, the Coordinating Committee approved a mechanism for increasing the non-salary portion of the Laboratory's operational budget (professional and scientific supplies; library acquisitions; utilities; building repairs; and equipment), which totals \$91,790 for FY 2001. That portion would be increased annually by the same percentage increase that the Board authorized for tuition. For FY 2002, the Board approved a 7.2% increase in base tuition for the three universities. A 7.2% increase on the non-salary budget of \$91,790 would total \$6,609. The net effect of the overall base reduction of 8% and the 7.2% increase in the non-salary component would be a FY 2002 net decrease of \$21,676 (-6.13%) in the Laboratory's budget.

Salary increase funds of \$13,191 have been provided. The \$21,676 net decrease in the base budget coupled with the salary increase funds results in a FY 2002 general budget of \$345,239 or 2.4% less than the FY 2001 budget.

The FY 2002 proposed budget includes a reduction of 9.7% (\$11,773) in funds for teaching faculty salaries. Based upon the average cost per course, two courses will need to be eliminated.

No hourly salary funds have been included in the FY 2002 budget. This will mean the elimination of the summer internship, summer session librarian and temporary grounds and maintenance staff. The latter have been hired mostly during the summer to help the resident manager.

In the non-salary portion of the budget, no funds have been budgeted for equipment and library acquisitions and the professional and scientific supplies budget has been reduced by 4%. The utilities budget has been increased by 9% (\$1,411) because of known and expected increases in utility costs.

Funding for building repairs will remain at its FY 2001 level. The amount of money allocated for this function was not reduced since FY 2001 funds were not adequate. The February 2001 external review noted that many buildings, especially the fieldstone teachings laboratories, are "in desperate need of repairs" and need to be renovated to bring them up to contemporary university laboratory standards.

#### Room and Board Budget

Housing operations at the Laboratory are run as a self-supporting activity, as are the housing operations at the universities. Room and board budget revenues are generated from the room and board fees charged to students, researchers and visitors who live on campus. These revenues are used to cover the salaries of the business manager, the kitchen staff and cleaning staff, and all expenses associated with the running of the kitchen and housing facilities.

Housing revenues are also used to pay the semi-annual master lease payments for the funds borrowed to purchase and relocate housing units from the Grand Hotel in Spencer, as approved by the Board in June 2000. The room and board budget of \$85,600 is \$5,770 higher than the FY 2001 budget. The room and board budget includes increased room and board rates approved by the Coordinating Committee to cover the lease payments.

#### Donation of Rierson House

The proposed donation of the Rierson house is an "exceptional opportunity" for the Iowa Lakeside Laboratory, as it would provide an ideal housing unit for faculty who would like to bring their families to the Laboratory while they are teaching or doing research. (Currently there are no suitable housing units for families; they must stay in local motels.)

The house is one-story, 22 feet wide and 82 feet long with a living-room/kitchen, several bedrooms, and two bathrooms. The house, which has been appraised at \$130,000, has been well maintained and is in excellent condition. Mr. Rierson is willing to donate the house, the cost of moving the house to the Laboratory (estimated at \$6,000) and the cost of building a foundation for the house at the Laboratory (estimated at \$5,000). The estimated expenses to the Laboratory would be the demolition of old cottages at the proposed site for the house (estimated at \$2,500) and utility hookups (estimated at \$500).

If the Board accepts the gift, Dr. van der Valk will work with staff from ISU Facility Planning and Management to ensure that all construction items are handled correctly and necessary inspections are made.

  
Joan Racki

Approved:   
Frank J. Stork

IOWA LAKESIDE LABORATORY BUDGETS

|  | FY 2001<br>Budget | FY 2002<br>Proposed<br>Budget | %<br>Change   |
|--|-------------------|-------------------------------|---------------|
| <b>REVENUE</b>                         |                   |                               |               |
| University of Iowa                     | \$ 174,879        | \$170,679                     | -2.40%        |
| Iowa State University                  | 107,559           | 104,978                       | -2.40%        |
| University of Northern Iowa            | 71,286            | 69,582                        | -2.39%        |
| <b>Total General Fund</b>              | <b>\$ 353,724</b> | <b>\$ 345,239</b>             | <b>-2.40%</b> |
| <b>Room and Board Revenue*</b>         | <b>\$ 79,830</b>  | <b>\$ 85,600</b>              | <b>7.23%</b>  |
| <b>TOTAL OPERATING REVENUE</b>         | <b>\$ 433,554</b> | <b>\$ 430,839</b>             | <b>-0.63%</b> |
| <b>EXPENDITURES</b>                    |                   |                               |               |
| 99005 - Faculty Salaries               | \$ 187,682        | \$ 175,909                    | -6.27%        |
| Director's Salary                      | \$ 66,269         | \$ 66,269                     |               |
| Teaching Faculty Salaries              | \$ 121,413        | \$ 109,640                    | -9.70%        |
| 99010 - Prof/Scientific Salaries       | 50,148            | 50,148                        |               |
| 99015 - General Services Salaries      | 19,993            | 19,993                        |               |
| 99020 - Hourly Salaries                | 4,110             | 0                             | -100.00%      |
| Salary Increase Funds                  | 0                 | 13,191                        |               |
| Subtotal                               | \$261,934         | \$259,241                     | -1.03%        |
| 304 - Prof & Scien. Supplies           | \$ 46,290         | \$ 44,587                     | -3.68%        |
| 315 - Library Acquisitions             | 500               | 0                             | -100.00%      |
| 402 - Rentals                          | 0                 | 0                             |               |
| 403 - Utilities                        | 15,000            | 16,411                        | 9.41%         |
| 409 - Building Repairs                 | 25,000            | 25,000                        |               |
| 412- Aud. of State Reimbursement       | 0                 | 0                             |               |
| 501 - Equipment                        | 5,000             | 0                             | -100.00%      |
| 803 - Student Aid                      | 0                 | 0                             |               |
| Subtotal                               | \$ 91,790         | \$ 85,998                     | -6.31%        |
| <b>Total General Fund Expenditures</b> | <b>\$ 353,724</b> | <b>\$ 345,239</b>             | <b>-2.40%</b> |
| <b>Room and Board Expenditures*</b>    | <b>\$ 79,830</b>  | <b>\$ 85,600</b>              | <b>7.23%</b>  |
| <b>TOTAL OPERATING EXPENDITURES</b>    | <b>\$ 433,554</b> | <b>\$ 430,839</b>             | <b>-0.63%</b> |

\* The salary of the business manager is paid out of room and board revenues.