Budget Guidelines for FY11

Overview

This document incorporates separate documents covering strategies, principles, priorities, and assumptions used in preparing the budget over the past few years. FY11 will be a challenging budget year as there are no new public resources and there are far more requirements for new resources than a normal tuition increase can cover. The vast majority of the budget is already committed in existing contracts and agreements. Balancing the budget needs to available resources will require many difficult choices.

Strategies

Pursue the following strategies for fiscal year 2011 to increase funding.

Strategically increase enrollment – short and long term, including but not limited to:

Target: 2% (Est.) (See Appendix B)
Budget impact: Approximately $200,000

Pursue the following strategies to decrease expenses:

Hold vacant positions open when necessary but reduce reliance on this strategy.
Defer capital investments (short term) when appropriate.

Principles

Budget planning will be guided by the following principles:

1. Budget planning will be guided by the college strategic plan, unit plans, council plans, and other planning efforts.
2. Budgets will focus on our mission of teaching and learning.
3. Budgets must meet legal, contractual, accreditation obligations.
4. Budgets must meet board policies and involve as much input from the college community as possible.
5. Maximize revenue generation balanced with accessibility and affordability.
6. Invest in new activities that maximize future revenue.
7. Support student enrollment, retention, success, and learning, while minimizing negative impact of budget constraints on quality of student services, instruction and college infrastructure.
8. Maximize investment in technology or streamlined work processes that will save resources.
9. Maintain ability to respond to community needs.
10. Avoid involuntary layoffs of permanent employees.
11. Maintain existing facilities and equipment well and upgrade as needed.
12. Benchmark to best practices while recognizing intentional variations between Lane and national norms.
13. Using data and objective criteria in planning and resource allocation. (See Appendix A for sample criteria)

Priorities: **(next year will be folded into strategies)**

The following initiatives will be used to develop and enhance sources of funding:

1. Enrollment Management
2. High School connections (College Now, RTEC)
3. Workforce Development
4. International Education
5. Recruit and retain to increase Credit Enrollment
6. Partnerships with 4-year Colleges and Universities
7. Strategic development of online courses and programs
8. Grants

The following initiatives will be prioritized for investment due to the potential to increase efficiency and productivity.

1. Instructional Redesign
2. Innovation linked to fiscal sustainability
3. Smart Classroom expansion and maintenance

Assumptions

The following assumptions will be used to determine budget requirements and available resources for the FY11 budget

Revenue Assumptions

Total Public Resources: This is obtained from a distribution model produced by the state Community College and Workforce Development Department (CCWD) which projects the college's share of the Community College Support Fund (CCSF) and an estimate of local property taxes. The largest variable in the distribution model is the amount of the state appropriation to the CCSF. The amount appropriated for the current biennium is $450.5 million. Property taxes normally increase slightly each year; however due to rapidly declining tax collectability, property values, and loss of local business properties we are projecting property tax revenues in the next biennium to continue at the current level of $14.75 million a year.

Tuition: The tuition assumption is based on last year's collections plus growth assumptions and price increases. We have assumed 12% enrollment growth occurring in FY 10 carried through to FY 11 and beyond. It also includes an estimated 2.3% increase based on the Higher Education Price Index (HEPI) index for FY11.

Student Fees: These are mandatory curriculum related fees such as the student government fees, transportation and technology fees, student health clinic, athletics, and required fees for certain courses. Most fee revenue is offset by a direct expense such as the LTD pass. All instructional fees are treated as administratively restricted revenue. Amounts vary but we are projecting these based on FY11 growth assumptions.

Non Mandatory Fees: These are fees that are associated with a course but not mandatory due to registration such as flight technology flying time, health professions equipment, and optional class supplies. We will project these based on FY11 growth assumptions.

Other fees and charges: These are child care fees, collection fees, conference fees, facility rental, Library fees, traffic fines etc. We are projecting these at the current level through FY11.

Administrative Recovery: Bookstore contribution of $250,000 a year and administrative fees from grant and financial aid support. Projected at current levels through FY11.

Gifts and Donations: Most gifts and donations to the college go to the Foundation. This is mostly KLCC fundraising accounted for in fund 9. Projected at current levels through FY11.

Grants/Contracts: Most grant revenue is accounted for in Fund 8. This category accounts for minor exceptions that may need to come directly to offset a general fund expense. Projected at current levels through FY11.

Interest Income: This is primarily interest from general fund cash invested in the Local Government Investment Pool (LGIP). Projected at current levels through FY11 but will likely be lower due to low short term rates in the current market.

Other Revenue: While the title implies a wide variety of revenue this comes almost entirely from two sources. These are the foundation reimbursement for foundation payroll, and PeaceHealth contribution for nursing faculty. Projected at current levels through FY11.

Sales of Good and Services: This is KLCC underwriting, sales of student materials by departments, culinary sales, and Business Development Center contracts. Projected at current levels through FY11.

Transfers In: Transfers from the Center for Meeting and Learning and Food Services portion of the enterprise fund (Fund 6) to support general fund faculty expense in culinary arts. Projected at current levels through FY11.

<u>Expense Assumptions</u>

Personal Services: This is tied to the funded position list of contracted positions for positions budgeted for FY10 with furlough reductions/compensation reductions restored. Projection scenarios will vary with assumptions regarding unfunded vacancies, steps, or COLA. Base assumption includes filling ten faculty positions with commensurate reduction in part time faculty.   Includes OPE rate at FY 10 level of 55.5% for full time and 31.2% for part time.

Personal Services-P/T: Compensation for part time faculty based on the college enrollment model and historic requirements for part time staff expense. May increase depending on compensation changes.

Materials and Services: Includes all operating costs such as interest expense, supplies, contracts, utilities, repairs etc. Projected but underfunded at FY10 levels

Capital Outlay: Funds capital investments such as library books and classroom equipment. Requirement tied to the Capital Asset Replacement schedule. Projected at current levels through FY11. Normally driven by the Capital Assets Replacement Forecast (CARF) but that has remained underfunded in recent years.

Goods for Resale: This is the cost of goods for the revenue recorded in the Sales of Goods and Services category.

Transfers out: These are transfers from the general fund to fund requirements in other funds for capital improvements and major maintenance projects. FY 10 transfers were reduced in the budgeting process. FY11 transfers are based on full funding of annual requirements per approved plans.

Transfers out-Financial Aid: This is a transfer from the general fund to the Financial Aid fund (fund 5) to provide matching funds for Federal Work Study and funds the college Learn and Earn program for student workers. It also funds athletic scholarships. It is projected to increase at the HEPI rate.

Appendix A

(These criteria and data elements are used regularly by units to inform planning and budgeting at the unit level. In addition they are used by committees allocating sources such as Student Technology Fee and Perkins Grants. In the event of budget or program reductions these elements will inform those decisions.)

Instructional Programs

CRITERIA	DATA ELEMENT
Enrollment – demand	5-year Enrollment History; future trends
Program – Discipline cost	Cost per FTE; revenue; comparisons with selected Oregon colleges
Retention	Student Persistence at the institutional level; course completion
Capacity – Utilization	Capacity Analysis – class fill rate; student:faculty FTE
Essential courses required for degree/certificate	Student enrollment in required courses
Availability of jobs (for CT programs)	Employment Department data
Wages (for CT programs)	Employment Department data
Job Placement (for CT programs)	Employment Department data

Student Services

CRITERIA	DATA ELEMENT
Enhances Student Engagement	Number of service contacts Number of unduplicated participants Demographics of individuals served Other evidence of enhancing engagement
Enhances Student Learning	Enhanced student persistence Enhances one of five benchmarks from the Community College Survey of Student Engagement (Active & Collaborative Learning, Student Effort, Faculty/Staff and student interactions, Academic Challenge, Support for Learners) Other evidence of enhancing learning
Enhances Student Satisfaction	ACT Satisfaction data CCSSE satisfaction data Other evidence of enhancing satisfaction
Requirement for Service	Essential to completing a business process with students Essential to an effective educational experience Legally mandated
Uses resources efficiently	Comparison of faculty/Staff to student ratios to national association standards and best practices. Develop appropriate institutional benchmarks, Demand/capacity analysis (i.e., waitlists, complaints about access, etc.) Total general fund budget Budget from other sources (i.e., student fees, grants, etc.) Other evidence of efficient use of resources
Note: Because Student Services are so diverse, it is difficult or impossible to use a standard set of data elements for every service.	

College Services

CRITERIA	DATA ELEMENT
Service is essential to operation of the institution	Consequences of not having service Citation(s) for legal requirements (e.g. governing ORS, federal code, IRS, and audit requirements)
Cost of service	Total General Fund support for service (offset by service charges) Service charges and other revenue that offset GF support Revenue directly provided to GF by service
Service is cost effective	Comparison to industry standards (e.g. housekeeping sq. ft./staff FTE, # desktops/IT technician). Develop appropriate institutional benchmarks, Cost comparisons with similar outside services Cost savings for college compared to cost of service
Service is utilized	Customer counts Service logs Number of transactions
Note: Because college services are so diverse, it is difficult or impossible to use a standard set of data elements for every service.	

Appendix B
FY11 Factors in Estimating Enrollment Change

1. Unemployment[1]
   Prediction: Flat to slightly lower over next year (Lane County Economic Forum)
   Should not expect to contribute further to enrollment growth.
2. Cost of attending (Tuition and Fees)[2]
   Cost of tuition compared to the other institutions in the area –highest for community colleges in Oregon but lower than neighboring 4 year institutions. Should be expected to have a dampening effect on enrollment. (See footnote)

3. Population growth in the area predicted to be flat to lower due to job losses in region. FY 2009 growth in Oregon was .9%. Lane County growth normally 2/3 that of state. Est.=.06% (Center for Population Studies, PSU)

4. New programs (Estimated impact a maximum of 2%)
   a. Online course growth
   b. Florence Nursing cohort (4-5 FTE)
   c. Additional Physical Therapy cohort (20 FTE?)
   d. Returning Veterans
   e. (Hynix cohort graduating)

5. Capacity to meet enrollment growth:
   a. Space: currently limited to early or later start times but moving to online and hybrid courses to address space limitations
   b. Faculty: Prior bargaining facilitated additional teaching capacity and classes.
   c. Classified staff-limited capacity to absorb new work and already requiring unbudgeted time sheet funding.

6. Peer Institution comparison: Average budget for FY11 enrollment growth = 1%

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[1] All else equal for each 1% increase in the unemployment rate leads to an increase in total FTE of 1.1%. (Source: PCC Study for Oregon Presidents council)

[2] Experience with large increases after last recession indicated that all else equal every 1% point increase in credit tuition and fees yielded a 0.86% decrease in the number of students majoring in lower division collegiate or career technical fields of study. (Source: PCC Study for Oregon Presidents Council)