

# Agenda Item Numbers 12.A

## FY 2006-07 Budget Assumptions and Process

**Presenter:** George Kloeppe

**Action Recommended:** None. Information Only

**Background:**

At its November 18 meeting, the LCOG Executive Committee was presented with the following Budget Assumptions and Process for the FY2006-07 year.

On behalf of the Board, the following Assumptions were approved by the Committee. While subject to change, they become the relevant guide for the staff and the agency's Budget Committee in the development and approval of the coming year's budget.

### **PROPOSED FY 2006-2007 BUDGET ASSUMPTIONS**

1. The CPI for the prior year is 3.1% (August Annual Average 2005 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 FY06/07.
  - b. The State SEIU will receive 2% in December, 2006.
  - c. The estimated City of Eugene increase is between 2% and 3%.
  - d. Lane County cannot provide an estimate at this time.
4. The LCOG employer PERS rate is expected to be 12.87%, the same as FY06. It is expected to increase next fiscal year (FY08) by about 5% of salary to 17.8%.
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% of salary.

6. Merit increases are expected to increase total compensation. Employees are eligible for 3.5% annual merit increases. However, about 50% 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 for the coming year was also approved by the Committee (note that the initials shown reflect staff responsibility):

**2006-2007 LCOG BUDGET PROCESS**

<u>DATE</u>	<u>TASK--RESPONSIBLE PERSON(S)</u>
11/17/05	Executive Committee establishes budget assumptions--GK Executive Committee Reviews Proposed Dues Rates for FY07--GK
12/08/05	Board adopts Budget Process and Assumptions--GK Board approves Member Dues Rates based on Proposed Schedule--GK Board approves FY05 Financial Statements--GK
12/28/05	Dues Schedule mailed to member jurisdictions--GK
2/6/06	Budget Committee member(s) recruited—Linda C
3/3/06	Deadline for receiving Budget Committee applications—Linda C

3/16/06 Executive Committee appoints Budget Committee--GK

4/5/06 FAX legal notice to RG on Budget Committee meeting for publication in April 9 paper—Linda C

4/20/06 Executive Committee and Budget Committee review Revised FY06 Budget--GK  
Recommend adoption of Revised FY06 Budget to LCOG Board  
Executive Committee and Budget Committee review draft FY07 Budget--GK

4/27/06 Board adopts FY06 Revised Budget—GK  
Proposed FY07 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

5/03/06 FAX legal notice to RG on Budget Committee meeting for publication in May 7 paper—Linda C

5/11/06 Budget/Executive Committees mailing—GK/Ann

5/18/06 Budget Committee meeting--approve FY07 Budget—GK

6/6/06 FAX notice of Public Hearing to RG for publication Sunday, June 11 newspaper.  
Linda C

6/22/06 Public Hearing on Budget/Adoption of FY07 Budget by Board--GK

6/26/06 Final document printed--(60)—Linda C  
Copies distributed to Board members at July meeting—GK

6/30/06 Mail final budget document, advertisements and revised budgets from prior year to Department of Revenue—Linda C

12/14/06 Board approves FY06 Financial Statements--GK