

## Budget Projections

### Notes for Release of March 13, 2002

The worksheets in this file are budget projections released on March 13, 2002, and subsequently adjusted for changes in state revenues. The worksheets are as follows:

**Assumptions:** Used in making budget projections, this is the key to red footnotes on the data worksheets.

**FY03-3%-\$0:** Actual data for FY01 and projections for FY02 and FY03. This scenario assumes a 3% reduction in state revenues for the 2001-2003 Biennium and no tuition increases (FY03 tuition was increased by the Board at the March 18 ,2002, meeting.)

**FY03-3.5%-\$0:** On March 14, 2002, the Governor announced an additional 0.5% reduction for the current Biennium. This projection reflects that change.

**FY04-3.5%-\$10-No:** Projections for FY02 through FY04 showing effects of a \$10 tuition increase in FY03. This scenario does not reflect reductions approved by the Board on March 18, 2002.

## Budget Projection Assumptions

<b>I.</b>	<b>REVENUES</b>		<u>Worksheet for Backup Data</u>
<b>A.</b>	<b>State Sources</b>	The college relies on state projections based on the biennial allocation of funds to the community colleges and the funding formula. The State will be splitting the funding formula allocation 50/50 between FY02 and FY03.	<i>State Taxes Other Revenue</i>
		The projections include a reduction of 3% referred by the legislature for FY02 and FY03	
		Projections developed by the State are used for FY04 and beyond.	
		In the funding formula, the State uses the assumption that the FTE for each college will increase at the same annual rate. (For the purposes of calculating tuition, the college uses enrollment projections developed by Institutional Research Assessment & Planning.)	
<b>B.</b>	<b>Local Property Taxes</b>	Property tax revenues will increase approximately 4.0% per year, as recommended by the college auditors because of local economic conditions and forecasts.	<i>State Taxes Other Revenue</i>
		Typically, property taxes assessed are not collected at 100%. The college uses a collection rate based on historical trends. Projections in recent years have used a 92% collection rate. Because the state's economy has been strong the last few years, actual collection rates have been higher. The adopted budget for the current year uses an estimated collection rate of 93% as recommended by the college auditor. The auditor also recalculated the proportion of property tax revenues between the General Fund and Debt Service increasing the amount to the General Fund.	
<b>C.</b>	<b>Tuition</b>	Tuition revenues are projected based on enrollment projections developed by Institutional Research, Assessment & Planning	<i>Tuition</i>
		Tuition revenue projections are based on total tuition assessed. Tuition waivers and uncollected tuition are reported as expenditures.	
		No increases in tuition rates are projected if not yet approved by the Board.	
		Projections use \$1364-per-credit-FTE and \$523-per-non-credit-FTE to calculate total tuition revenues. These per-FTE rates are based on history and approved Board tuition rates.	
<b>D.</b>	<b>Mandatory &amp; Non-mandatory Instructional Fees</b>	Projections assume that all fees are collected at 100%. Uncollected fees are reported as an expenditure	<i>Revenue Summary</i>
		All fees are restricted revenue. That is, fees are tied to specific expenditures. These revenues are projected statistically using historical trend analysis.	
<b>E.</b>	<b>Sale of Goods &amp; Services</b>	Sales revenues are projected statistically using historical trend analysis	<i>Other Revenue Details</i>
<b>F.</b>	<b>Investment Income</b>	The estimated rate for annual return on investments in FY02 is 2.25%. Rates are estimated based on historical returns and current economic indicators. The estimated rate of return for FY03 is 2.0%.	<i>Other Revenue Details</i>
		The amount invested has been averaging approximately \$28,000,000. Given that the college has spent down the Ending Fund Balance this year, the projected average amount invested is \$27,000,000 for FY02 and \$24,000,000 for FY03.	
<b>G.</b>	<b>Administrative Recovery &amp; Other Revenues</b>	Other miscellaneous revenue sources are projected statistically using historical trend analysis	<i>Other Revenue Details</i>

## Budget Projection Assumptions

<b>II.</b>	<b><u>EXPENDITURES</u></b>		
<b>A.</b>	Personal Services	Personal Services expenditures for FY02 and FY03 use current negotiation parameters	<i>Personal Services</i>
		For FY04 and beyond projections use "steps" plus estimated COLA increases each year. Projection models may vary COLA rates to determine the effects of different COLAs	
		Each year, approximately 3.6% of Salary Provision (the account for compensation changes not yet allocated to departments) is for non-recurring compensation changes	
		Cost savings through vacancies that cannot be filled in a timely manner will be partially offset by part-time backfill	
		OPE rate is recalculated every year using projected actual costs of benefits. Calculated rate for 2001-02 is 45.0% for full-time/bargaining unit employees and 21% for part-time employees. The calculated rates for FY03 are 46.5% for full-time/bargaining unit employees and 27% for part-time employees	
<b>B.</b>	Materials & Services	No inflationary increase in M&S is built into expenditure projections. M&S budgets are "rolled over" from the current year into the budget year. Projections for FY02 and FY03 use historical trend analysis to predict M&S.	<i>Expend-NWC FY92-FY01</i>
<b>C.</b>	Capital Outlay	No inflationary increase in Capital Outlay is built into expenditure projections. Projections use historical trend analysis to predict Capital Outlay expenditures for FY02 and FY03	<i>Expend-NWC FY92-FY01</i>
<b>D.</b>	Contingency	According to Local Budget Law, the Unappropriated Ending Fund Balance (UEFB) from previous year may not be spent except under extraordinary circumstances and therefore will be part of the total Ending Fund Balance and a resource (Net Working Capital Unrestricted and part of the Beginning Fund Balance) for the ensuing year	
		It is assumed that current year Contingency (Administrative and Board) may be 100% spent during the year. This assumption will change toward the end of the current year to reflect a higher projected Ending Fund Balance (Beginning Fund Balance for the ensuing budget year).	
<b>III.</b>	<b><u>OTHER FINANCING SOURCES</u></b>		<i>Transfers Out FY01</i>
<b>IV</b>	<b><u>ENDING/BEGINNING FUND BALANCES</u></b>		
<b>A.</b>	Unappropriated Ending Fund Balance	By Board Policy the Unappropriated Ending Fund Balance will be 3% of budgeted expenditures	
<b>B.</b>	Carryover	All projected carryover (Net Working Capital Unrestricted) is "on the table" during budget development	