

## **PROPOSED FY 2005-2006 BUDGET ASSUMPTIONS**

1. The CPI for the prior year is 2.65% (August 2004 CPI-U for US).
2. Health Insurance is expected to increase 15%. Each 10% increase in insurance costs results in a 2.0% increase in total compensation, so health insurance is expected to increase total compensation by 3.0% unless the plan design is changed.
3. A cost of living adjustment to the salary schedules of 2% will be budgeted.
  - a. LCOG SEIU will negotiate a new contract for FY05/06.
  - b. The State has
  - c. The City of Eugene will limit increases to 2%.
  - d. Lane County will limit increases to 2%.
4. The LCOG employer PERS rate will not be known until the late in 2004. The rate for FY05 was 7.56%. The rate is expected to increase 4.7%, so a rate of 12.26% will be used for FY06 until a more accurate rate is available.
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 6% 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. Funding for the next biennium will not be known until late spring. 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.