

Board of Education/Budget Development Subcommittee Integrated Calendar

Approved by Board of Education on December 14, 2017

BDS work plan in green



Fall Term		Winter Term		Spring Term	
September 30	Core Theme indicators published	January	List of potential program and service investments and reductions	April 12	Budget Development Subcommittee budget recommendations to College Council ¹²
October	Standard data elements updated and published	January -->	Analysis of balancing proposals	April 12	Board discussion of BDS amendments and adjustments
October	Budget Development Subcommittee convened	January 10	Develop balancing worksheet template	April 12	Administrative balancing options (if needed)
October	Budget Development Subcommittee feedback on prior year process	January 10	Develop budget assumptions and scenarios	April 12	Program/Service change and investment decisions*
October 12	Funding outlook & institutional priorities	January 10	Develop enrollment estimate	May 1	Final day minority report submissions will be accepted by the Board of Education
November 9	Budget outlook/initial projections	January 11	Budget update	May	Budget Committee meetings commence
November 22	Integrated budget development calendar to College Council	January 25	Campus Forum	May 14	Campus Forum
November 30	Integrated budget development calendar submitted for Board of Education packet	February 8	Budget update		
December 6	Review budget development data elements, principles and criteria	February 14	Initial balancing proposals to College Council and campus community ¹²		
December 6	Review budget execution from prior year process	February 22	Balancing proposals submitted for Board of Education Packet		
December 14	Board discussion of BDS integrated calendar	March 7	Campus Forum		
		March 8	Planning projection		
		March 8	Investment options and recommendations		
		March 8	Board discussion of BDS balancing proposals		
		March 15	Campus Forum		
		March 30	Categorical funding decisions		

¹² BDS balancing proposals will be presented to College Council and the campus community on February 14, and the Board of Education on March 8.

* Originally scheduled on March 30; moved to April 12.

**FY2017 - FY2019
Projection Estimate**

March 8, 2018

	FY2017 Actual Funds I & IX	3.8.18 Estimate FY2018 Funds I & IX	3.8.18 Planning Projection FY2019 Funds I & IX	Notes
	4.3% CR decrease	6.5% CR decrease	2.5% CR decrease	Enrollment change impact: \$300K per %Δ
REVENUE				
Intergovernmental				January 2018 funding formula update. FY19 allocation estimate 8.05%
State Funding	27,230,149	24,461,600	22,942,500	
Property Taxes	18,746,752	19,500,000	20,085,000	
	45,976,901	43,961,600	43,027,500	
Tuition & Fees				Includes FY19 HEPI
Tuition	23,730,078	23,409,500	23,393,900	
Student Fees	7,680,451	9,097,700	9,004,700	
Other Fees & Charges	1,294,086	960,200	960,200	
	32,704,615	33,467,400	33,358,800	
Other Revenue Sources				Standard schedule
Administrative Recovery	1,985,148	1,965,000	1,965,000	
Gifts & Donations	1,217,067	1,552,800	1,552,800	
Other Revenue	1,278,414	1,157,900	1,157,900	
Sale of Goods & Services	2,937,669	2,606,300	2,606,300	
	7,418,298	7,282,000	7,282,000	
Operating Transfers In				FY18 includes 1x fund balance transfers
Transfers In	1,594,317	2,114,700	1,777,500	
	1,594,317	2,114,700	1,777,500	
	87,694,131	86,825,700	85,445,800	
EXPENDITURES				
Personnel				Based on current position list and new faculty positions, 3.5% swirl FY18, FY19, no FY19 increases
Personnel - Contracted	35,843,936	35,063,300	35,632,100	
Personnel - P/T	12,195,828	12,183,500	11,883,500	
OPE	26,068,774	27,542,800	27,795,500	Maintain current rates with use of \$860K PERS reserve
	74,108,538	74,789,600	75,311,100	
Other Expenditures				1% inflationary increase FY19 Restore capital outlay allocation FY19
Materials & Services	12,167,990	11,821,400	11,939,700	
Capital Outlay	819,085	660,000	935,000	
Goods for Resale	720,020	709,000	720,000	
	13,707,095	13,190,400	13,594,700	
Operating Transfers Out				Standard transfer schedule
Transfers Out	3,301,264	2,209,200	2,444,500	
Transfers Out - Fin. Aid.	-	-	-	
	3,301,264	2,209,200	2,444,500	
	91,116,897	90,189,200	91,350,300	
Revenue Over/Under Expenditures * (Change in Fund Balance)	(3,422,766)	(3,363,500)	(5,904,500)	

*Does not include PERS reserve draw down

Beginning PERS Reserve Balance	5,535,938	5,535,938	4,675,938
Ending PERS Reserve Balance	5,535,938	4,675,938	3,815,938

Projection Categories, Components, Data Sources and Key Assumptions

Funds I & IX

Category	Components	Data Sources	Key Assumptions
REVENUE			
Intergovernmental			
State Funding	State of Oregon Community College & Workforce Development (CCWD) funding	CCWD funding worksheet (updated quarterly), Lane enrollment trends, enrollment trends from other colleges, tax revenues	-Current \$570MM biennial funding base -Lane enrollment -Other Oregon community colleges' enrollment
Property Taxes	Property taxes (Primarily Lane county; also Linn, Benton, Douglas)	County assessed value and collection rates, actual collections, housing market trends and forecasts	-% increase/decrease
Tuition & Fees			
Tuition	Credit and non-credit tuition payments	Credit enrollment, actual receipts, trend analysis	-Tuition rate -Enrollment % change
Student Fees	Mandatory/instructional course fees, including continuing education, transportation, technology fees	Credit and Continuing Education enrollment, fee changes, actual receipts, trends analysis	-Fee rates -Enrollment % change
Other Fees & Charges	Income Credit Program (ICP), child development center, admissions fees, contracts, user fees, rent, bad debt provision	Credit enrollment, service and activity levels, department plans and forecasts, trend analysis, bad debt analysis and collection rates	-Enrollment % change -Service and activity changes

Projection Categories, Components, Data Sources and Key Assumptions

Funds I & IX

Category	Components	Data Sources	Key Assumptions
Other Revenue Sources			
Administrative Recovery	Grant indirect, Pell grant indirect, Foundation salary reimbursement, Titan Store and International general fund contributions	Grant activity, Foundation position list, Titan Store and International operating income and forecasts, department plans and forecasts	-Standard schedule
Gifts & Donations	KLCC memberships, miscellaneous program support from foundation	KLCC trends and forecasts, foundation activity	-KLCC membership % change
Interest Income	Miscellaneous investment income	Investment portfolio, rates, actual receipts	-Portfolio base, return rate
Other Revenue Sources	Miscellaneous revenue	Credit and CE enrollment, actual receipts, department plans and forecasts, trend analysis	-Enrollment % change
Sale of Goods & Services	Specialized Support Services (S3), KLCC underwriting, health and dental clinic billing, books, other sales	Service and activity levels, actual receipts, department plans and forecasts, trend analysis	-Service and activity changes
Operating Transfers In	Interfund transfers	Budgeted transfers, actual transfers, scheduled updates	-Standard schedule

Projection Categories, Components, Data Sources and Key Assumptions

Funds I & IX

Category	Components	Data Sources	Key Assumptions
EXPENDITURES			
Personnel			
Contracted	Contracted faculty, staff and manager salary and wages	Position list, salary schedule and step adjustments or bargaining parameters, "swirl" factor	-Staffing levels -Swirl factor -Bargaining
Part-Time	Hourly (non-contracted) faculty, staff and manager wages	Enrollment and activity levels, contracted staffing (backfill offsets), bargaining parameters	-Enrollment % change -Bargaining
Other Personnel Expenses (OPE)	Employee benefits and payroll taxes	Actual collections and expenses, base salary levels, Public Employee Retirement System (PERS) rates, trend analysis	-Staffing levels, total salaries and wages -Health insurance premiums -PERS rates, PERS reserve transfers
Other Expenditures			
Materials & Services	Instructional and administrative materials, supplies and services, utilities	Enrollment and activity levels, actual expenditures, department plans and forecasts, trend analysis	-Enrollment and activity levels
Capital Outlay	Goods and equipment in excess of \$10K and/or depreciable (e.g. library books)	Capital outlay allocation, department plans, trend analysis	-Allocation funding
Goods for Resale	Lane Transit District (LTD) passes, ICP supplies	Sales revenue, actual expenditures, department plans and forecasts, trend analysis	-Main campus credit enrollment -Sales forecasts
Operating Transfers Out	Interfund transfers	Budgeted transfers, actual transfers, scheduled updates	-Standard schedule

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

FY18 Beginning General Fund Balance	\$ 9,826,328
FY18 Projected Surplus/Deficit <i>April 2018 estimate</i>	\$ (3,331,600)
Estimated FY18 Ending General Fund Balance	\$ 6,494,728
10% Total General Fund Expenditures & Transfers <i>Policy requirement</i>	\$ 8,147,300
Surplus/deficit over policy requirement	\$ (1,652,572)

Fiscal Year 2018-2019 Balancing Levers

Funds I & IX

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

Expense Levers

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

Other Considerations

- Personnel cost adjustments
- Fund balance/reserve funds
- Deferred maintenance needs
- PERS cost escalation

FY 2019 Budget Balancing Items

Planning Projection, March 8, 2018

(\$ 5,904,500)

The Budget Development Subcommittee (BDS) is still working through ideas and proposals for reaching a balanced budget. The committee plans to bring a balanced budget proposal to the board on April 12, and is meeting twice weekly or more to finish their work.

Following is an overview of balancing ideas for which the committee has reached consensus as of March 29, 2018, followed by ideas that are still being discussed and considered.

UPDATES & ADDITIONS

Tuition – HEPI Update/Correction \$ 430,000

The 2017 Higher Education Price Index (HEPI) was released after the Board of Education applied the HEPI index to 2018-2019 tuition rates. The 2018-2019 tuition rates were established using the 2016 HEPI of 1.8%, resulting in a \$2 per credit increase to resident tuition. The 2017 HEPI, released in December 2017, is 3.7%. Applying the most current HEPI to the 2017-2018 tuition rates would result in an increase of \$4 per credit for the 2018-2019 academic year. BDS recommends the board make this update/correction, which would establish the resident tuition rate at \$113.50 per credit and non-resident rate at \$270.00 per credit. International and non-credit rates would not change.

Faculty Vacancy Budgeting 28,100

The budget office has reset the default faculty vacancy position budget from payroll step 19 to payroll step 17 to more accurately reflect placement guidelines and minimize placement swirl.

PROGRAM REVISION, REORGANIZATION, & EFFICIENCIES

Academic Progress Standards \$ 13,100

Administrative support for the academic progress standards program will be provided by the student success division.

Child and Family Education 76,400

An administrative support position and part of a management position will be moved to self-support through program income.

Energy Management Program 449,900

The Energy Management Program will become fully grant funded on July 1, 2018 through an existing NSF grant. This will involve reassignment of one classified staff member to academic technology and the non-credit training arm of energy management to the extended learning division.

Foundation 123,100
The foundation will fund 25% of the events coordinator position, who works with the presidential lecture series. It will also fund the major gifts officer position.

KLCC 122,900
KLCC's director of philanthropy position will be funded through the station's 501C3 foundation.

STUDENT ENROLLMENT & RETENTION

Tuition – Enrollment Growth \$ 1,350,000
At the January 2018 Budget Development Subcommittee Campus Forum, the subcommittee received substantive feedback and ideas for improving enrollment and retention at the college. Committee members have been working with the Office of Academic and Student Affairs to develop actionable plans to impact enrollment in the coming year. If successfully executed, the committee estimates growth of 2% instead of a 2.5% decline over current year enrollment.

ECONOMIC DRIVER/COMMUNITY PARTNERSHIPS

Extended Learning \$ 150,000
The college has invested in the Extended Learning Division infrastructure to increase this important training and economic development driver in the community. As a result, the division is projected to see increased program revenue through customized training and open enrollment

Rental Revenue 154,000
The college continues to explore partnerships and rental opportunities with academic institutions and community organizations, and has projected additional rental revenues for main campus, Cottage Grove, and the downtown Spilde Center.

OTHER

Grant Indirect \$ 250,000
College finance is working with grant accountants and staff to maximize indirect charges and revenue for grant activities.

Internet/Phone Stipend 28,100
The college is going through a process of reviewing and updating cell phone stipend authorizations based upon essential job functions. All employees will need to apply for a new cell phone stipend authorization that will take effect July 1, 2018.

Plane Sale	150,000
<i>The Aviation Academy will sell one of its fleet planes that no longer serves the needs of the program, resulting in one-time revenue in FY19.</i>	
Part-Time	104,500
<i>Part-time budgets will be reduced for public safety (\$35,000) and academic and student affairs special projects (\$69,500)</i>	
Consensus Subtotal	\$ 3,430,100

REVENUE ITEMS UNDER DISCUSSION AND REVIEW

Tuition Rate Adjustment

The committee is discussing possible additional tuition rate adjustments as one means of offsetting lost state funding. In order to offset the lost anticipated \$1,207,500 revenue from the special session, rates would need to be increased an additional \$6 per credit.

Health Clinic Revenue

The health clinic estimates an additional \$125,000 of recurring new revenues generated through increased visits and insurance billing for both students and employees.

EXPENSE ITEMS UNDER DISCUSSION AND REVIEW

Personnel Cost Adjustment

In past years, the BDS has applied the 10-year average COLA (salary schedule adjustment) and step allocation rates to the current position list to create a placeholder for personnel cost adjustments with the understanding that the Board of Education will establish bargaining parameters for the college and negotiations will occur in bargaining. This calculation applying the 10-year average to the FY19 position list is \$1,890,300.

Major Maintenance

The college's current \$1M major maintenance budget is not sufficient to support minimum safety and infrastructure needs, as discussed at the December 2017 board meeting. The minimum additional investment required for FY19 and subsequent years is \$1.5M.

Capital Outlay

The college provides an annual \$700,000 capital outlay allocation for strategic investment in equipment and other capital items that cannot be supported through materials & services budgets or other funding sources. The college withheld all but \$50,000 of the allocation in FY18. The committee is discussing withholding ½ or more of the allocation again in FY19.

Cooperative Education

The committee is reviewing the administration proposal to distribute cooperative education into departments and divisions to more directly align instruction with local employers and internship opportunities. This will involve reduction of one current dean position and reassignment of current faculty. The cooperative education motor fleet will be liquidated; the college's motor pool will be available to support cooperative education travel. Estimated cost savings are \$289,200.

Culinary Arts & Hospitality Management

The committee is reviewing the administration proposal to restructure the Culinary Arts & Hospitality Management program. The program will be housed within the Business Department, and will be developing an AA degree that will be offered online and face to face. The vacant dean position will be eliminated, with an estimated savings of \$152,600.

Drafting

The committee is reviewing the administration proposal to eliminate one of two full-time faculty to align with program review recommendations and student enrollment levels. This will involve reduction in force of one contracted faculty and estimated savings of \$135,000.

Early Separation Incentives

Early separation incentives have been offered to all three employee groups, with notification deadlines of April 2 for classified staff and April 9 for faculty and managers. Depending upon participation and fill rates, these incentives can yield from \$150,000 to more than \$500,000 in recurring salary savings.

Fund Balances

As part of annual fund balance review, the college has identified foundation and other funds that will be transferred to the general fund to match with expenses already incurred. This will result in \$350,000 in one-time revenue in FY19.

The BDS is also reviewing the international students program fund balance, college contribution, and required reserves and is considering a one-time increase of \$1.4M to FY19 administrative recovery.

Funded Vacancies and Reassignment

The administration and budget development subcommittee has reviewed the vacancy list and is considering holding open management, faculty, and classified staff positions and also reassigning some staff into funded vacancies. Savings from holding these vacancies open, in addition to the early separation incentive savings, could range between \$400,000 and \$800,000.

Health Insurance

Managers and classified staff are reviewing options for reducing college health insurance costs, to include changing from Pacific Source to Oregon Educators Benefit Board (OEBB) insurers. Human resources is hosting a series of information sessions in April to explore these options. Any changes to health insurance benefits for classified staff would be negotiated in bargaining. Potential cost savings are \$700,000 or more, but due to significant transition costs and contractual implications, impact on the FY19 budget is unclear.

Health, Physical Education and Athletics

The committee is considering the administrative proposal to significantly restructure health, physical education and athletics. Health and PE instruction would move to the health professions division, while athletics will move to student affairs. The restructure involves converting the faculty athletic director position to a director of fitness, recreation and sports. It also involves adding a part-time woman's basketball coach and reassigning a project coordinator to the new fitness, recreation and sports department. It would also involve reorganizing the employee wellness program to minimize the cost to the college. Estimated savings are \$324,000.

Part-Time

Additional part-time faculty savings from faculty release, independent study assignments, and reorganization of the art gallery are being discussed. Estimated cost savings are \$148,800.