Budget Assumptions and Projections

Approved by the Board of Education November 6, 2007

A. Revenues

1. Total Public Resources

a. Funding for fiscal years FY08 and FY09 was set during the 2007 legislative session. The state funding distribution includes 100% of property tax revenues as a component in the formula; therefore total public resources represents revenue previously reported separately as state resources and property tax resources.

b. Total Public Resources for FY09 is projected at a $1.6M increase over FY08 projected revenues in the state distribution model. This would increase if additional resources are provided in the FY08 Special Session.

2. Tuition

a. Tuition revenues are projected based on (a) enrollment targets set for FY08 and (b) enrollment projections developed by Institutional Research, Assessment & Planning for years beyond FY08. Additional enrollment scenarios will be used during the budget development process.

b. Tuition revenue projections are based on total tuition assessed. Tuition waivers and uncollected tuition are reported as expenditures.

c. Tuition revenues include tuition generated by Fund IX instructional units.

d. Projection of FY09 tuition revenue uses rates adjusted for inflation using the Higher Education Price Index (HEPI) for 2007 (per Board Policy D.110).

e. Revenues from differential pricing are increased by the same percentage as tuition increases for FY08 and beyond.

3. Instructional Fees

a. Projections for instructional fees use predicted expenditures based on historical trend analysis.

b. Projections assume that all fees are collected at 100%. Uncollected fees are reported as expenditures.

c. All instructional fees are administratively restricted revenue. That is, fees are tied to specific expenditures and are not available for general allocation.

d. Technology Fee revenue is a restricted revenue in Fund IX.

4. Investment Income

Income estimate is based on current returns available in the Local Government Investment Pool (LGIP). The average amount invested is estimated using historical cash flow trends and changes in the Ending Fund Balance. Estimates will be adjusted as appropriate if there are material changes in market conditions.

5. Sale of Goods and Services, Administrative Recovery, all Other Sources of Revenue

These revenues are projected based on analysis of actual results from the most recent year within each category.

B. Expenditures

1. Personal Services

a. Personal Services expenditures for FY08 are based on actual position lists. Positions expected to be held vacant during FY08 are not included. Projections for FY09 will be made both with the assumption of all vacancies filled and with FY08 vacancies carried forward.

b. Part-time compensation projections are based on historical use for classified employees and enrollment planning projections for faculty.

c. Negotiated compensation settlements are used in the projections where applicable. Multiple projection scenarios will be developed to determine the cost and impact of salary increases where no compensation settlements exist.

d. OPE rate is recalculated every year using projected actual costs of benefits. Calculated rate for FY08 is 55.8% for full-time and 34.5% for part-time employees. Calculated rates for future years will vary with changes such as PERS rates and health insurance increases. Benefit estimates for FY09 provide for an increase in health premium costs of 10% as well as one based on historical trends.

2. Materials & Services

Projections use analysis of actual results from the most recent two years to predict M&S expenditures for FY08 and beyond.

3. Capital Outlay

a. Projections use historical trend analysis as the starting point for projections. Projected expenditures for Capital Outlay are then adjusted for budgeted increases for the general-use Capital Outlay fund.

b. Capital Outlay needs are documented by the Capital Assets Replacement Forecast and department/division unit plans.

4. Contingency

a. Unappropriated Ending Fund Balance:

- By Board Policy, the Unappropriated Ending Fund Balance UEFB is set at 3% of budgeted General Fund expenditures.
- According to Oregon Budget Law, the UEFB budgeted for the current year may not be spent except under extraordinary circumstances and therefore will be part of the total Ending Fund Balance and a resource for the ensuing year (Net Working Capital Unrestricted and part of the Beginning Fund Balance).

C. **Beginning / Ending Fund Balances (Net Working Capital)**

1. For the purposes of projecting future ending fund balances, it is assumed that restricted resources, including Net Working Capital Restricted, are expended according to historical patterns.
2. Board policies E.020 and E.030 set parameters for the General Fund Ending Fund Balance and require a total unrestricted Ending Fund Balance target of approximately 5% (including the Unappropriated Ending Fund Balance)