

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

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

- (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

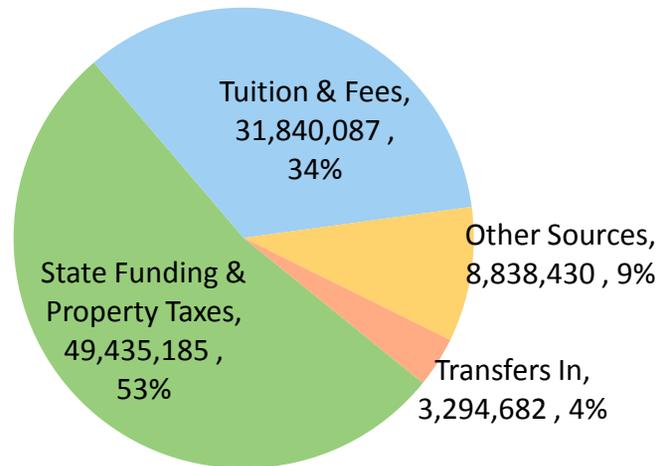


Table 1: Summary of Revenue Categories, Data Sources and Key Forecasting Variables/Assumptions

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.

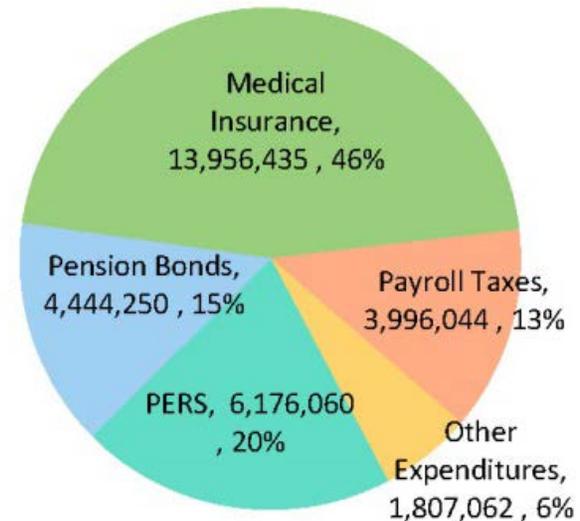
Other Payroll Expenses (OPE)

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 2 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 2: 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 3: Fiscal Year 2016 Expenditures, Funds I & IX

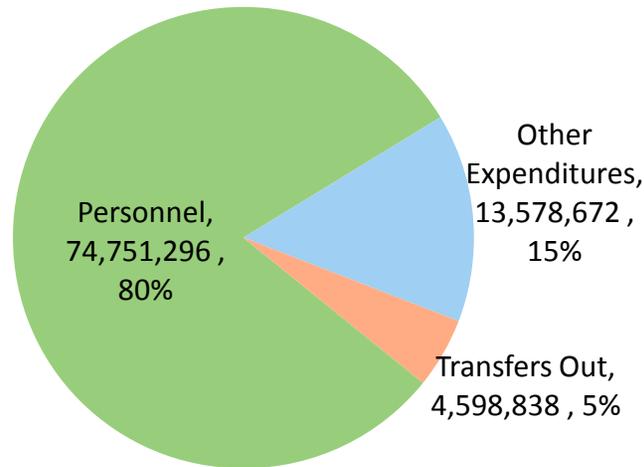


Table 5: Summary of Expenditure Categories, Data Sources and Key Forecasting Variables/Assumptions

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