

# **Agenda Item Number 8.D.**

## **FY 2007-08 Budget Assumptions and Process**

**Presenter:** George Kloeppe

**Action Recommended:** Adopt Assumptions—Consent Agenda

**Background:**

At its October meeting, the LCOG Executive Committee endorsed the following Budget Assumptions and Process for the FY2007-08 year, and recommended their approval by the Board. While subject to change, they will be the relevant guide for the staff and the agency's Budget Committee in the development and approval of the coming year's budget.

**RECOMMENDED FY 2007-2008 BUDGET ASSUMPTIONS**

1. The CPI for the prior year is 3.8% (August Annual Average 2006 CPI-U for US).
2. Health Insurance premiums are expected to increase 10%. Each 10% increase in insurance costs results in a 1.0% increase in total compensation, so health insurance premiums are expected to increase total compensation by 1.0%.
3. A cost of living adjustment to the salary schedules of 2% will be budgeted.
  - a. LCOG SEIU will increase 2% for FY07/08.
  - b. The State SEIU will receive 2% in December, 2006.
  - c. The estimated City of Eugene increase is 3.0%.
  - d. Lane County is 0% but is picking up employee PERS contributions.
4. The current LCOG employer PERS rate is 12.87% and the OPSRP rate is 9.58%. Beginning July 1, 2007 the LCOG PERS rate will be 10.93% and the OPSRP rate will be 13.72%.

5. Specific details of compensation and health insurance will be determined through negotiations with the LCOG bargaining units. The total increase in compensation will be limited to 3.0%.
6. Merit increases are expected to increase total compensation. Employees are eligible for 3.5% annual merit increases. However, about 40% of employees will be at the top step of their salary range, which means that they are not eligible for merit increases.
7. LCOG compensation, including salaries and benefits, will be comparable to similar positions in the same job market. This is required to attract and retain quality employees.
8. LCOG will provide adequate workspace, equipment and training to enable employees to be productive and effective.
9. The agency will continue to build a General Fund reserve with the goal that the reserve exceeds two months of payroll cost.
10. To the maximum extent possible, all programs or contracts will be self-supporting. LCOG General Fund dollars will only be used when required as match or to provide temporary support to a program or to support a strategic initiative.
11. S&DS, as a local transfer agency, has a significant funding equity issue compared to State operated S&DS. In the past, additional resources have been required to maintain adequate staffing levels in the program.
12. New programs or program reductions will be individually presented to the Board.

The Budget Process, also approved by the Committee, in October is submitted here for the information of the Board. (note that the initials shown reflect staff responsibility):

## 2007-2008 LCOG BUDGET PROCESS

<u>DATE</u>	<u>TASK--RESPONSIBLE PERSON(S)</u>
10/19/06	Executive Committee establishes budget assumptions--GK Executive Committee Reviews Proposed Dues Rates for FY08--GK
12/14/06	Board adopts Budget Process and Assumptions--GK Board approves Member Dues Rates based on Proposed Schedule--GK Board approves FY06 Financial Statements--GK
12/28/06	Dues Schedule mailed to member jurisdictions--GK
2/5/07	Budget Committee member(s) recruited. E-mail RG for notice to be placed in 2/7/07 City/Region section – Linda C
3/2/07	Deadline for receiving Budget Committee applications—Linda C
3/15/07	Executive Committee appoints Budget Committee--GK
4/4/07	FAX legal notice to RG on Budget Committee meeting for publication in April 8 paper (At least 8 – no more than 14 days in advance). —Linda C
4/19/07	Executive Committee and Budget Committee review Revised FY07 Budget--GK Recommend adoption of Revised FY07 Budget to LCOG Board
4/26/07	Board adopts FY07 Revised Budget—GK Proposed FY08 Work Program and Budget presented to the Board. The Budget document is mailed to members that did not attend the Board meeting. No additional copies distributed to Board members until final adopted document is printed--GK
5/02/07	FAX legal notice to RG on Budget Committee meeting for publication in May 6 paper (At least 8 – no more than 14 days in advance). —Linda C
5/10/07	Budget/Executive Committees mailing—GK/Ann
5/17/07	Budget Committee meeting--approve FY08 Budget—GK
6/13/07	FAX notice of Public Hearing to RG for publication Sunday, June 17 newspaper. (At least 8 – no more than 14 days in advance). --Linda C
6/28/07	Public Hearing on Budget/Adoption of FY08 Budget by Board--GK
6/29/07	Final document printed--(60)—Linda C Copies distributed to Board members at July meeting—GK

7/2/07 Mail final budget document, advertisements and revised budgets from prior year to Department of Revenue (Due by 7/15 to Dept of Rev) —Linda C

12/13/07 Board approves FY07 Financial Statements--GK