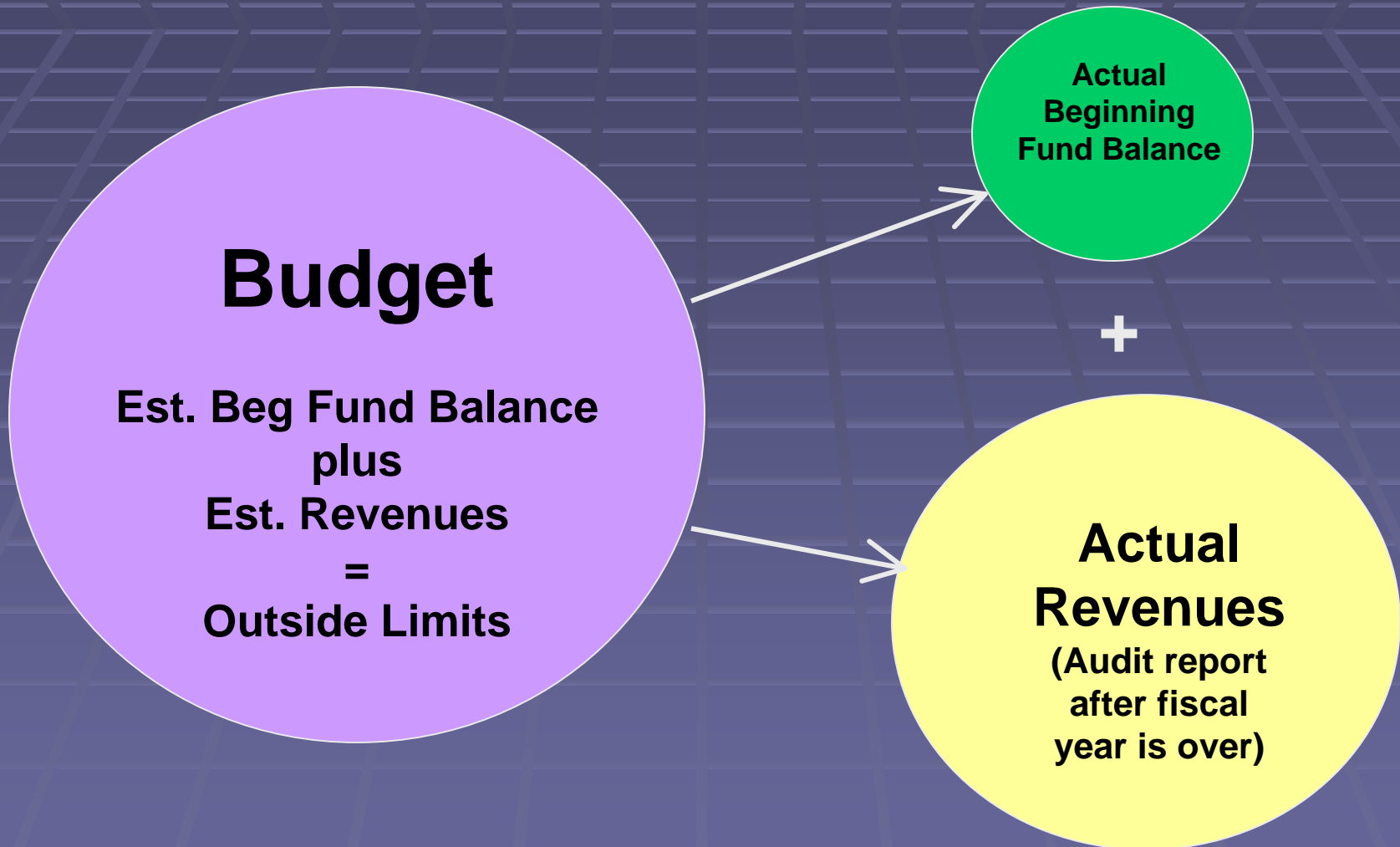


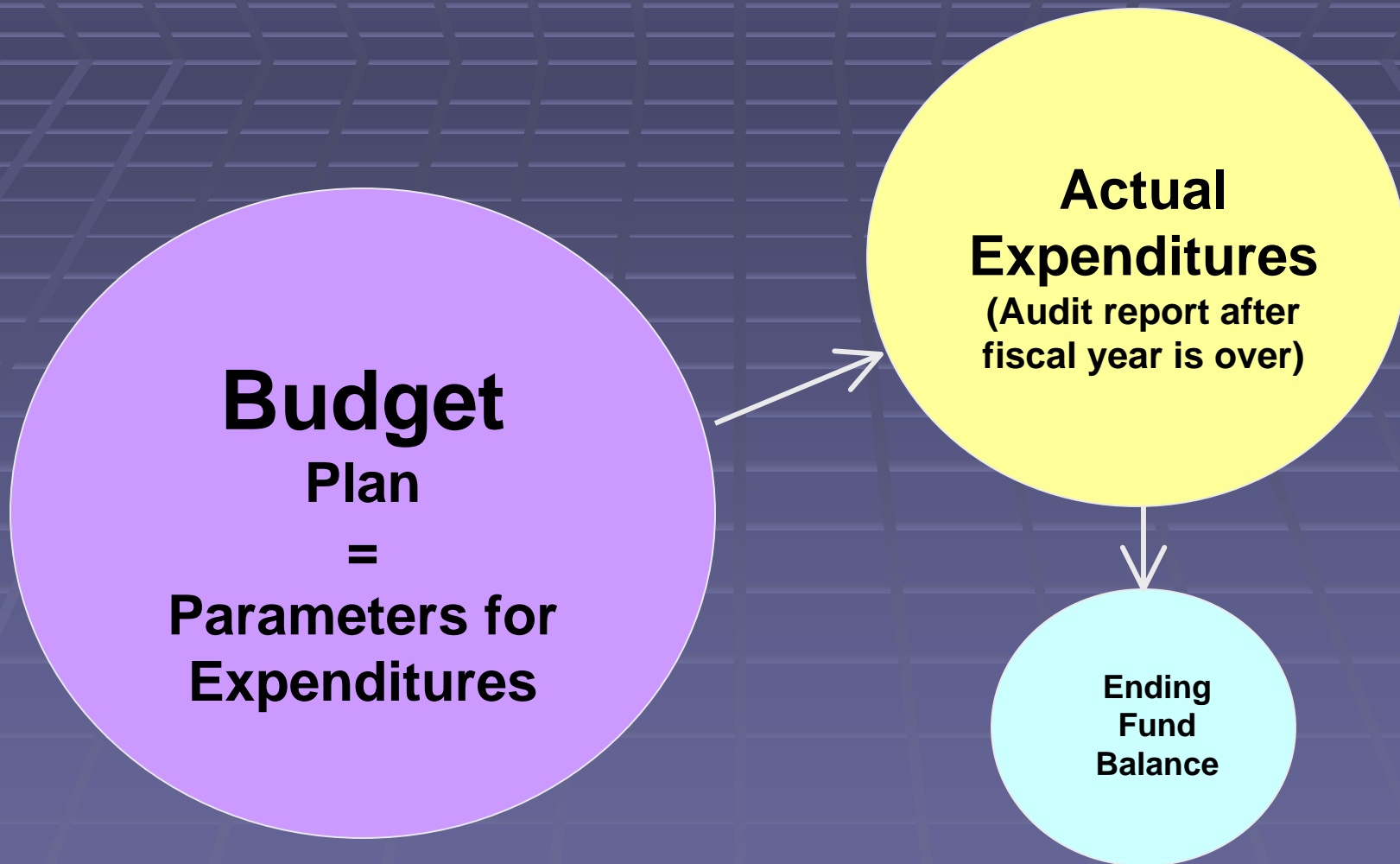
Proposed 2005-06 Budget

Lane Community College
May 11, 2005

Resources: Budget v. Actual



Expenditures: Budget v. Actual



Budget

- Defines reasonable **outside limits** for Resources and Expenditures
- Provides overall picture of **major revenue sources**
- Provides a general **plan** for how resources will be allocated
- Provides for **unforeseen or emergency needs**
- **Must balance** (i.e. total operating resources must equal total operating expenditures)

Projection

- Current **forecast** of future resources and expenditures
- Provides as **close an estimate as possible** (taking into account current knowns v. unknowns)
- Uses **historical spending patterns** as a model where possible
- **Identifies budget development targets** (e.g., deficits that must be covered, surpluses that can be allocated to current or new activities)

Financial Report (Actual)

- Provides **accurate accounting** of financial performance (operating revenues and expenditures) after fiscal year is over
- Allows **comparison** of budget or projection to actual performance
- **Historical record** of financial reports provides basis for future projections

Step 1: Projections → Budget

DATA

State Budget

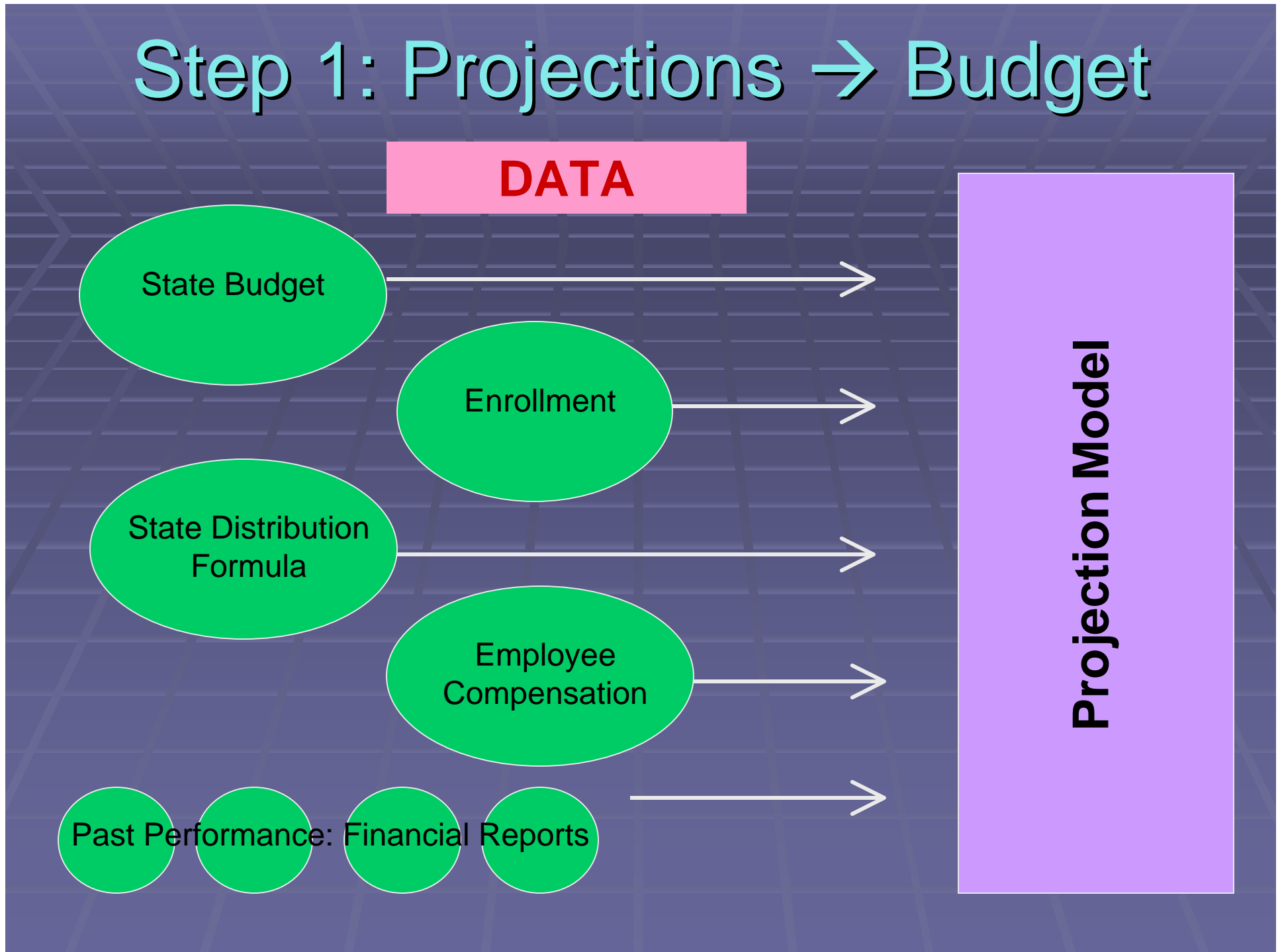
Enrollment

State Distribution
Formula

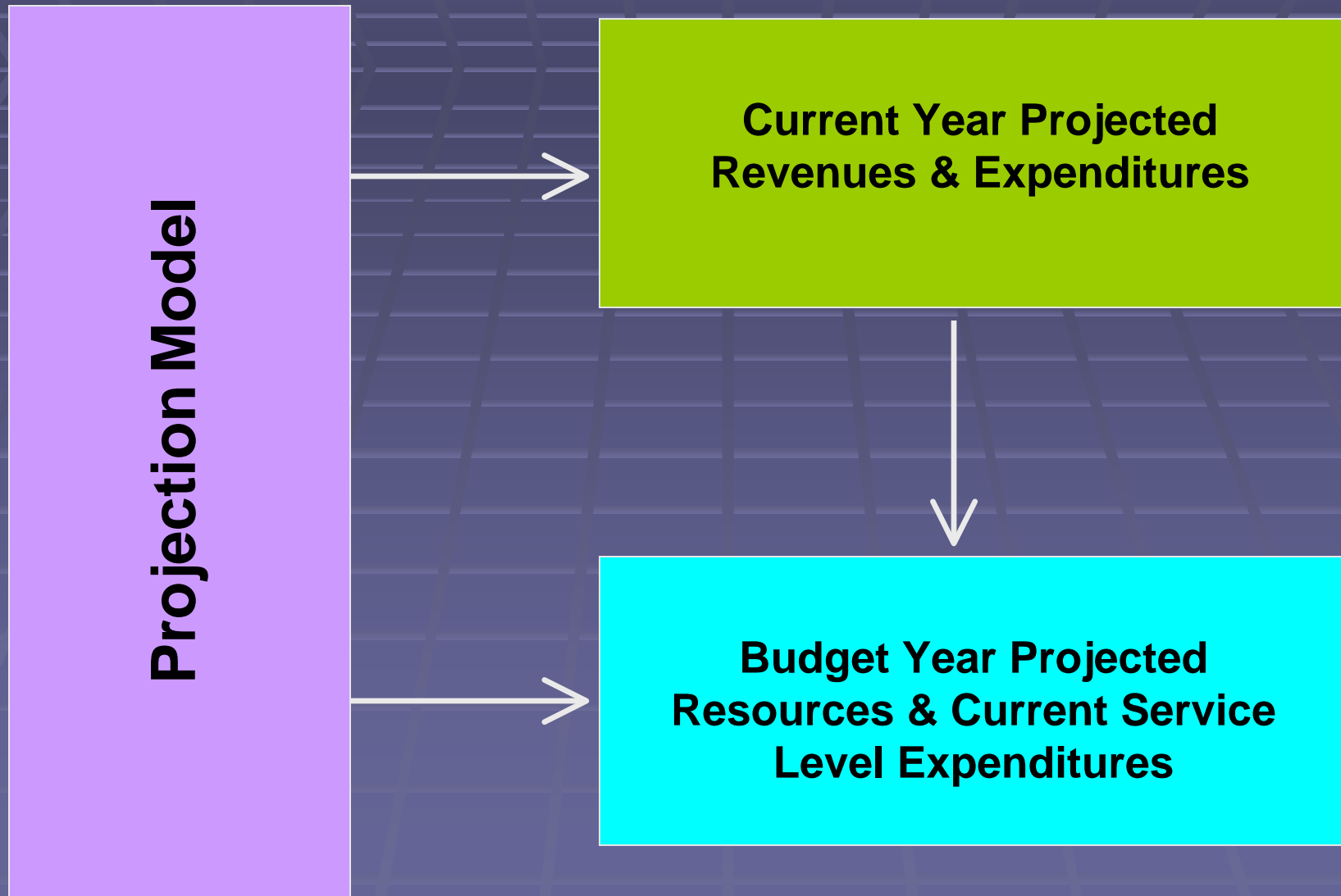
Employee
Compensation

Past Performance: Financial Reports

Projection Model



Step 2: Projections → Budget



Step 3: Projections → Budget

Budget Year Projections

Projected Resources

Current Service Level
Expenditures



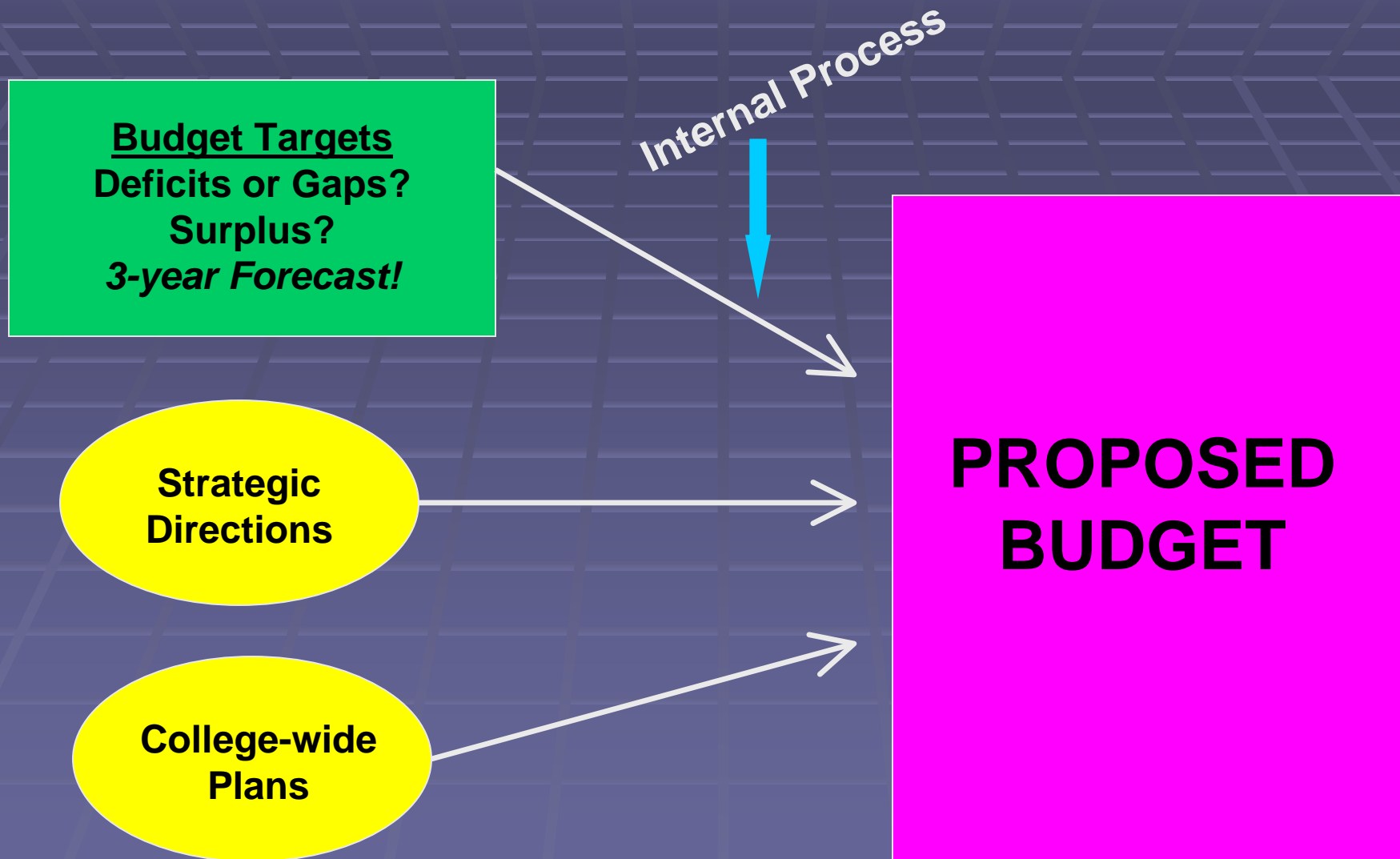
Budget Targets

Deficits or Gaps?

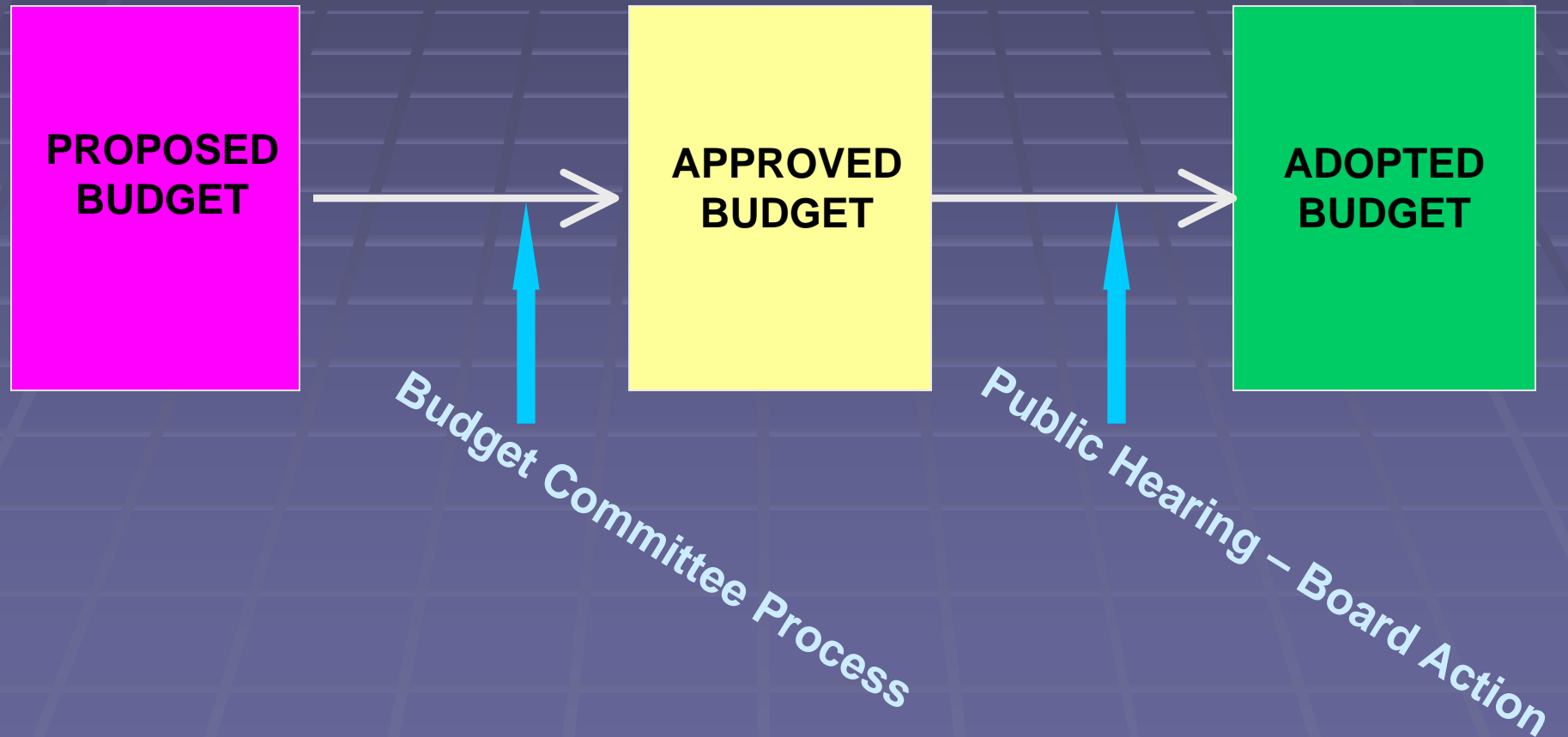
Surplus?

3-year Forecast!

Step 4: Projections → Budget



Step 5: Projections → Budget



Process for 2005-06 Budget

Unknowns with Significant Potential Impact

- State appropriation for community colleges in 2005-07 Biennium
- Fundamental changes to distribution formula for “Total Public Resources”
- PERS rates (Court decision on 2003 reforms & new unfunded liability calculations)
- Employee health insurance premium increases

Process for 2005-06 Budget

Developing a *Status Quo* Budget

- Unknowns were of such a magnitude that they presented an intractable problem for budget development
- When it became clear that it was possible to maintain current service levels for 2005-06, the Board approved a plan to develop a *status quo* budget for FY06 and to concentrate efforts on the 2nd year of the Biennium

Process for 2005-06 Budget

Developing a *Status Quo* Budget (cont.)

- New internal governance systems – especially the strategic planning system – were not developed to the point that they could deal with major changes to the budget in a meaningful way

Process for 2005-06 Budget

Developing a *Status Quo* Budget (cont.)

- Reliable signals that major reductions in FY06 would not be necessary → deliberate choice to not take dramatic budget measures in a year when we needed to further stabilize financially AND increase enrollment capacity.

Issues for 2005-06 Budget Development

Financial Stability:

- Probable revenue shortfall in second year of upcoming Biennium
- Need to build enrollment in targeted instructional areas
- How to maintain plan for funding capital projects and reserves
- Rising health care and PERS costs

Issues for 2005-06 Budget Development

Accessibility & Affordability

- Tuition is only major revenue source under control of the college
- Differential pricing
- How to address the problem of affordability for students

Issues for 2005-06 Budget Development

Strategic Directions

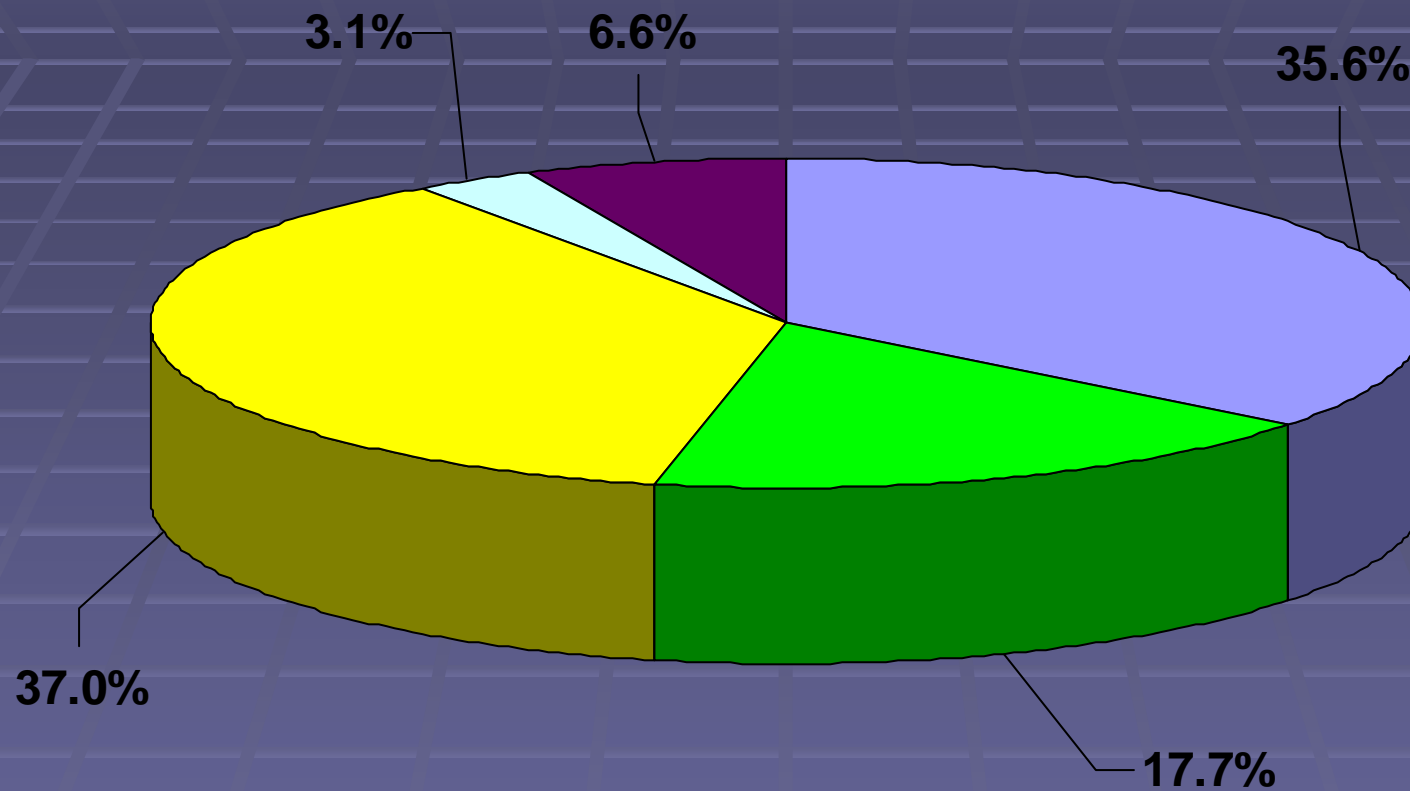
- If more state funds are allocated to community colleges, we need to invest additional funds in strategic ways
- Need to maintain discipline of funding equipment replacement & major maintenance
- Need to fund reserves to position college for possible future revenue shortfalls

FY06 General Fund Budget

Total Resources = \$81.0 million

- 2.2% increase over FY05 budget
- Assumes \$416 million state appropriation for community college support fund
- Assumes 4% enrollment increase
- Tuition rate = \$67 per credit (Board approved new adjusted rate in December)

Revenues by Source



State

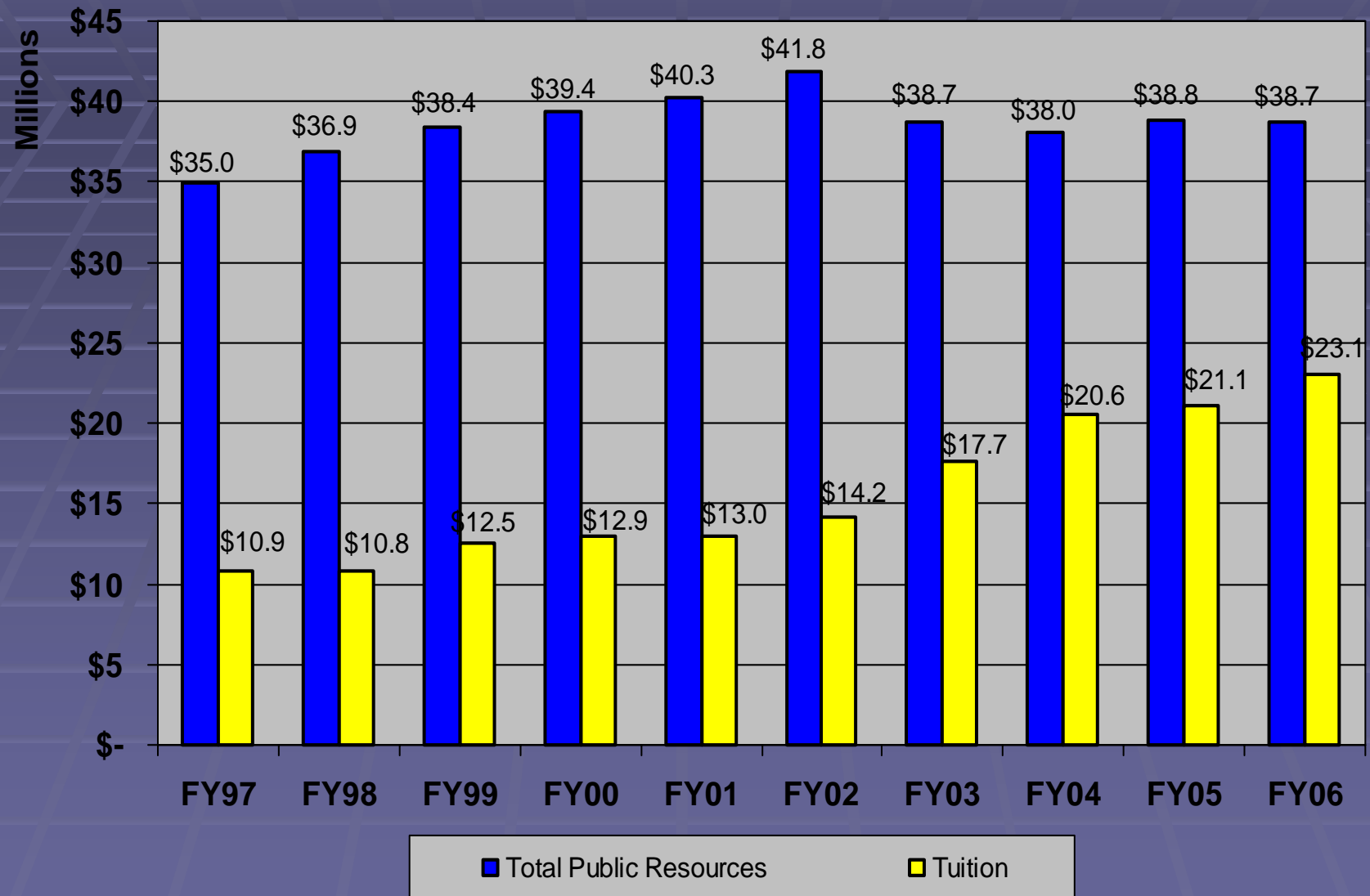
Tuition

Other Miscellaneous

Property Taxes

Instructional Fees

Total Public Resources & Tuition Revenues

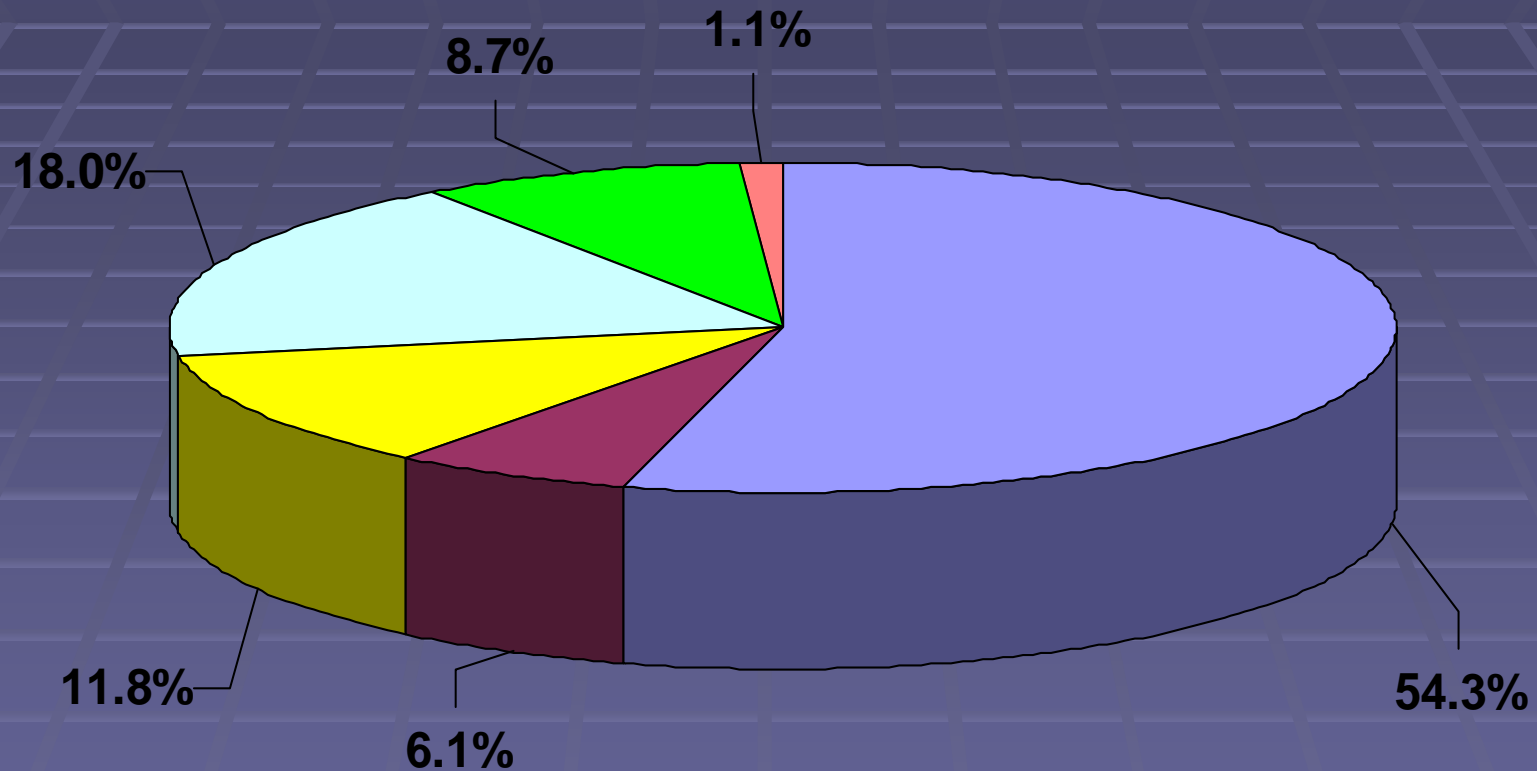


FY06 General Fund Budget

Expenditures

- Employee health insurance premiums increase only 4.2%
- PERS rate will increase by 1.8 percentage points on July 1, 2005
- Includes planned increases to Major Maintenance & general Capital Outlay
- No inflationary adjustments to department M&S budgets for several years

Expenditures by Expense Function



Instruction

Instructional Support

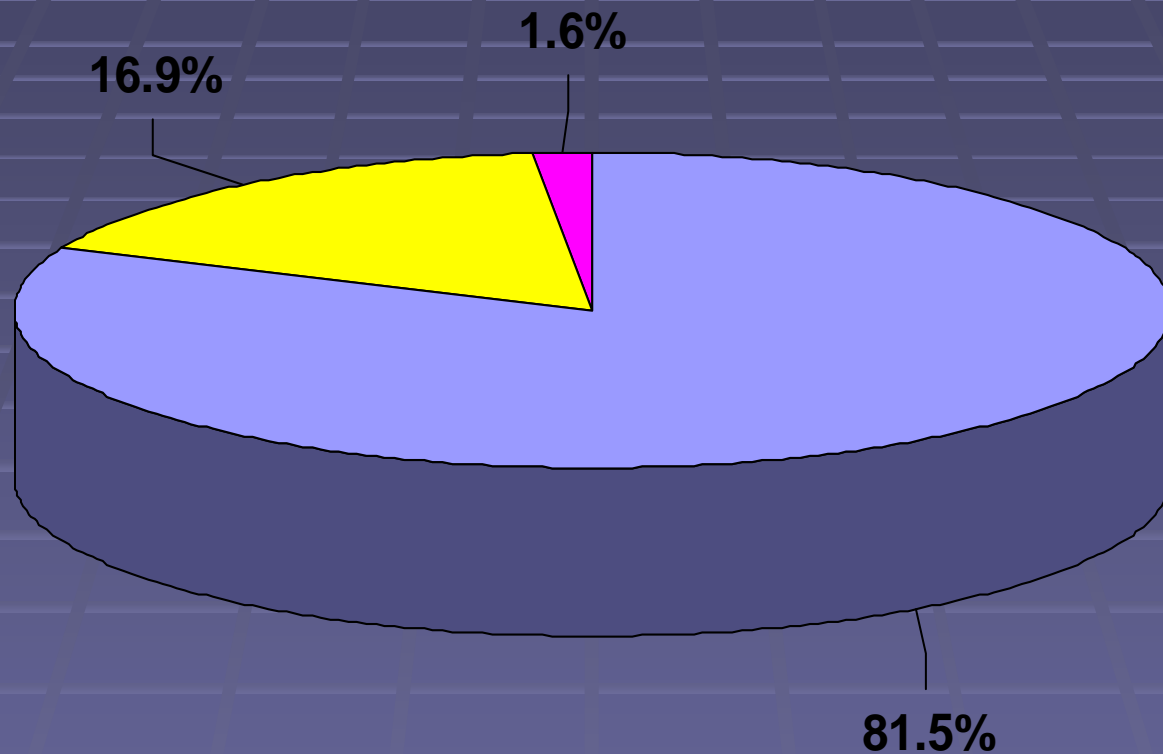
Student Services

College Support

Plant O&M

Financial Aid

Expenditures by Object



Personal Services

M&S

Capital Outlay

FY06 General Fund Budget

Budget Committee Discussions

- Differential pricing
- PERS Reserve funding
- Possible increases to Financial Stabilization Reserve Fund
- Strategies for possibility of additional funds from the state (above \$416 million appropriation level)
- Capital Reserve Fund

Fund IX: Administratively Restricted

Total proposed budget = \$15.7 million

- Increase of \$3.9 million or approximately 33%
- Approximately \$3 million of increase because of PERS Reserve established in FY04 budget
- Contains several instructional programs & some services supported primarily or totally from designated revenue

Fund II: Internal Service

Total Budget = \$2.97 million

- Increase of 8.3%
- Fund includes units charging fees for services to college departments (e.g., Printing & Graphics, Telecommunications)

Fund III: Debt Service

Total Budget = \$8.5 million

- Increase of 9.9%
- Most of increase for principal and interest payments for Pension Bonds

Fund IV: Capital Projects

Total Budget = \$10.1 Million

- Decrease of \$2.5 million
- Wrapping up the last of the Bond Project & LASR implementation
- One-time allocation of \$810,000 for deferred maintenance in FY05 – not in FY06 proposed budget

Fund V: Financial Aid

Total Budget = \$53.5 Million

- Increase of 1.4%
- Note: budget increased approximately \$15.8 million or 43% in FY05

Fund VI: Enterprise

Total Budget = \$12.5 Million

- Increase of \$500,000 or 4.2%
- Fund contains units that receive all or most of their revenue from sales outside of college departments (e.g., Bookstore, Food Services)

Fund VIII: Grants & Contracts

Total Budget = \$16.1 Million

- Budget in Fund VIII is primarily “budget authority” for any grants and contracts received in the budget year

Fund X: Quasi-Endowment

Total Budget = \$1.2 Million

- No change from FY05 budget
- Contains funds donated to KLCC for future endowed services or projects

Additional Information

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malmbergk@lanecc.edu

Next Meeting

May 18, 5:30 PM, Boardroom
(a light supper will be available at 5:15)

- Public Comment
- PERS Reserve
- Differential Pricing
- Capital Reserve Fund
- Other information as requested