

FY2016-FY2018 Projection Estimate

March 8, 2017

	FY2016 Actual Fund I & IX 10.8% CR decrease	3.8.16 Estimate FY2017 Funds I & IX 5% CR decrease	3.8.16 Projection FY2018 Funds I & IX 0% CR decrease	
REVENUE				
Intergovernmental				
State Funding	31,421,400	27,233,400	24,049,000	FY18 estimate based on \$550M biennial funding; 8.78% of allocation
Property Taxes	18,013,800	18,734,400	19,296,400	Estimated 4% increase FY17, 3% increase FY18
	49,435,200	45,967,800	43,345,400	
Tuition & Fees				
Tuition	23,956,600	23,559,400	23,574,800	
Student Fees	6,472,300	7,628,400	7,792,500	Tech fee moved from Other Revenue FY17 forward
Other Fees & Charges	1,411,200	1,974,000	1,251,600	
	31,840,100	33,161,800	32,618,900	
Other Revenue Sources				
Administrative Recovery	1,889,700	1,875,000	1,875,000	Standard schedule
Gifts & Donations	1,139,500	1,247,600	1,307,600	
Other Revenue	2,650,700	935,600	935,600	Tech fee moved to Student Fees FY17 forward
Sale of Goods & Services	3,158,500	3,420,200	3,420,200	
	8,838,400	7,478,400	7,538,400	
Operating Transfers In				
Transfers In	3,294,700	1,643,800	2,302,600	Reverse 1x FY16 transfers; add PERS transfer FY18
	3,294,700	1,643,800	2,302,600	
	93,408,400	88,251,800	85,805,300	
EXPENDITURES				
Personnel				
Personnel - Contracted	35,014,800	35,812,200	35,702,000	Based upon current position list, vacancy fill plan. Includes FY17 faculty bargaining provision. 3.5% swirl factor.
Personnel - P/T	12,873,900	13,093,400	13,093,400	
OPE	26,862,600	28,445,300	28,208,200	Rates increased 1% to 65% and 39% FY18
	74,751,300	77,350,900	77,003,600	
Other Expenditures				
Materials & Services	12,305,800	12,781,300	13,256,400	Inflationary trend in mandatories
Capital Outlay	557,100	665,000	665,000	
Goods for Resale	715,900	757,200	757,200	
	13,578,800	14,203,500	14,678,600	
Operating Transfers Out				
Transfers Out	4,598,800	3,475,400	4,080,900	PERS transfer FY18
Transfers Out - Fin. Aid.	-	-	-	
	4,598,800	3,475,400	4,080,900	
	92,928,900	95,029,800	95,763,100	
Revenue Over/Under Expenditures (Change in Fund Balance)	479,500	(6,778,000)	(9,957,800)	
PERS Reserve Draw Down			860,000	To offset rate increases
PERS Reserve Balance Remaining			4,675,900	

FY2018 Projection Estimate - State Funding Scenarios

March 8, 2017

Governor's
Budget
(Current Funding
Level)

State Funding	\$ 550,000,000	\$ 600,000,000	\$ 650,000,000	\$ 700,000,000
Projected Revenues Over/Under Expenditures*	\$ (9,957,800)	\$ (7,762,800)	\$ (5,567,800)	\$ (3,372,800)

* Based upon March 8, 2016 projection estimate and assumptions

Policy Number: BP245

Policy Type: BUDGET AND FINANCIAL

Policy Title: ENDING FUND BALANCE

Lane Community College shall maintain an unrestricted General Fund Ending Fund Balance equal to or greater than 10% of total expenditures and transfers.

The Ending Fund Balance target shall include the Unappropriated Ending Fund Balance (UEFB) as set by board policy BP 295. When the Ending Fund Balance falls to 9% or less, the college shall adopt a plan to replenish the Ending Fund Balance to 10% within two years. When the Ending Fund Balance exceeds 11%, balances in excess may be set aside for reserves or investment in one time expenditures.

If the total Ending Fund Balance (including restricted) falls to levels that require short-term borrowing, the levels set by this policy shall be automatically reviewed and adjusted as necessary.

ADOPTED: January 14, 2004

REVIEWED: February 14, 2007

REVISED: October 19, 2009

REVISED: November 4, 2014

FY17 Beginning Fund Balance	\$ 12,988,100
Funds Used In FY17 Budget Balancing:	
Financial Stabilization Reserve	(2,373,300)
Additional Fund Balance	<u>(2,811,700)</u>
	(5,185,000)
FY17 Projected Surplus/Deficit	\$ (993,700)
<i>March 8, 2017 estimate</i>	
Estimated FY17 Ending Fund Balance	\$ 6,809,400
10% Total General Fund Expenditures & Transfers	\$ 8,050,300
<i>Policy requirement</i>	
Surplus/deficit over policy requirement	\$ (1,240,900)

Department, Program and Discipline Budget Analysis at Lane

Enrollment, student success, staffing and financial data elements are accessible and applied in **annual department planning** (previously called unit planning), **program review**, and in **budget development**.

During spring and fall terms, as part of annual department planning, deans and directors review standard data elements with their faculty and staff to provide a progress report and goals for the coming academic year to their executive dean or vice president.

Over summer term, ASA and the budget office compile a comprehensive list of data elements for every academic program and discipline, to include employment data and net (revenue less expenses; direct and indirect) cost per FTE, which is shared with deans and directors.

Executive deans then engage in conversation with deans and directors to discuss data trends, issues and opportunities, and to add context to the data provided. Similarly, college services and student affairs deans and directors engage in conversations with their executives based on their department-specific data and indicators.

When the college faces program and service reductions due to budget shortfalls, the programs and services brought forward for consideration arise out of this iterative analysis. At this time, deeper program-specific research, data collection and analysis is done to ensure due diligence before actual reduction recommendations are presented.

FY18 Budget Development Timeline

November	Department goals submitted Faculty position requests submitted Initial projections on current year and early look at FY18 State funding scenarios updated with prior year's enrollment
December	Budget Development Subcommittee convened (meets through April/May) Budget website populated with standard information requests Governor's budget released
January	One-time funding requests submitted Budget Development Subcommittee reviews budget assumptions, levers, criteria and process Co-chairs budget released

FY18 Budget Development Timeline (continued)

February	Campus budget forum Part-time budget review Staff analysis of possible reduction options and balancing scenarios Present possible balancing options to Board, unions and campus community
March	Board budget worksession/discussion item Planning projection for FY18 released Budget committee orientation
April	Board budget worksession/discussion item Projection update Administrative balancing options presented Budget Committee meetings commence Proposed budget prepared
May	Budget Development Subcommittee presents recommendations to Budget Committee
June	Board budget adoption

Budget Principles, Criteria and Data Elements

The budget principles, criteria and data elements presented on the following pages are part of Lane’s Long-Range Financial plan. They are used regularly by departments, programs and services to inform planning and budgeting at the unit level. In addition they are used by committees allocating resources such as student technology fee and Perkins grants. In the event of budget or program reductions these elements will inform those decisions.

Data Elements

INSTRUCTIONAL PROGRAMS

Criteria	Data Element
Enrollment – demand	5-year Enrollment History; future trends
Program – Discipline cost	Cost per FTE; revenue; comparisons with selected Oregon colleges
Retention	Student Persistence at the institutional level; course completion
Capacity – Utilization	Capacity Analysis – class fill rate; student: faculty FTE
Essential courses required for degree/certificate	Student enrollment in required courses
Availability of jobs (for CT programs)	Employment Department data
Wages (for CT programs)	Employment Department data
Job Placement (for CT programs)	Employment Department data

STUDENT SERVICES

Criteria	Data Element
Enhances Student Engagement	Number of service contracts Number of unduplicated participants Demographics of individuals served Other evidence of enhancing engagement
Enhances Student Learning	Enhanced student persistence Enhances one or more CCSSE benchmarks Other evidence of enhancing learning
Enhances Student Satisfaction	ACT Satisfaction data CCSSE satisfaction data Other evidence of enhancing satisfaction
Requirement for Service	Essential to completing a business process with students Essential to an effective educational experience Legally mandated

Data Elements (continued)

STUDENT SERVICES (continued)

Criteria	Data Element
Uses resources efficiently	<p>Comparison of faculty/staff to student ratios to national association standards and best practices.</p> <p>Develop appropriate institutional benchmarks</p> <p>Demand/capacity analysis (i.e., waitlists, complaints about access, etc.)</p> <p>Total general fund budget</p> <p>Budget from other sources (i.e., student fees, grants, etc.)</p> <p>Other evidence of efficient use of resources</p>

COLLEGE SERVICES

Criteria	Data Element
Service is essential to operation of the institution	<p>Consequences of not having service</p> <p>Citation(s) for legal requirements (e.g. governing ORS, federal code, IRS and audit requirements)</p>
Cost of service	<p>Total General Fund support for service (offset by service charges)</p> <p>Service charges and other revenue that offset GF support</p> <p>Revenue directly provided to GF by service</p>
Service is cost effective	<p>Comparison to industry standards (e.g. housekeeping sq. ft./staff FTE, # of desktops/IT technician). Develop appropriate institutional benchmarks</p> <p>Cost comparisons with similar outside services</p> <p>Cost savings for college compared to cost of service</p>
Service is utilized	<p>Customer counts</p> <p>Service logs</p> <p>Number of transactions</p>

Budget Principles & Criteria

Budget planning at Lane will be guided by the following:

General principles:

1. Budgets will focus on furthering the college mission
2. Budgets must meet legal, contractual, accreditation obligation
3. Budgets must meet board policies and involve as much input from the college community as possible
4. Benchmark to best practices while recognizing intentional variations between Lane and national norms.
5. Using data and objective criteria in planning and resource allocation.
6. Maximize investment in technology or streamlined work processes that will save resources.

Prioritizing principles:

1. Budget planning will be guided by the college strategic plan, unit plans, council plans and other planning efforts
2. Support student enrollment, retention, success, and learning, while minimizing negative impact of budget constraints on quality of student services, instruction and college infrastructure
3. Maximize revenue generation balanced with accessibility and affordability
4. Invest in new activities that maximize future revenue
5. Maintain existing facilities and equipment well and upgrade as needed
6. Maintain ability to respond to community needs
7. Avoid involuntary layoffs of permanent employees

Additional considerations:

Availability of the program or service elsewhere

Operating Revenues

This section presents the major operating revenue categories for Lane’s primary operating funds I and IX, and the methodologies used to analyze and forecast each category.

Figure 1: Operating Revenue Categories, Funds I & IX



State Funding

The college receives funding from the State of Oregon Department of Community Colleges and Workforce Development (CCWD) through a biennial allocation, paid quarterly to each of Oregon’s 17 community colleges. The total amount funded to CCWD is allocated to each community college district based upon a formula that factors rolling three year full time equivalent (FTE) student enrollment and property tax revenue into a distribution formula. Enrollment gains relative to other colleges have a positive correlation to state funding allocations, while property tax increases have a negative correlation.

Figure X: State Funding Formula

$$\text{€} = \frac{\text{(Next year's imposed property tax revenue(1) + General Fund appropriations by the Legislature)}}{\text{Total Weighted Reimbursable FTE(2)}}$$

- (1) Imposed property tax revenues do not include (i) taxes levied or imposed by a community college district to provide a public library system established prior to January 1, 1995, (ii) property taxes raised by Local Option Levies and General Obligation Bond Levies, (iii) base payments of \$720 per FTE up to 1,100 and \$360 per FTE for unrealized enrollments between actual enrollment numbers and 1,100 FTE, as adjusted pursuant to OAR 589-002-0100(8)(a), (iv) COD payments, and (v) any other payments directed by the BOE or the Legislature.
- (2) Reimbursable FTEs are calculated based on a three-year weighted average of reported reimbursable FTE submitted by the community college districts to CCWD. Residents of the State and the states of Idaho, Washington, Nevada, and California shall be counted as part of each community college district's reimbursable enrollment base, but only for those students who take part in coursework offered within Oregon's boundaries. The biennial growth management component is applied to each college's actual annual FTE and the result is weighted as follows: prior year enrollment weighted at 40 percent, second year prior enrollment weighted at 30 percent and third year prior enrollment weighted at 30 percent.

When forecasting Lane’s state funding revenues, staff assess the economic, budgetary and political environment in the state to project total CCWD funding levels. They then estimate enrollment and property tax levels at Lane and the other 16 community colleges in the state. During the biennial funding cycle, budget and finance staff often model multiple total funding scenarios as it is not possible to predict the ultimate outcome of legislative budget sessions.

Property Taxes

Lane receives property taxes based upon assessed property values in Lane County and small portions of Linn, Benton, and Douglas Counties. A tax rate limitation was established in 1990 as the result of a constitutional amendment, Article XL Section 11b (often called “Measure 5”.) This limits education taxes to \$5 per 1,000 of the taxable real market value of property. If taxes on a property exceed this limit, tax rates are compressed, thereby reducing revenue received by the college¹. Property tax revenues are incorporated into the state funding formula as illustrated in Figure X.

When forecasting property tax revenues, staff review county records for assessed value and collection rates, actual collections, and housing market trends and forecasts.

Tuition

Credit students at Lane pay a per-credit tuition rate based upon their residency status. Mention international fund VI?

Tuition revenue is forecast through term by term enrollment trend analysis, review of external and environmental factors (such as economic and employment conditions, high school graduation rates, and financial aid regulatory changes), application of tuition rate changes, and offsets such as tuition waivers and discounts.

Student Fees

There are a variety of required student fees for credit and non-credit students at Lane that factor into revenue forecasts and projections:

- The **Technology Fee** is assessed to all credit students at a rate of \$5 per credit. The fee helps cover the cost of technology used to run classes and serve students through “smart” classrooms, online courses, wi-fi, internet access, computer labs, and staff support.
- Students taking credit classes on main campus are assessed a **Transportation Fee** of \$27 per term. This fee pays for expenses related to parking lot maintenance and security, as well as providing all credit students with an Lane Transit District (LTD) bus pass for the term. Credit students taking classes at locations other than main campus pay \$5 per term for transportation fees. This pays for expenses related to parking lot maintenance and security at outreach sites.
- Main campus credit students also pay a \$56 per term **Student Activity Fee**. This fee is voted on by the student body in the Associated Students of Lane Community College (ASLCC) spring elections and is used to support student activities and services.

¹ In fiscal year 2016, there was \$286,800 of compression of the college’s permanent rate due to the tax rate limitation.

- The **Student Health Fee** is paid by students taking credit courses on main campus and is used to partially fund the college's Health Clinic.
- Credit students enrolling in their first term at Lane are assessed a one-time, \$30, **One-Time Credit Enrollment Fee**. This fee helps cover the cost of placement testing and degree evaluation.
- Students in high-cost health professions and advanced technology programs pay **Differential Fees** that vary by program and help offset cost differentials in these programs.
- Students pay class fees that go into an **Income Credit Program (ICP)** fund for a variety of consumable, class-specific materials, supplies and equipment. These vary by class and are usually expensed in the year in which they are received.
- Continuing Education students pay **Continuing Education Course Fees**, which vary by course.

Staff forecast student fee revenue based upon credit enrollment and headcount projections, new credit student headcount projections, program-specific enrollment, fee rate changes, and trend analysis.

Other Fees & Charges

Other fees and charges include charges for bad debt provision (contra-revenue), facilities rental, late charges, admissions fees, and other miscellaneous user fees and charges. These are projected using trend analysis and analysis of program-specific plans and activities.

Administrative Recovery

The general fund receives administrative recovery from several sources:

- The International Students Program, which operates in the Enterprise Fund VI, contributes \$600,000 to the general fund on an annual basis to offset overhead and administrative costs. Similarly, the Titan Store, also operating in the Enterprise Fund, contributes \$500,000 annually to administrative recovery.
- The Lane Community College Foundation reimburses the general fund for staff salaries, based on actual payroll and benefit expenses.
- The college receives revenue from grant programs it administers based upon the chargeback or administrative rate, which varies by grant. This is forecast by reviewing the college's current grant portfolio and anticipated new grant activity.
- Finally, the college receives funding for administering student Pell grants at a rate of \$5 per student per term. This is forecast through Pell enrollment projections.

Gifts & Donations

The primary source of gift and donation revenue in Funds I & IX is through the college's radio station, KLCC FM, membership contributions. This is forecast through trend analysis and radio station strategic planning metrics. Other sources of gifts and donations come from specific program-support donations and are de minimis within the context over overall revenues.

Sale of Goods & Services

This category includes revenue from Specialized Support Services (S3) contracts, KLCC FM underwriting, health and dental clinic insurance billing, and other miscellaneous sales revenue. Revenue is forecast by program-specific trend analysis and activity projections.

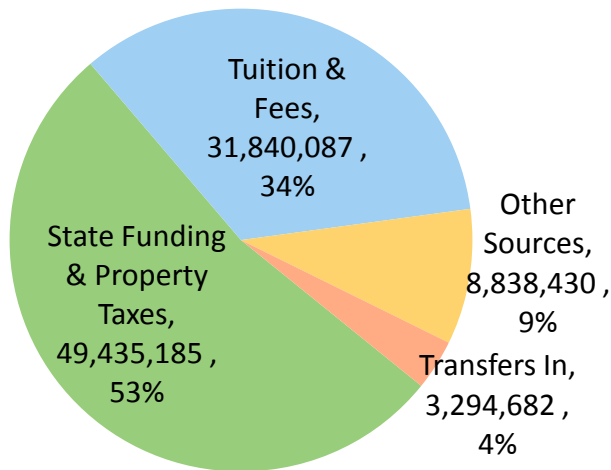
Other Revenue Sources

Other revenue sources include interest income, credits, rebates, and miscellaneous other revenue. Revenues in this category are forecast individually by activity. Interest income is forecast by analyzing the college’s investment portfolio and return rates. Other revenues in this category are forecast using trend analysis and activity projections.

Operating Transfers In

This category includes interfund operating transfers for items such as program support and salary reimbursement. These transfers are forecast based on a standard budgetary transfer schedule and analysis of program or activity changes.

Graph 1: Fiscal Year 2016 Revenues, Funds I & IX



Graph 2: Fiscal Year 2016 Revenue Detail, Funds I & IX

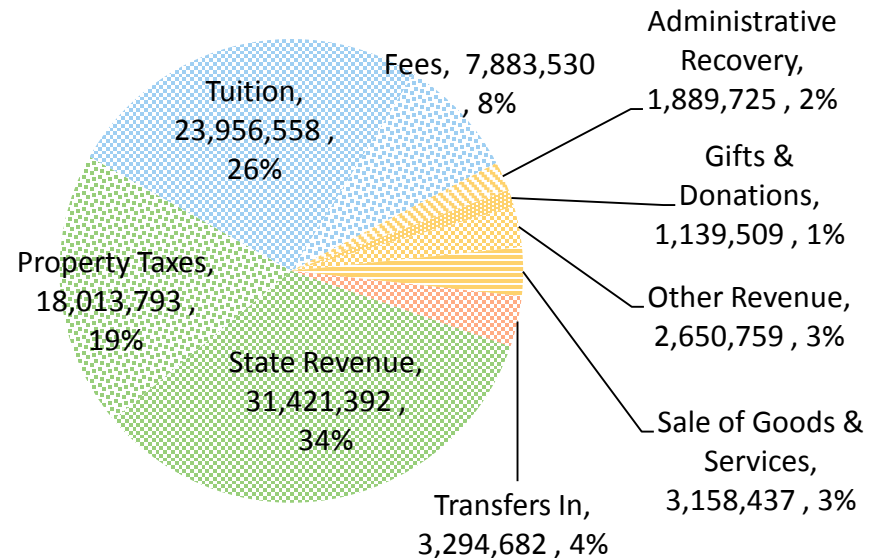


Table 1: Summary of Revenue Categories, Data Sources and Key Forecasting Variables/Assumptions

Revenue Category	Data Sources	Key Forecasting Variables/Assumptions
Intergovernmental		
State Funding	<ul style="list-style-type: none"> • CCWD funding worksheet • State economic and political environmental scanning and analysis • Lane enrollment trends and projections • Enrollment trends and projections from other community colleges • Property tax revenues 	<ul style="list-style-type: none"> • Biennial funding base • Lane enrollment • Other Oregon community colleges' enrollment • Lane property tax revenue • Other Oregon community colleges' property tax revenue
Property Taxes	<ul style="list-style-type: none"> • County assessed value and collection rates, actual collections, housing market trends and forecasts 	<ul style="list-style-type: none"> • % increase/decrease
Tuition & Fees		
Tuition	<ul style="list-style-type: none"> • Credit enrollment trends • Environmental scanning and analysis • Actual receipts 	<ul style="list-style-type: none"> • Tuition rate • Enrollment % change
Student Fees	<ul style="list-style-type: none"> • Credit enrollment and headcount trends • Program-specific plans and analysis • Actual receipts 	<ul style="list-style-type: none"> • Fee rates • Enrollment % change
Other Fees & Charges	<ul style="list-style-type: none"> • Credit enrollment • Service and activity levels • Program-specific plans and analysis • Bad debt write offs, receivable and collections trends, balance sheet analysis 	<ul style="list-style-type: none"> • Service and activity changes • Collection rates

(continued)

Revenue Category	Data Sources	Key Forecasting Variables/Assumptions
Other Revenue Sources		
Administrative Recovery	<ul style="list-style-type: none"> • Administrative recovery schedules • Pell credit enrollment • Grant activity • Foundation staff position list 	<ul style="list-style-type: none"> • Standard schedule • Staffing and activity changes
Gifts & Donations	<ul style="list-style-type: none"> • KLCC FM membership trends and forecasts • Foundation program support activity 	<ul style="list-style-type: none"> • KLCC FM membership % increase/decrease
Other Revenue	<ul style="list-style-type: none"> • Credit and continuing education enrollment • Actual receipts • Investment rates and portfolio • Department plans and forecasts 	<ul style="list-style-type: none"> • Service and activity changes • Investment portfolio and return rates
Sale of Goods & Services	<ul style="list-style-type: none"> • Service and activity levels • Actual receipts • Department plans and forecasts 	<ul style="list-style-type: none"> • Service and activity changes
Transfers In		
Operating Transfers In	<ul style="list-style-type: none"> • Budgeted transfers • Actual transfers • Scheduled updates 	<ul style="list-style-type: none"> • Standard schedule

Table 2: History of Revenue Sources, Funds I & IX

Category	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Intergovernmental										
State Funding*	24,701,200	29,741,600	30,888,600	28,091,800	26,306,900	26,429,900	24,751,100	30,363,300	31,213,000	31,421,400
as % Total CCWD Funding Allocation ^U	11.56%	11.86%	12.35%	12.76%	13.03%	13.21%	13.35%	13.42%	12.84%	11.46%
Property Taxes	13,597,900	13,934,900	14,759,000	15,635,400	15,693,300	15,746,500	16,292,300	16,513,100	17,527,800	18,013,800
	38,299,100	43,676,500	45,647,600	43,727,200	42,000,200	42,176,400	41,043,400	46,876,400	48,740,800	49,435,200
as % Total	52.6%	54.0%	51.1%	45.4%	41.8%	41.1%	42.2%	48.6%	51.4%	52.9%
Tuition & Fees										
Tuition ^A	21,217,900	22,613,500	27,470,400	33,582,200	38,216,100	37,729,000	35,951,600	31,818,900	27,904,500	23,956,600
Student Fees ^U	5,056,100	5,473,900	6,328,500	7,656,500	8,441,800	8,449,800	8,354,900	7,597,400	7,041,300	6,472,300
Other Fees & Charges	1,207,900	1,611,100	1,753,200	1,528,700	1,660,200	1,550,200	1,492,400	1,468,300	1,431,300	1,411,200
	27,481,900	29,698,500	35,552,100	42,767,400	48,318,100	47,729,000	45,798,800	40,884,600	36,377,100	31,840,100
as % Total	37.7%	36.8%	39.8%	44.4%	48.1%	46.5%	47.0%	42.4%	38.4%	34.1%
Other Revenue Sources										
Administrative Recovery	679,500	473,300	857,800	471,400	1,357,900	557,600	1,128,400	571,100	1,293,700	1,889,700
Gifts & Donations	1,284,900	1,295,700	891,000	989,000	961,000	1,066,800	1,030,600	900,300	1,194,500	1,139,500
Other Revenue Sources ^U	2,334,000	2,457,400	2,282,800	3,355,000	3,549,200	3,849,200	3,595,300	2,989,900	2,986,900	2,650,800
Sale of Goods & Services	1,592,800	1,439,900	1,445,200	1,449,400	1,886,700	2,383,200	2,297,900	2,298,800	2,618,600	3,158,400
	5,891,200	5,666,300	5,476,800	6,264,900	7,754,800	7,856,700	8,052,200	6,760,000	8,093,600	8,838,400
as % Total	8.1%	7.0%	6.1%	6.5%	7.7%	7.7%	8.3%	7.0%	8.5%	9.5%
Transfers In										
Operating Transfers In	1,135,500	1,769,300	2,602,800	3,658,400	2,328,200	4,819,800	2,455,500	1,884,500	1,619,000	3,294,700
as % Total	1.6%	2.2%	2.9%	3.8%	2.3%	4.7%	2.5%	2.0%	1.7%	3.5%
Total All	72,807,700	80,810,600	89,279,300	96,417,800	100,401,300	102,582,000	97,350,000	96,405,600	94,830,600	93,408,400

Source: Lane Community College Budget Office, Banner/CAFR

*Adjusted for 4th quarter payment

^UStill working on this line

Operating Expenditures

This section presents the major operating expenditure categories for Lane’s primary operating funds I and IX, and the methodologies used to analyze and forecast each category.

Figure 2: Operating Expenditure Categories, Funds I & IX



Contracted Salaries & Wages

This expenditure category includes salaries and wages for contracted faculty, contracted classified staff with assignments of .5 to 1.0 full time equivalency (FTE), and contracted management employees.

Each contracted employee position is tracked in the college’s position list database system, THOR. Contracted salaries and wages are forecast using this database system, which calculates position by position salary forecasts based upon level, step, vacancy status, FTE assignment, and salary schedule/cost of living adjustments. Staff also apply a “Swirl” factor to contracted personnel forecasts, which is the savings realized through contracted personnel attrition and hiring that occurs after the base projection position list is developed. This swirl factor is analyzed annually and averages 2.5% to 3.0%.

Part-Time Salaries & Wages

All non-contracted salaries and wages are classified as part-time. These include part-time and non-credit faculty (adjunct faculty), faculty overload, hourly classified staff, classified overtime, hourly management assignments, and student workers. Part-time expenditures are forecast using historical trend analysis, department-by-department enrollment trends and contracted employee levels, and application of step and salary schedule/cost of living adjustments.

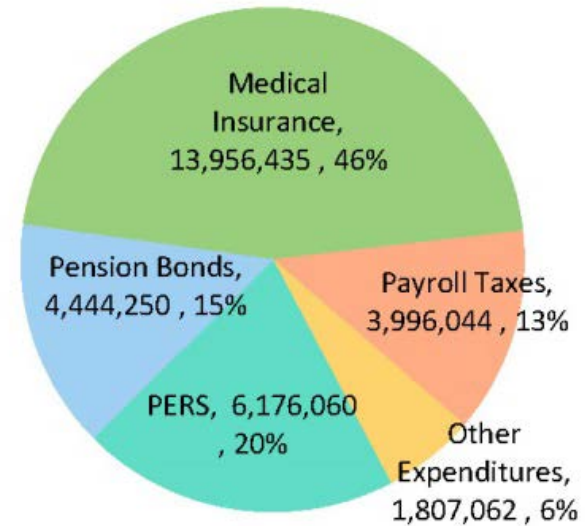
Other Payroll Expenses (OPE)

This category includes all personnel-related expenditures outside of salaries and wages to include medical insurance, pension obligation bonds, unemployment insurance, employee assistance and wellness programs, workers compensation, one-time payments and stipends, Medicare and social security payroll taxes, and Oregon Public Employees Retirement System (PERS) contributions. A breakdown of OPE expenditures is shown in table 3 and graph 3 below.

Table 3: Fiscal Year 2016 Actual OPE Expenditures
All College Funds

Category	Amount	% Total
Medical insurance	\$ 13,956,453	45.9%
PERS	6,176,060	20.3%
Penson obligation bond payments	4,444,250	14.6%
FICA (social security & Medicare)	3,996,044	13.2%
Early retirement actuarial expense	155,653	0.5%
Employee assistance program	36,843	0.1%
Employee tuition waiver program	470,523	1.5%
Employee wellness program	142,847	0.5%
Classified benefit stipend	126,800	0.4%
Other miscellaneous expenses	581,931	1.9%
Unemployment insurance	145,940	0.5%
Workers compensation	146,525	0.5%
Total All	\$ 30,379,869	100.0%

Graph 3: Fiscal Year 2016 Actual OPE Expenditures



The college allocates OPE by applying a blended rate to 1) contracted salaries and wages, 2) part-time faculty, classified staff, and managers, and 3) a flat 10% rate to student workers. Contracted and part-time rates are calculated by estimating total salary and wage bases, updating and applying payroll tax and PERS rates, then updating and allocating other costs. A history of OPE rates is presented in table 4.

Table 4: 15-Year OPE Rate History

Fiscal Year	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17
Contracted Rate (%)	46.7	49.9	53	53.8	51.5	55.8	50.4	55.5	55.5	59	63	65	64	64	64
Part-Time Rate (%)	27	32.3	39.6	40.2	31.1	34.5	30.3	31.2	31.2	35	36	37	38	38	38
Student Rate (%)	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10

The college has been able to stem OPE rate escalation in recent years due to containment of medical insurance costs through plan design and choice, and mitigation of PERS rate increases through pension bond investment and PERS reserve funds.

Direct OPE Rate

When developing pro forma analyses for contract negotiations related to step and salary schedule increases, staff use a “Direct Rate” of 25%, which represents the variable additional costs (payroll taxes and PERS) applied to increased salary bases.

Materials & Services

This broad expenditure category includes instructional and office supplies, contract and professional services, travel, fees and dues, and maintenance. A subset of materials & services is mandatory expenditures, which are general fund expenses that are legally, contractually, or operationally required and serve the entire college. Staff forecast materials and services expenditures using historical trend analysis, analysis of changes in mandatory expenditures, and program-specific trend analysis and activity projections.

Capital Outlay

Capital outlay encompasses land, buildings, improvements, machinery and equipment with a depreciable value of \$10,000 or more. It also includes library books. The standard general fund allocation for capital outlay is \$700,000; these funds are awarded through the annual department planning cycle.

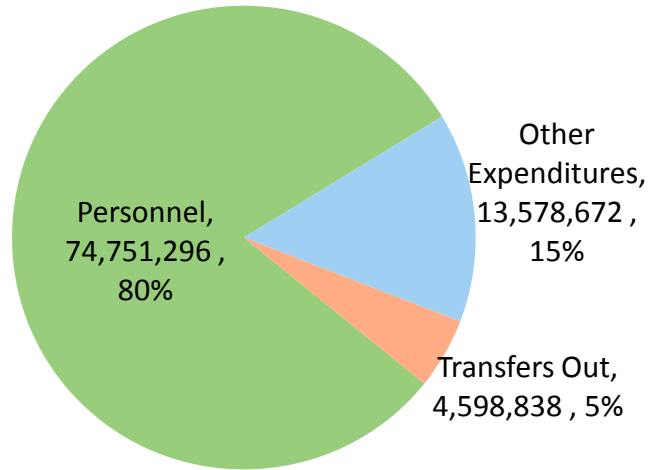
Goods for Resale

Goods for resale are items purchased for resale and include parking and bus passes, food, and books. Staff forecast goods for resale using trend analysis, enrollment projections, and program-specific activity and sales projections.

Operating Transfers Out

This category includes interfund operating transfers for items such as program support, salary reimbursement, institutional financial aid match obligations, and capital maintenance and investments. These transfers are forecast based on a standard budgetary transfer schedule and analysis of program or activity changes.

Graph 4: Fiscal Year 2016 Expenditures, Funds I & IX



Graph 5: Fiscal Year 2016 Expenditure Detail, Funds I & IX

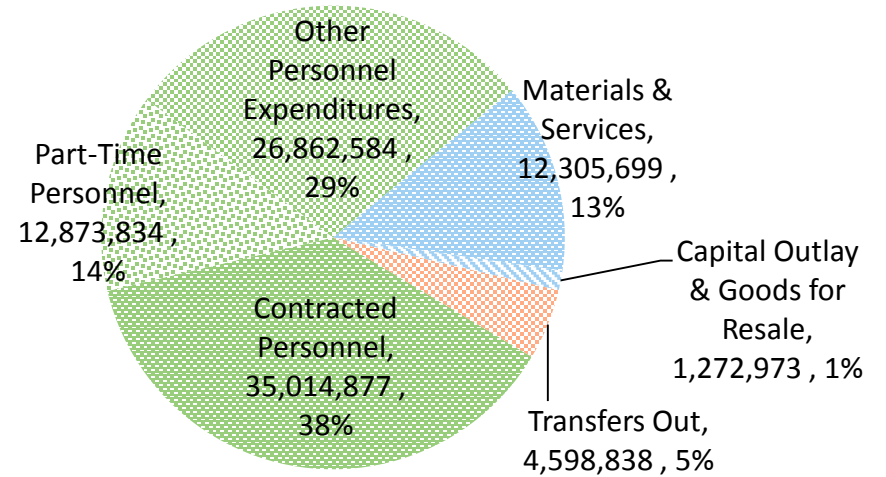


Table 5: Summary of Expenditure Categories, Data Sources and Key Forecasting Variables/Assumptions

Revenue Category	Data Sources	Key Forecasting Variables/Assumptions
Personnel		
Contracted Salaries & Wages	<ul style="list-style-type: none"> • Position list • Salary schedules by employee group • Step and salary schedule adjustments or contract negotiation parameters • Swirl factor 	<ul style="list-style-type: none"> • Staffing levels • Contract negotiations
Part-Time Salaries & Wages	<ul style="list-style-type: none"> • Enrollment and activity levels • Contracted staffing levels • Step and salary schedule adjustments or contract negotiation parameters 	<ul style="list-style-type: none"> • Enrollment levels • Contracted staffing levels • Contract negotiations
Other Payroll Expenses (OPE)	<ul style="list-style-type: none"> • Actual collections and expenses • Base salary levels • PERS rates • Contract negotiation parameters, including medical insurance 	<ul style="list-style-type: none"> • Staffing levels; total salaries and wages • Health insurance premiums • PERS rates
Other Expenditures		
Materials & Services	<ul style="list-style-type: none"> • Enrollment and activity levels • Actual expenditures • Mandatory requirements • Department plans and forecasts 	<ul style="list-style-type: none"> • Enrollment and activity levels • Mandatory changes
Capital Outlay	<ul style="list-style-type: none"> • Capital outlay allocation • Department plans and forecasts 	<ul style="list-style-type: none"> • Allocation funding
Goods for Resale	<ul style="list-style-type: none"> • Sales revenue • Actual expenditures • Department plans and forecasts 	<ul style="list-style-type: none"> • Enrollment and activity levels • Sales forecasts
Transfers Out		
Operating Transfers Out	<ul style="list-style-type: none"> • Budgeted transfers • Actual transfers • Scheduled updates 	<ul style="list-style-type: none"> • Standard schedule

Table 6: History of Expenditures, Funds I & IX

Category	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Personnel										
Contracted Salaries & Wages	31,916,200	31,017,900	31,505,800	32,139,500	33,962,200	35,414,900	36,142,700	37,152,900	36,913,200	35,014,900
Part-Time Salaries & Wages	8,679,800	8,769,600	11,077,100	14,320,500	16,400,000	17,790,500	17,775,400	16,082,100	12,623,100	12,873,800
Other Payroll Expenses (OPE)	17,941,600	18,020,600	19,277,600	19,144,000	21,739,000	26,712,300	28,637,300	27,609,900	26,823,700	26,862,600
	58,537,600	57,808,100	61,860,500	65,604,000	72,101,200	79,917,700	82,555,400	80,844,900	76,360,000	74,751,300
as % Total	78.5%	77.0%	74.2%	74.1%	78.3%	76.3%	80.2%	81.1%	82.5%	80.4%
Other Expenditures										
Materials & Services	10,640,700	11,039,100	13,036,300	13,952,400	13,982,300	13,465,900	15,007,200	13,902,000	12,007,200	12,305,700
Capital Outlay	516,300	824,400	647,600	610,100	767,500	639,900	398,000	320,200	304,300	557,100
Goods for Resale	601,900	634,100	614,900	1,193,600	1,081,700	1,049,400	1,006,200	994,200	773,100	715,900
	11,758,900	12,497,600	14,298,800	15,756,100	15,831,500	15,155,200	16,411,400	15,216,400	13,084,600	13,578,700
as % Total	15.8%	16.6%	17.2%	17.8%	17.2%	14.5%	15.9%	15.3%	14.1%	14.6%
Transfers Out										
Operating Transfers Out	4,282,900	4,799,300	7,194,600	7,195,200	4,106,700	9,619,400	3,959,200	3,679,100	3,060,900	4,598,800
as % Total	5.7%	6.4%	8.6%	8.1%	4.5%	9.2%	3.8%	3.7%	3.3%	4.9%
Total All	74,579,400	75,105,000	83,353,900	88,555,300	92,039,400	104,692,300	102,926,000	99,740,400	92,505,500	92,928,800

Source: Lane Community College Budget Office, Banner/CAFR

Budget Balancing Levers

The Budget Development Subcommittee of College Council has begun its work and will be meeting regularly throughout winter term. In addition to discussing and reviewing projection assumptions, the committee develops a list of potential balancing levers.

Following is a list of balancing levers the subcommittee has considered in prior years.

Revenue Levers

- Tuition
- Student Fees
- Administrative Recovery
- Entrepreneurial Activities
- Targeted expansion of programs
- Optimizing revenues from facilities

Expense Levers

- Early separation incentive
- Vacancies
- Efficiencies & restructuring
- Classified, faculty & management contracted positions
- Classified, faculty & management part-time reductions
- Materials & services
- Capital outlay
- Major maintenance
- Program & service reductions
- Outsourcing

Other Considerations

- Personnel cost adjustments
- Fund balance/reserve funds

FY2018 Enrollment Change Impact

Updated 2.7.17

Base Credit Tuition*	\$	23,269,900
1% enrollment decrease		
Credit tuition impact		250,000
Student fees impact		50,000
	\$	<u>300,000</u>
Expense Offsets		
M&S		-
Part-time faculty		15,000
OPE		5,000
	\$	<u>20,000</u>
Net Impact	\$	280,000

*Based upon maintaining FY17 enrollment levels, \$104.50 tuition rate

FY2018 Tuition Rate Change Impact

Updated 2.7.17

Base Credit Tuition	\$	23,269,900
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FY2018 Tuition Rate	\$	104.50
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Additional credit tuition per \$1 rate increase*	\$	230,000
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*Based upon maintaining FY17 enrollment levels