

Budget Message for Fiscal Year 2009
(July 1, 2008 – June 30, 2009)
Blue Mountain Community College District
Pendleton, Oregon

I. INTRODUCTION

Background. The Local Budget Law of the State of Oregon (hereafter State), which is set down in Oregon Revised Statutes 294.305 through 294.565, requires the chief budget officer of a local government to prepare a formal budget message that helps the budget committee and the public to understand the proposed budget. The governing statutes require that the budget message describe the financial policies reflected in the proposed budget and explain the important features of the budget. The budget message must also explain proposed changes from the prior year's budget and explain any major changes in financial policies. This message is intended to satisfy the requirements of the Oregon Revised Statutes as they pertain to the budget for the Blue Mountain Community College District (hereafter College) for Fiscal Year 2009 (hereafter FY2009).

Policies. The FY2009 budget for the Blue Mountain Community College District has been prepared in accordance with the budgeting and forecasting policies of the elected officials—known collectively as the Blue Mountain Community College District Board of Education (hereafter Board)—who are responsible for the administration of the College.

Specifically, the budget has been prepared in accordance with Board Policy IV.E, Budgeting / Forecasting. To wit: *College budgeting for any fiscal year or the remaining part of any fiscal year shall not deviate materially from Board Ends priorities, risk fiscal jeopardy, or be unrealistic in projections of income and expenses. The Board must adopt the College budget before the budget becomes effective. Accordingly, the President may not:*

- *Propose a budget without supporting information that projects revenues, expenses, and cash flow; that separates capital and operational items; and that discloses planning assumptions*
- *Plan the expenditure in any fiscal year of more funds than are conservatively projected to be received during that year, and than are in carryover accounts*
- *Propose a budget that does not provide the annual operating funds for Board prerogatives, such as costs of fiscal audit, Board development and training, Board professional fees, and Board travel for College business*

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- *Propose a budget that does not have a broad base of input, including approval by the Board appointed Budget Committee*
- *Propose a budget that fails to take into account Board Ends priorities*

Construct. The form, format, and content of the budget are determined principally by law. As detailed in the tab labeled, Summary of All Funds, the budget is organized by funds, which are accounting entities established by law for the purpose of recording the estimated expenditures (incurred monies) for the College as well as the projected resources (beginning monies and anticipated revenues) that will be available to pay for the estimated expenditures. The overall budget for the College is organized into seven separate and distinct funds:

- **General Fund**—records resources and expenditures associated with running the daily operations of the College, including, for example, local taxes and State appropriations (revenues) and staff salaries and facilities maintenance (expenditures).
- **Special Revenue Fund**—records monies generated or expended for specific purposes, including, for example, financial aid and out-of-district contracts
- **Debt Service Fund**—records the repayment of general obligation bonds and Public Employees Retirement System (PERS) pension bonds. For general obligation bonds, the money for the fund comes from a special property tax levy; for PERS pension bonds, the College assesses a charge on PERS-subject salaries. The expenditures in the fund are principal and interest payments on the bonds. Money dedicated to repay bonds cannot be used for any other purpose.
- **Building Fund**—records the resources and expenses for (a) constructing or acquiring capital facilities, such as land or buildings, and (b) funding other capital projects, such as lighting retrofits or pipeline replacements. It is a type of special revenue fund. The money for this type of fund usually comes from the sale of general obligation bonds; the levy of local option taxes; federal or State grants/appropriations; or donated gifts.
- **Enterprise Fund**—records the resources and expenses of acquiring, operating, and maintaining a self-supporting facility or service that is expected to generate revenues for general use, such as the College bookstore.
- **Internal Service Fund**—records the resources and expenses of acquiring, operating, and maintaining College-wide services such as the vehicle pool and the copy center. The fund is designed to be self-sustaining, i.e., it accumulates resources for the purchase of equipment and capital required to provide the services.
- **Agency Fund**—records money for a specific purpose that the College holds in trust for other parties, including, for example, the Community College Theatre and the Eastern Oregon Forum.

Approach. The current form, format, and content—structure, layout, and story—for the College budget was established and refined over a three-year period from FY2005 through FY2007, when modified zero-based budgeting exercises were used to restructure the manner in which resources and expenditures were recorded and tracked.¹ As a result of those efforts, which produced for the College a well-documented and well-understood budget, a modified budget rollover was performed during the FY2008 budget cycle and during this (the FY2009) budget cycle, as well.²

The adopted budget for the General Fund in FY2008 was \$318,433 (2.4%) greater than the adopted budget for FY2007, but some anticipated expenditures for FY2008 were not specifically budgeted, particularly in information technology where known requirements exceeded internal allocations by more than \$140,000. The overall integrity of the FY2008 General Fund was maintained as a result of (a) an unusually high rate of personnel turnover, which netted personnel “savings” on the order of \$300,000, and (b) a combination of unused contingency and additional State funding, property taxes, and student tuition, which netted an additional \$200,000.

While no budget will ever be realized exactly as planned, the approach to the FY2009 budget was to continue to estimate revenues conservatively, but also to expressly incorporate anticipated expenditures. The result has been that the budget expenditures for the General Fund have been increased by \$610,124 (4.4%) over the adopted budget for FY2008. The principal drivers of the increase are:

- Expenditures for information technology, which was underfunded in FY2008
- Expenditures for wages & benefits, which will rise as the result of planned staffing increases and scheduled pay raises
- Expenditures for utilities, which will rise as energy costs—particularly natural gas costs—continue to go up

The resources that will be used to balance the budget will come from a combination of (a) revenues from increased tuition and enrollment, improved retention, and increased property taxes, (b) reserve funds, and (c) beginning balance.

¹ Zero-based budgeting is a process whereby budget content is first zeroed and then proposed, reviewed, justified, and approved from a zero base up, without reference to the previous level of expenditure. The zero base is indifferent to whether the total budget is increasing or decreasing.

² Rollover budgeting is a process that replicates the budget—that duplicates the form, format, and content of the budget—and carries it from one year to the next, especially with respect to expense. A modified rollover budget is one that carries the same form and format from one year into the next, but makes allowance for minor changes in content, i.e., for incremental adjustments to the previous budget. In traditional incremental budgeting, what was spent during the previous budget year is automatically sanctioned, and managers justify proposed increases over the previous budget without reference to the previous level of expenditure. The College has taken a similar approach to the FY2008 and FY2009 budgets, with the following modification: Vice Presidents independently reviewed their spending patterns for FY2008 and, with the concurrence of the Chief Budget Officer, reallocated budget elements for FY2009.

II. BUDGET SUMMARY

The overall FY2009 budget is summarized in the tab labeled, Summary of All Funds, and the tabs that follow that summary provide the details for each of the seven funds that, together, comprise the College budget. Important highlights are:

- The total College budget for FY2009 is \$28,728,840, which is an increase of \$890,954 (3.2%) over the adopted FY2008 total budget
- The General Fund budget for FY2009 is \$14,467,992, which is an increase of \$610,124 (4.4%) over the adopted FY2008 General Fund budget

The General Fund is the hub of the budget wheel and generally receives the most attention because it:

- presents the estimated revenues and discretionary expenditures associated with the daily operation of the College
- accounts for fully half of the total budget of the College
- employs only resources (revenues) that can be legally used for general operations
- reflects variations in State funding
- mirrors the impact of local property taxes, which the Board must set and certify

Furthermore, the other funds are fundamentally different in that they are established for standalone activities, they are generally self-sustaining, and they often act in support of the General Fund.

Notwithstanding the importance of the General Fund, it is all seven funds that collectively—not individually—comprise the College budget and command the attention of stakeholders.

III. GENERAL FUND

Budget Form. The General Fund, like all funds that comprise the budget, has four constituent elements. They are beginning balance, projected resources, planned expenditures, and ending balance. Naturally enough, beginning balance (i.e., unspent funds carried forward from the previous budget year) *plus* projected resources *minus* planned expenditures *equals* ending balance. Each of these four elements is discussed in the paragraphs that follow.

Beginning Balance. The point of departure for the FY2009 budget is the Beginning Fund Balance, which is the estimated Ending Fund Balance for FY2008, or \$1,590,000. This Beginning Fund Balance is \$582,694 more than was forecast by the

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FY2008 budget, so the FY2009 budget benefits from an unanticipated but welcome carryover. The circumstances that led to the unanticipated carryover were addressed briefly in Section I, above, and they will be revisited in Section V, below.

Projected Resources. In addition to the \$1,590,000 Beginning Fund Balance, additional Resources available to the General Fund in FY2009 have increased by \$390,498 over the previous budget (see table, below).³ The increase in the Resources portion of the General Fund is apportioned amongst nine budget categories, as recorded below:

Budget Category	FY2008 Adopted Budget	FY2009 Proposed Budget	Increase (Decrease)
Federal Sources	-0-	-0-	-0-
State Sources	\$ 5,197,077.00	\$ 5,259,534.00	\$ 62,457.00
Other Government Sources	3,591,425.00	3,824,138.00	232,713.00
Private Sources	50,000.00	50,000.00	-0-
Tuition & Fees	3,438,800.00	3,592,600.00	153,800.00
Special Fees	272,900.00	206,500.00	(66,400.00)
Sales & Services	-0-	20,000.00	20,000.00
Other Sources	504,972.00	492,900.00	(12,072.00)
Transfers	530,000.00	530,000.00	-0-
<i>Total Resources</i>	<u>\$13,585,174.00</u>	<u>\$13,975,672.00</u>	<u>\$390,498.00</u>

The contributions to increased Resources are not remarkable, and they are explained in the formal notes that accompany the “Summary for General Fund Resources and Requirements” (see tab labeled, General Fund). However, it is noted here that the calculations for Tuition & Fees are based upon a modest growth in enrollment and a modest increase in the tuition rate for FY2009 (the new rate is \$66.00 per credit, approved by the Board during April 2008).

The modest increase in State Sources is the result of a complex, multi-variable calculation. To wit: the FY2008 budget was based on the assumption that the State legislature would appropriate \$481,000,000 for the Community College Support Fund in the new biennium; in fact, the legislature appropriated \$500,000,000 for the ‘08-‘09 biennium, which boosted

³ The increase reflects a management decision to hold Transfers from other funds to General Revenue at FY2008 levels, or \$530,000, which is the sum of \$480,000 (from the President’s Discretionary Account of the Special Revenue Fund) and \$50,000 (from the Bookstore, Continuing Education, and Customized Training Accounts of the Enterprise Fund).

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actual College revenues from State Sources by \$212,677 in FY2008. The FY2009 budget is based on the same \$500,000,000 appropriation that increased revenues in FY2008, but the budgeted amount—the projected revenue—for FY2009 is only \$62,457 more than the budgeted amount for last year. What accounts for this apparent “insufficient” increase for FY2009? The answer lays in the State Distribution Formula: the proportion of State Sources received by the College will be smaller in FY2009 than it was in FY2008 as a result of the next scheduled annual adjustment to the funding baseline pursuant to the State legislature’s six-year “equalization” initiative.⁴

Planned Expenditures. General Fund expenditures for FY2009 have increased by \$610,124 over the previous budget, or 4.4%, to \$14,467,992. The increase is apportioned amongst the major budget categories, as follows:

Budget Category	FY2008 Adopted Budget	FY2009 Proposed Budget	Increase (Decrease)
Salaries & Wages	\$ 6,906,830.00	\$ 7,171,954.00	\$265,124.00
Payroll Expenses	2,888,854.00	2,982,831.00	93,977.00
Materials & Services	3,368,259.00	3,712,667.00	344,408.00
Capital Outlay	176,638.00	119,223.00	(57,415.00)
Transfers to Other Funds	442,287.00	406,317.00	(35,970.00)
Contingency	75,000.00	75,000.00	-0-
<i>Total Expenditures</i>	<u>\$13,857,868.00</u>	<u>\$14,467,992.00</u>	<u>\$610,124.00</u>

The increase in Salaries & Wages and in Payroll Benefits result from a combination of staffing changes (\$101,095) and a 2.5% pay increase for full-time and part-time employees (\$164,029), which will take effect on July 1, 2008.⁵ The funding

⁴ The changes to the State Distribution Formula that have been adopted by the Oregon State Board of Education and implemented by the Department of Community Colleges and Workforce Development in recent years continue to negatively impact the resources available to the College. The culprit is the principle of equalization, which is the principle that each and every community college should receive the same level of total public resources per FTE, i.e., appropriated State funds plus local tax revenues per FTE. Prior to the era of equalization, those community college districts—like Blue Mountain—that enjoyed strong local support (and, therefore, high local tax revenues per FTE) received more total public resources per FTE than districts that had less in the way of local tax revenues per FTE. The march towards equalized total public resources began in FY2006 and will continue through FY2011. Each year until then, the College will receive a slightly smaller proportion of appropriated State funds that are determined by FTE count and tax levy, combined, than it received the previous year.

⁵ Other key computational assumptions that were used to develop the personnel portion of the FY2009 budget are:

- ✓ Medical costs remain capped at \$875 per month, which covers medical, vision, life, and dental
- ✓ SAIF is between 0.4% and 3.75% of salary, depending on employee category
- ✓ Unemployment insurance decreased to 0.1% of salary for all non-student employees (*cont'd on next page*)

for staffing includes additional monies for recruiting and retaining students through improved recruiting, testing, and advising programs like the Timberwolves Student Introduction Project introduced last year. A summary of staffing-related changes is presented here:

Changes in Salaries & Wages and Payroll Benefits Expenditures	Increase (Decrease)
Addition of Full-time Geology & Physics Instructor	\$ 56,382.00
Addition of Allied Health Project Specialist	16,390.00
Addition for College Community Theatre Directors	3,000.00
Reorganization of the Enrollment Management Unit	(9,653.00)
Change in the Supervision of the Associated Student Government	(5,358.00)
Additional Costs Associated with Completion of Title III Grant in September 2008	27,905.00
Change in Approach to Addressing Diversity Coordination Needs	(20,000.00)
Additional Costs for Timberwolves Student Introduction Project	1,918.00
Savings Pursuant to Completion of Suicide Prevention Grant in September 2008	(7,579.00)
Increase in Part-time Staff for Testing	2,200.00
Increase in the Pool for Faculty Advisors	1,400.00
Change in Make-up of Human Resources Staff	(760.00)
Increase in the Pool for Part-time Recruiters and Advisors	38,725.00
Elimination of Executive Vice President	(7,109.00)
Reorganization of Service Center Staff	108.00
Change Coordinator for Morrow County & Boardman from Classified to Exempt	5,464.00
Reorganization of Hermiston Staffing	(1,938.00)
<i>Total Changes in Expenditures</i>	\$101,095.00

(Footnote 5, cont'd from preceding page)

- ✓ Long term disability is 0.93% of salary
- ✓ Step increases for faculty and classified staff will be in accordance with collective bargaining agreements
- ✓ Faculty and staff are distributed across three tiers of PERS; the contribution rate for Tier I and Tier II participants is 5.05% of salary, and the contribution rate for Oregon Public Service Retirement Plan participants is 7.52% of salary
- ✓ College pays the PERS employee contributions for the president, the vice president for operations, and full-time faculty
- ✓ One-half of the number of part-time employees are budgeted for PERS contributions at 7.52% of salary

The changes in Materials & Services expenditures are detailed in this table:

Changes in Materials & Services Expenditures	Increase (Decrease)
Nursing – Supplies for the Simulation Laboratory	\$ 2,000.00
EMT – Supplies for Simulation Laboratory	1,000.00
Diversity Activities – Professional Services (Reallocation from Payroll)	5,000.00
Athletics – Travel Expenses	5,324.00
Athletics – Fees for Game Officials	3,120.00
Technology – Under-budgeted Amount in FY2008	140,117.00
Technology – Reallocation from Capital Outlay	63,200.00
Technology – Additional Funding for Staff Equipment Requests	34,675.00
Federal Funds Acquisition – Consulting & Liaison Services	27,000.00
Commencement – Diploma Covers	2,725.00
Student Introduction – Supplies & Services for Timberwolves Intro.	2,360.00
Shipping / Receiving – Increase in Postage & Freight	7,000.00
Utilities – Increase in Costs for Utilities	60,000.00
Marketing – Savings from Career Focus Publication	(9,000.00)
Institutional Scholarships (Non-athletic) – Criminal Justice Tuition Waivers	15,000.00
Institutional Scholarships (Athletic) – Scholarships	10,000.00
Governing Board – Increase in Oregon Community College Association Dues	1,562.00
Governing Board – Reduction for Title III Administrative Cost	(34,675.00)
Board Elections – Increased Professional Services	6,000.00
President's Office – Increased President's Travel Pool	2,000.00
<i>Total Changes in Expenditures</i>	<u>\$344,408.00</u>

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The changes in Capital Outlay expenditures are:

Changes in Capital Outlay Expenditures	Increase (Decrease)
Theatre – Genie Aerial Work Platform	\$ 5,785.00
Technology – Reallocation to Materials & Services	(63,200.00)
<i>Total Changes in Expenditures</i>	<u>\$(57,415.00)</u>

The changes in Transfers to Other Funds Expenditures are:

Changes in Transfers to Other Funds Expenditures	Increase (Decrease)
Transfer to Retiree Insurance Account	\$(18,600.00)
Transfer to Suicide Prevention Grant	(23,947.00)
Transfer to Title II ABE Account	6,577.00
<i>Total Changes in Expenditures</i>	<u>\$(35,970.00)</u>

And, finally, the change in Contingency is:

Changes in Contingency Expenditures	Increase (Decrease)
Contingency	-0-
<i>Total Changes in Expenditures</i>	<u>-0-</u>

Ending Balance. Adding total projected Resources and subtracting total planned Expenditures from the Beginning Fund Balance for FY2009, the calculated Ending Fund Balance for the General Fund is \$1,097,000, which is slightly more than the Board-mandated minimum of \$1,000,000. The Board has set a minimum ending balance to ensure that sufficient funds are available to support cash-flow requirements between the time that one fiscal year ends and the time that the first revenues of the next fiscal year are booked, which is normally the first quarterly payment to the College from the Oregon Community College Support Fund on or about August 15 of each year.

IV. OTHER FUNDS

The changes to the budgeted Ending Fund Balance for each of the other six funds that comprise the College budget are:

Fund	FY2008 Ending Fund Balance ^(Note 1)	FY2009 Ending Fund Balance ^(Note 2)	Increase (Decrease)
Special Revenue Fund	\$ 775,249.00	\$ 799,234.00	\$ 23,985.00
Debt Service Fund	571,051.00	733,951.00	162,900.00
Building Fund	3,300.00	5,000.00	1,700.00
Enterprise Fund	86,782.00	50,280.00	(36,502.00)
Internal Service Fund	20,285.00	50,172.00	29,887.00
Agency Fund	19,788.00	4,046.00	(15,742.00)
<i>Total Ending Fund Balances</i>	<u>\$1,476,455.00</u>	<u>\$1,642,683.00</u>	<u>\$166,228.00</u>

Note 1: Based on the adopted budget for FY2008

Note 2: Based on the proposed budget for FY2009

The summary observation is that each of these special-purpose funds will be in the black at the end of FY2009. In particular, the President's Discretionary Account, which is an element of the Special Revenue Fund, is in better health than was projected a year ago. To wit:

- The Beginning Fund Balance, which was projected at this time, last year, to be \$560,075, is now projected to be \$1,129,000
- The drawdown to balance the General Fund for FY2009 will be the same as the drawdown for FY2008, or \$480,000
- The projected Ending Fund Balance for FY2009 is \$653,300

The bottom line, however, is that the President's Discretionary Account—the College's reserve account—will not be sufficient to balance the General Fund in FY2010. The matter is addressed further in Section V, below.

Some of the other noteworthy matters related to non-General Fund accounts and activities are:

- There is an overall increase in grants and contracts funding of \$215,000
 - The Title III Grant will end on September 30, 2008
 - The Suicide Prevention Grant will end on September 30, 2008
 - A new Pathways Alliance Grant took effect in FY2008 and will continue through FY2009

- The JOBS Program Grant has received additional funding
- A new Latino Education Project under the aegis of the Fund for the Improvement of Postsecondary Education (FIPSE) will begin in early FY2009 and continue into FY2010⁶
- The City of Hermiston and the College anticipate starting the preliminary studies and facilities design related to the Northeastern Oregon Business and Economic Growth Project using previously appropriated federal funds⁷
- The payment of principal on PERS pension bonds begins in FY2009⁸
- In prior years, there has been one budget account for Continuing Education; for FY2009, a separate budget page has been established for each College location, and total budget authority has been increased
- Revenue and expenditure for the Bookstore have been increased in line with customer demand

V. LOOKING AHEAD

At this time last year, the projected FY2008 Ending Fund Balance for the General Fund was \$1,007,306 and for the President's Discretionary Account—which serves as the principal reserve for the General Fund and has been steadily drawn down to balance the General Fund budget during each of the last several years—was \$560,000. It was estimated that the College would exhaust its reserves by the end of FY2009 and would not be able to balance the budget for FY2010 without effecting extraordinary measures.

However, the FY2008 Ending Fund Balances—which are the FY2009 Beginning Fund Balances—for the General Fund and the President's Discretionary Account are projected to be \$1,590,000 and \$1,129,000, respectively. These higher-than-anticipated balances were driven by:

- Increased beginning balances
- Additional State funds

⁶ This project is being funded with a federal appropriation that was awarded to the City of Hermiston. The project, which the College will manage and perform, is the precursor to a prospective Title V co-op project with Columbia Basin College in FY2010 that, in turn, is the precursor to a Title V Grant in FY2011 provided that the College can qualify as a Hispanic-serving institution in that timeframe. The Hispanic community is becoming a major constituency of the College, and the Title V Grant will provide major funding that can be expended across a broad range of College programs. Achieving Title V status is integral to the short- and medium-range objectives of the College.

⁷ The City of Hermiston, Eastern Oregon University, and the College are pursuing the final increment (\$5,459,000) of federally appropriated funding for the Northeastern Oregon Business and Economic Growth Project in FY2009, as well as the final increment (\$4,400,000) of State-appropriated capital funding for the project in FY2009.

⁸ The debt service on PERS is 8.2742%.

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- Additional property taxes
- Savings from personnel vacancies
- Unused contingency
- Reduced transfer to customized training
- Reduced Innovation Pool expenditures
- Unused Department of Corrections funds

As a result, even with an increase of \$610,124 in planned expenditures for FY2009, the projected FY2009 Ending Fund Balances for the General Fund and the President's Discretionary Account are \$1,097,680 and \$653,300, respectively.

When and by how much will College reserves be exhausted? For perspective, and as Illustrative Example #1, consider the following assumptions, which are anchored by the FY2009 budgets for the General Fund and the President's Discretionary Account:

- General Fund
 - Total Beginning Fund Balances will be \$1,097,000 for FY2010 and \$1,000,000 for FY2011
 - Total Federal Resources will remain at the current level of zero (0) for FY2010 and FY2011
 - Total State Resources will be allocated by the State Distribution Formula based on the current appropriation level of \$500,000,000 for FY2010 and FY2011
 - Total Other Government Sources will be escalated based on a 3.0% annual increase in property taxes for FY2010 and FY2011
 - Total Private Resources will remain at the FY2009 budgeted level of \$50,000 per year for FY2010 and FY2011
 - Total Tuition & Fees will be escalated at a rate that reflects a 3% per year growth in FTE and a 3% per year growth in the tuition rate (currently set at \$66.00 per credit) for FY2010 and FY2011
 - Total Special Fees will remain at the FY2009 budgeted level of \$206,500 for FY2010 and FY2011
 - Total Sales & Services will remain at the FY2009 budgeted level of \$20,000 for FY2010 and FY2011
 - Total Other Sources will be calculated for FY2010 and FY2011 based upon the FY2009 budgeted level of \$492,000 adjusted only for Interest Income, which will be calculated at 4% of the Beginning Fund Balances for FY2010 and FY2011
 - Total Transfers from the Special Revenue Fund (President's Discretionary Account) and the Enterprise Fund (all accounts) will be calculated to bring the General Fund to an Ending Fund Balance of \$1,000,000 for

FY2010 and FY2011, assuming that funds transferred from the Enterprise Fund will be fixed at the FY2009 budgeted level of \$50,000

- Total Salaries & Wages will be escalated at 2.5% per year for FY2010 and FY2011, and will account for the fact that the Diesel Technology Grant will end in December 2009
- Total Payroll Expenses will be calculated based upon an escalation of 2.5% per year for FY2010 and FY2011, excluding Health, Dental, Vision, and Life, which will be capped at \$875 per employee in accordance with existing union contracts; as above, expenses will account for the fact that the Diesel Technology Grant will end in December 2009
- Total Materials & Services will be escalated at 2% per year for FY2010 and FY2011
- Total Capital Outlay will be escalated at 2% per year for FY2010 and FY2011
- Total Transfers will remain at the FY2009 budgeted level of \$406,000 for FY2010 and FY2011
- Total Contingency will remain at the FY2009 budgeted level of \$75,000 for FY2010 and FY2011
- President's Discretionary Account:
 - Total Other Sources, which is comprised only of Interest Income, will be calculated for FY2010 and FY2011 at 4% of the Beginning Fund Balances for each year
 - Transfer to Other Funds will be the amount necessary to balance the General Fund so that its Ending Fund Balance will be \$1,000,000 for FY2010 and FY2011; there will be no transfers into the account

Based on these assumptions, Attachment 1, which is a simplified presentation of the General Fund summaries and the President's Discretionary Accounts for FY2010 and FY2011, demonstrates that the projected Ending Fund Balance for the President's Discretionary Account—the College's operating reserve—is \$(406,427) for FY2010 and \$(1,652,393) for FY2011. Clearly, College reserves at the end of FY2009 will not be sufficient to balance the budget in FY2010.

If the College is going to avoid the prospect of significantly cutting the budget for FY2010, then revenues must be increased between now and then. To provide additional perspective about how much revenues will be required, three additional illustrative examples are presented based upon scenarios currently being discussed in various venues:

- Illustrative Example #2 replaces the initial assumption about Total State Resources with:
 - Total State Resources will be allocated by the State Distribution Formula based on the Governor's proposed appropriation level of \$550,000,000 for FY2010 and FY2011

Attachment 2 demonstrates that the projected Ending Fund Balance for the President's Discretionary Account would be \$6,578 for FY2010, but \$(1,001,388) for FY2011. The conclusion is that the Governor's proposal, alone, would provide only a one-year reprieve.

- Illustrative Example #3 replaces the initial assumption about Total State Resources with:
 - Total State Resources will be allocated by the State Distribution Formula based on the Governor's proposed appropriation level of \$550,000,000 for FY2010 and FY2011 plus a proposed adjustment to the small-school base of the formula that results in an additional \$400,000 for the College for FY2010 and FY2011Again, Attachment 3 demonstrates that the projected Ending Fund Balance for the President's Discretionary Account would be \$463,203 for FY2010, but \$(75,795) for FY2011. The conclusion is that even if the Governor's proposal were to be supplemented by an adjustment to the small-school base, then the College would enjoy but a one-year reprieve.
- Illustrative Example #4 replaces the assumption about Tuition & Fees with:
 - Total Tuition & Fees will be escalated at a rate that reflects a 3% per year growth in the tuition rate and a 15% per year growth in FTE for FY2010 and FY2011Once again, Attachment 4 demonstrates that the projected Ending Fund Balance for the President's Discretionary Account for this scenario would be \$25,055 for FY2010, but \$(661,404) for FY2011.

Together, the preceding four illustrative examples confirm that the College faces significant revenue shortfalls in the immediate future, which previous budget messages have also conveyed. And while this document is a budget message, not a strategic plan or a business plan, these illustrative examples also suggest that it will take more than one successful revenue initiative to avoid a new round of program cuts and budget reductions; a portfolio of successful revenue initiatives will be necessary.

Consider, then, one final example, Illustrative Example #5, with the following revised assumptions:

- Total Federal Resources will remain at the current level of zero (0) for FY2010 and will increase to \$250,000 in FY2011 as a result of a successful federal appropriations initiative on behalf of the Northeastern Oregon Business and Economic Growth Project and/or a successful strategy to eventually win a Title V Grant as a Hispanic-serving institution
- Total State Resources will be allocated by the State Distribution Formula based on the Governor's proposed appropriation level of \$550,000,000 for FY2010 and FY2011 plus an adjustment to the small-school base of the formula that results in an additional \$400,000 for the College in FY2010 and FY2011

- Total Tuition & Fees will be escalated by an amount that is equivalent to growth rates of 3% per year in the tuition rate (currently set at \$66.00 per credit) and 8% per year in combined recruited and retained FTEs for FY2010 and FY2011

Based on these assumptions, Attachment 5 demonstrates that if the College can successfully grow revenues for general operations through a portfolio of diverse initiatives, then the projected Ending Fund Balance for the President's Discretionary Account—the College's operating reserve—could be perhaps \$642,987 by FY2010 and \$750,325 by FY2011.

VI. CLOSING REMARKS

In recent years, changes to the State Distribution Formula—including the application of the principles of equalization and thawing—have reduced public resources available to the College, both fractionally (i.e., in revenue per FTE) and in the aggregate (i.e., in total revenue). And since FY2007, the College has spent the major portion of its reserves in order to balance a budget that preserves core programs while it has searched for an effective way to increase revenues that will both balance a growth-oriented budget and restore College reserves. At the direction of the College president, the path forward began to crystallize during FY2008 along the lines suggested by Illustrative Example #5 in Section V, above.

The effort to grow institutional programs and offerings and capabilities by vigorously pursuing grant opportunities will continue. However, all grants and other directed-funds initiatives eventually come to an end, so the programs they nurture must emerge from grants-funded development as mature programs that either produce operating revenues that exceed program expenditures or contribute to integrated institutional capabilities that, together, produce operating revenues that exceed College expenditures.

The real shift in thinking that must occur is to embrace the notion that achieving a financially healthy College depends on driving revenues that can be booked as general operating funds. It is encouraging that over the course of the past year, planning for the pursuit of programs and capabilities that directly contribute to and aggressively grow operational revenues—the revenues that sustain the General Fund—has begun to mature. There are several initiatives wherein president, administration, faculty, staff, and community are collaborating as a team; they include:

- Evolving the focus of—and accelerating the timetable for—the ongoing collaboration with the City of Hermiston and Eastern Oregon University to drive business and economic growth in northeastern Oregon, which can produce operating revenues as well as construction dollars in the near term, and increased enrollments over the long haul

Budget Message for Fiscal Year 2009
Blue Mountain Community College District

- Stepping up the planning for an Equine Program, including curriculum development and facilities expansion in collaboration with the Confederated Tribes of the Umatilla Indian Reservation, which can attract new students from across the region (and the nation) and will generate General Fund revenues not only through increased enrollment (Tuition & Fees, which are leveraged in State Sources) but through private sponsorships, facilities usage, and special events (Private Sources and Sale & Services)
- Focusing on retention through a growing team effort by administrators, faculty, and staff to improve advising, counseling, testing, and tutoring, which can facilitate student success through effective, preemptive intervention strategies
- Implementing the Latino Education Project in collaboration with the City of Hermiston, which is the startup project for a fast-track initiative designed to increase Hispanic enrollment, achieve formal designation as a Hispanic-serving institution, and earn a Title V Grant for the College, which can result in producing significant and sustained revenues across the entire College (and can be leveraged into general operating revenues, as well)
- Establishing an aggressive recruiting effort, which can increase enrollment and retention (as measured by the FTE yardstick) by 3% in FY2009, 8% in FY2010, and 8% in FY2011
- Pursuing unrestricted funds through the Blue Mountain Community College Foundation

These and other initiatives are in consonance with Board Ends and the College Strategic Plan.

The FY2009 budget strikes a balance between the need to be judicious with College expenditures and the need to invest in program initiatives that will stimulate growth. There is risk in reallocating resources and increasing expenditures, but inaction will ensure the projected onset of deficits.

Respectfully submitted on behalf of the President, Blue Mountain Community College,

N. Clark Williams

N. Clark Williams

Vice President, Operations

Blue Mountain Community College

—and—

Chief Budget Officer

Blue Mountain Community College Education District

Attachment 1
 Budget Message for Fiscal Year 2009
 Blue Mountain Community College District

Illustrative Example #1
 General Fund

Summary for General Fund		Projected Budgets for FY2010 & FY2011			
		FY2009 Budget with \$500M	FY2010 Budget with \$500M	FY2011 Budget with \$500M	
RESOURCES AND REQUIREMENTS					
1	TOTAL BEGINNING FUND BALANCE	1,590,000	1,097,680	1,000,000	1
2	TOTAL FEDERAL SOURCES	-	-	-	2
3	TOTAL STATE SOURCES	5,259,534	5,266,475	4,937,535	3
4	TOTAL OTHER GOVERNMENT SOURCES	3,824,138	3,933,296	4,045,729	4
5	TOTAL PRIVATE SOURCES	50,000	50,000	50,000	5
6	TOTAL TUITION AND FEES	3,592,600	3,790,657	4,000,313	6
7	TOTAL SPECIAL FEES	206,500	206,500	206,500	7
8	TOTAL SALES & SERVICE	20,000	20,000	20,000	8
9	TOTAL OTHER SOURCES	492,900	411,807	407,900	9
10	TRANSFERS	-	-	-	10
11	4891 Special Revenue Fund	480,000	1,085,859	1,652,393	11
12	4894 Enterprise Fund	50,000	50,000	50,000	12
13	TOTAL TRANSFERS	530,000	1,135,859	1,702,393	13
14	TOTAL RESOURCES	15,565,672	15,912,274	16,370,370	14
15					15
16	TOTAL SALARIES & WAGES	7,171,954	7,447,149	7,731,623	16
17	TOTAL PAYROLL EXPENSES	2,982,831	3,075,279	3,170,730	17
18	TOTAL PERSONAL SERVICES **	10,154,785	10,522,428	10,902,353	18
19	TOTAL MATERIALS & SERVICES	3,712,667	3,786,921	3,862,660	19
20	TOTAL CAPITAL OUTLAY	119,223	121,608	124,040	20
21	TOTAL TRANSFERS	406,317	406,317	406,317	21
22	TOTAL CONTINGENCY	75,000	75,000	75,000	22
23	TOTAL EXPENDITURES	14,467,992	14,912,274	15,370,370	23
24	UNAPPROPRIATED ENDING FUND BALANCE	1,097,680	1,000,000	1,000,000	24
25	TOTAL REQUIREMENTS	15,565,672	15,912,274	16,370,370	25

Assumptions:

- Total Beginning Fund Balances will be \$1,097,000 for FY2010 and \$1,000,000 for FY2011
- Total Federal Resources will remain at the current level of zero (0) for FY2010 and FY2011
- Total State Resources will be allocated by the State Distribution Formula based on the current appropriation level of \$500,000,000 for FY2010 and FY2011
- Total Other Government Sources will be escalated based on a 3.0% annual increase in property taxes for FY2010 and FY2011
- Total Private Resources will remain at the FY2009 budgeted level of \$50,000 per year for FY2010 and FY2011
- Total Tuition & Fees will be escalated at a rate that reflects a 3% per year growth in FTE and a 3% per year growth in the tuition rate (currently set at \$66.00 per credit) for FY2010 and FY2011
- Total Special Fees will remain at the FY2009 budgeted level of \$206,500 for FY2010 and FY2011
- Total Sales & Services will remain at the FY2009 budgeted level of \$20,000 for FY2010 and FY2011
- Total Other Sources will be calculated for FY2010 and FY2011 based upon the FY2009 budgeted level of \$492,000 adjusted only for Interest Income, which will be calculated at 4% of the Beginning Fund Balances for FY2010 and FY2011
- Total Transfers from the Special Revenue Fund (President's Discretionary Account) and the Enterprise Fund (all accounts) will be calculated to bring the General Fund to an Ending Fund Balance of \$1,000,000 for FY2010 and FY2011, assuming that funds transferred from the Enterprise Fund will be fixed at the FY2009 budgeted level of \$50,000
- Total Salaries & Wages will be escalated at 2.5% per year for FY2010 and FY2011, and will account for the fact that the Diesel Technology Grant will end in December 2009
- Total Payroll Expenses will be calculated based upon an escalation of 2.5% per year for FY2010 and FY2011, excluding Health, Dental, Vision, and Life, which will be capped at \$875 per employee in accordance with existing union contracts; as above, expenses will account for the fact that the Diesel Technology Grant will end in December 2009
- Total Materials & Services will be escalated at 2% per year for FY2010 and FY2011
- Total Capital Outlay will be escalated at 2% per year for FY2010 and FY2011
- Total Transfers will remain at the FY2009 budgeted level of \$406,000 for FY2010 and FY2011
- Total Contingency will remain at the FY2009 budgeted level of \$75,000 for FY2010 and FY2011

Illustrative Example #1
 Special Revenue Fund

Dept 3004 President's Discretionary Account		Projected Budgets for FY2010 & FY2011			
		FY2009 Budget with \$500M	FY2010 Budget with \$500M	FY2011 Budget with \$500M	
RESOURCES AND REQUIREMENTS					
1	TOTAL BEGINNING FUND BALANCE	1,129,000	653,300	-	1
2	TOTAL FEDERAL SOURCES	-	-	-	2
3	TOTAL STATE SOURCES	-	-	-	3
4	TOTAL OTHER GOVERNMENT SOURCES	-	-	-	4
5	TOTAL PRIVATE SOURCES	-	-	-	5
6	TOTAL TUITION AND FEES	-	-	-	6
7	TOTAL SPECIAL FEES	-	-	-	7
8	TOTAL SALES & SERVICE	-	-	-	8
9	TOTAL OTHER SOURCES	45,000	26,132	-	9
10	TOTAL TRANSFERS	-	-	-	10
11	TOTAL RESOURCES	1,174,000	679,432	-	11
12					12
13	TOTAL SALARIES & WAGES	-	-	-	13
14	TOTAL PAYROLL EXPENSES	-	-	-	14
15	TOTAL PERSONAL SERVICES**	-	-	-	15
16	TOTAL MATERIALS & SERVICES	40,700	-	-	16
17	TOTAL CAPITAL OUTLAY	-	-	-	17
18	TRANSFER TO OTHER FUNDS	-	-	-	18
19	9100 Transfers	480,000	1,085,859	1,652,393	19
20	TOTAL TRANSFERS	480,000	1,085,859	1,652,393	20
21	TOTAL CONTINGENCY	-	-	-	21
22	TOTAL EXPENDITURES	520,700	1,085,859	1,652,393	22
23	UNAPPROPRIATED ENDING FUND BALANCE	653,300	(406,427)	(1,652,393)	23
24	TOTAL REQUIREMENTS	1,174,000	679,432	-	24

Assumptions:

- Interest income will be calculated for FY2010 and FY2011 at 4% of the Beginning Fund Balances for each year
- Interest is the only source of additional revenue; there will be no transfers from the Department of Corrections
- Transfer to Other Funds will be the amount necessary to balance the General Fund so that its Ending Fund Balance will be \$1,000,000 for FY2010 and FY2011

Attachment 2
Budget Message for Fiscal Year 2009
Blue Mountain Community College District

Illustrative Example #2
General Fund

Summary for General Fund		Projected Budgets for FY2010 & FY2011			
		FY2009 Budget with \$500M	FY2010 Budget with \$500M	FY2011 Budget with \$500M	
RESOURCES AND REQUIREMENTS					
1	TOTAL BEGINNING FUND BALANCE	1,590,000	1,097,680	1,000,000	1
2	TOTAL FEDERAL SOURCES	-	-	-	2
3	TOTAL STATE SOURCES	5,259,534	5,679,480	5,581,699	3
4	TOTAL OTHER GOVERNMENT SOURCES	3,824,138	3,933,296	4,045,729	4
5	TOTAL PRIVATE SOURCES	50,000	50,000	50,000	5
6	TOTAL TUITION AND FEES	3,592,600	3,790,657	4,000,313	6
7	TOTAL SPECIAL FEES	206,500	206,500	206,500	7
8	TOTAL SALES & SERVICE	20,000	20,000	20,000	8
9	TOTAL OTHER SOURCES	492,900	411,807	407,900	9
10	TRANSFERS				10
11	4891 Special Revenue Fund	480,000	672,854	1,008,229	11
12	4894 Enterprise Fund	50,000	50,000	50,000	12
13	TOTAL TRANSFERS	530,000	722,854	1,058,229	13
14	TOTAL RESOURCES	15,565,672	15,912,274	16,370,370	14
15					15
16	TOTAL SALARIES & WAGES	7,171,954	7,447,149	7,731,623	16
17	TOTAL PAYROLL EXPENSES	2,982,831	3,075,279	3,170,730	17
18	TOTAL PERSONAL SERVICES**	10,154,785	10,522,428	10,902,353	18
19	TOTAL MATERIALS & SERVICES	3,712,667	3,786,921	3,862,660	19
20	TOTAL CAPITAL OUTLAY	119,223	121,608	124,040	20
21	TOTAL TRANSFERS	406,317	406,317	406,317	21
22	TOTAL CONTINGENCY	75,000	75,000	75,000	22
23	TOTAL EXPENDITURES	14,467,992	14,912,274	15,370,370	23
24	UNAPPROPRIATED ENDING FUND BALANCE	1,097,680	1,000,000	1,000,000	24
25	TOTAL REQUIREMENTS	15,565,672	15,912,274	16,370,370	25

Assumptions:

- Total Beginning Fund Balances will be \$1,097,000 for FY2010 and \$1,000,000 for FY2011
- Total Federal Resources will remain at the current level of zero (0) for FY2010 and FY2011
- Total State Resources will be allocated by the State Distribution Formula based on the Governor's proposed appropriation level of \$550,000,000 for FY2010 and FY2011
- Total Other Government Sources will be escalated based on a 3.0% annual increase in property taxes for FY2010 and FY2011
- Total Private Resources will remain at the FY2009 budgeted level of \$50,000 per year for FY2010 and FY2011
- Total Tuition & Fees will be escalated at a rate that reflects a 3% per year growth in FTE and a 3% per year growth in the tuition rate (currently set at \$66.00 per credit) for FY2010 and FY2011
- Total Special Fees will remain at the FY2009 budgeted level of \$206,500 for FY2010 and FY2011
- Total Sales & Services will remain at the FY2009 budgeted level of \$20,000 for FY2010 and FY2011
- Total Other Sources will be calculated for FY2010 and FY2011 based upon the FY2009 budgeted level of \$492,000 adjusted only for Interest Income, which will be calculated at 4% of the Beginning Fund Balances for FY2010 and FY2011
- Total Transfers from the Special Revenue Fund (President's Discretionary Account) and the Enterprise Fund (all accounts) will be calculated to bring the General Fund to an Ending Fund Balance of \$1,000,000 for FY2010 and FY2011, assuming that funds transferred from the Enterprise Fund will be fixed at the FY2009 budgeted level of \$50,000
- Total Salaries & Wages will be escalated at 2.5% per year for FY2010 and FY2011, and will account for the fact that the Diesel Technology Grant will end in December 2009
- Total Payroll Expenses will be calculated based upon an escalation of 2.5% per year for FY2010 and FY2011, excluding Health, Dental, Vision, and Life, which will be capped at \$875 per employee in accordance with existing union contracts; as above, expenses will account for the fact that the Diesel Technology Grant will end in December 2009
- Total Materials & Services will be escalated at 2% per year for FY2010 and FY2011
- Total Capital Outlay will be escalated at 2% per year for FY2010 and FY2011
- Total Transfers will remain at the FY2009 budgeted level of \$406,000 for FY2010 and FY2011
- Total Contingency will remain at the FY2009 budgeted level of \$75,000 for FY2010 and FY2011

Illustrative Example #2
Special Revenue Fund

Dept 3004 President's Discretionary Account		Projected Budgets for FY2010 & FY2011			
		FY2009 Budget with \$500M	FY2010 Budget with \$500M	FY2011 Budget with \$500M	
RESOURCES AND REQUIREMENTS					
1	TOTAL BEGINNING FUND BALANCE	1,129,000	653,300	6,578	1
2	TOTAL FEDERAL SOURCES	-	-	-	2
3	TOTAL STATE SOURCES	-	-	-	3
4	TOTAL OTHER GOVERNMENT SOURCES	-	-	-	4
5	TOTAL PRIVATE SOURCES	-	-	-	5
6	TOTAL TUITION AND FEES	-	-	-	6
7	TOTAL SPECIAL FEES	-	-	-	7
8	TOTAL SALES & SERVICE	-	-	-	8
9	TOTAL OTHER SOURCES	45,000	26,132	263	9
10	TOTAL TRANSFERS	-	-	-	10
11	TOTAL RESOURCES	1,174,000	679,432	6,841	11
12					12
13	TOTAL SALARIES & WAGES	-	-	-	13
14	TOTAL PAYROLL EXPENSES	-	-	-	14
15	TOTAL PERSONAL SERVICES**	-	-	-	15
16	TOTAL MATERIALS & SERVICES	40,700	-	-	16
17	TOTAL CAPITAL OUTLAY	-	-	-	17
18	TRANSFER TO OTHER FUNDS				18
19	9100 Transfers	480,000	672,854	1,008,229	19
20	TOTAL TRANSFERS	480,000	672,854	1,008,229	20
21	TOTAL CONTINGENCY	-	-	-	21
22	TOTAL EXPENDITURES	520,700	672,854	1,008,229	22
23	UNAPPROPRIATED ENDING FUND BALANCE	653,300	6,578	11,001,388	23
24	TOTAL REQUIREMENTS	1,174,000	679,432	6,841	24

Assumptions:

- Interest income will be calculated for FY2010 and FY2011 at 4% of the Beginning Fund Balances for each year
- Interest is the only source of additional revenue; there will be no transfers from the Department of Corrections
- Transfer to Other Funds will be the amount necessary to balance the General Fund so that its Ending Fund Balance will be \$1,000,000 for FY2010 and FY2011

Attachment 3
 Budget Message for Fiscal Year 2009
 Blue Mountain Community College District

Illustrative Example #3
 General Fund

Summary for General Fund		Projected Budgets for FY2010 & FY2011			
		FY2009 Budget with \$500M	FY2010 Budget with \$550M	FY2011 Budget with \$550M	
RESOURCES AND REQUIREMENTS					
1	TOTAL BEGINNING FUND BALANCE	1,590,000	1,097,680	1,000,000	1
2	TOTAL FEDERAL SOURCES	-	-	-	2
3	TOTAL STATE SOURCES	5,259,534	6,136,105	6,032,402	3
4	TOTAL OTHER GOVERNMENT SOURCES	3,824,138	3,933,296	4,045,729	4
5	TOTAL PRIVATE SOURCES	50,000	50,000	50,000	5
6	TOTAL TUITION AND FEES	3,592,600	3,790,657	4,000,313	6
7	TOTAL SPECIAL FEES	206,500	206,500	206,500	7
8	TOTAL SALES & SERVICE	20,000	20,000	20,000	8
9	TOTAL OTHER SOURCES	492,900	411,807	407,900	9
10	TRANSFERS				10
11	4891 Special Revenue Fund	480,000	216,229	557,526	11
12	4894 Enterprise Fund	50,000	50,000	50,000	12
13	TOTAL TRANSFERS	530,000	266,229	607,526	13
14	TOTAL RESOURCES	15,565,672	15,912,274	16,370,370	14
15					15
16	TOTAL SALARIES & WAGES	7,171,954	7,447,149	7,731,623	16
17	TOTAL PAYROLL EXPENSES	2,982,831	3,075,279	3,170,730	17
18	TOTAL PERSONAL SERVICES **	10,154,785	10,522,428	10,902,353	18
19	TOTAL MATERIALS & SERVICES	3,712,667	3,786,921	3,862,660	19
20	TOTAL CAPITAL OUTLAY	119,223	121,608	124,040	20
21	TOTAL TRANSFERS	406,317	406,317	406,317	21
22	TOTAL CONTINGENCY	75,000	75,000	75,000	22
23	TOTAL EXPENDITURES	14,467,992	14,912,274	15,370,370	23
24	UNAPPROPRIATED ENDING FUND BALANCE	1,097,680	1,000,000	1,000,000	24
25	TOTAL REQUIREMENTS	15,565,672	15,912,274	16,370,370	25

Assumptions:

- Total Beginning Fund Balances will be \$1,097,000 for FY2010 and \$1,000,000 for FY2011
- Total Federal Resources will remain at the current level of zero (0) for FY2010 and FY2011
- Total State Resources will be allocated by the State Distribution Formula based on the Governor's proposed appropriation level of \$550,000,000 for FY2010 and FY2011 plus a proposed adjustment to the small-school base of the formula that results in an additional \$400,000 for the College for FY2010 and FY2011
- Total Other Government Sources will be escalated based on a 3.0% annual increase in property taxes for FY2010 and FY2011
- Total Private Resources will remain at the FY2009 budgeted level of \$50,000 per year for FY2010 and FY2011
- Total Tuition & Fees will be escalated at a rate that reflects a 3% per year growth in FTE and a 3% per year growth in the tuition rate (currently set at \$66.00 per credit) for FY2010 and FY2011
- Total Special Fees will remain at the FY2009 budgeted level of \$206,500 for FY2010 and FY2011
- Total Sales & Services will remain at the FY2009 budgeted level of \$20,000 for FY2010 and FY2011
- Total Other Sources will be calculated for FY2010 and FY2011 based upon the FY2009 budgeted level of \$492,000 adjusted only for Interest Income, which will be calculated at 4% of the Beginning Fund Balances for FY2010 and FY2011
- Total Transfers from the Special Revenue Fund (President's Discretionary Account) and the Enterprise Fund (all accounts) will be calculated to bring the General Fund to an Ending Fund Balance of \$1,000,000 for FY2010 and FY2011, assuming that funds transferred from the Enterprise Fund will be fixed at the FY2009 budgeted level of \$50,000
- Total Salaries & Wages will be escalated at 2.5% per year for FY2010 and FY2011, and will account for the fact that the Diesel Technology Grant will end in December 2009
- Total Payroll Expenses will be calculated based upon an escalation of 2.5% per year for FY2010 and FY2011, excluding Health, Dental, Vision, and Life, which will be capped at \$875 per employee in accordance with existing union contracts; as above, expenses will account for the fact that the Diesel Technology Grant will end in December 2009
- Total Materials & Services will be escalated at 2% per year for FY2010 and FY2011
- Total Capital Outlay will be escalated at 2% per year for FY2010 and FY2011
- Total Transfers will remain at the FY2009 budgeted level of \$406,000 for FY2010 and FY2011
- Total Contingency will remain at the FY2009 budgeted level of \$75,000 for FY2010 and FY2011

Illustrative Example #3
 Special Revenue Fund

Dept 3004 President's Discretionary Account		Projected Budgets for FY2010 & FY2011			
		FY2009 Budget with \$500M	FY2010 Budget with \$550M	FY2011 Budget with \$550M	
RESOURCES AND REQUIREMENTS					
1	TOTAL BEGINNING FUND BALANCE	1,129,000	653,300	463,203	1
2	TOTAL FEDERAL SOURCES	-	-	-	2
3	TOTAL STATE SOURCES	-	-	-	3
4	TOTAL OTHER GOVERNMENT SOURCES	-	-	-	4
5	TOTAL PRIVATE SOURCES	-	-	-	5
6	TOTAL TUITION AND FEES	-	-	-	6
7	TOTAL SPECIAL FEES	-	-	-	7
8	TOTAL SALES & SERVICE	-	-	-	8
9	TOTAL OTHER SOURCES	45,000	26,132	18,528	9
10	TOTAL TRANSFERS	-	-	-	10
11	TOTAL RESOURCES	1,174,000	679,432	481,731	11
12					12
13	TOTAL SALARIES & WAGES	-	-	-	13
14	TOTAL PAYROLL EXPENSES	-	-	-	14
15	TOTAL PERSONAL SERVICES**	-	-	-	15
16	TOTAL MATERIALS & SERVICES	40,700	-	-	16
17	TOTAL CAPITAL OUTLAY	-	-	-	17
18	TRANSFER TO OTHER FUNDS	-	-	-	18
19	9100 Transfers	480,000	216,229	557,526	19
20	TOTAL TRANSFERS	480,000	216,229	557,526	20
21	TOTAL CONTINGENCY	-	-	-	21
22	TOTAL EXPENDITURES	520,700	216,229	557,526	22
23	UNAPPROPRIATED ENDING FUND BALANCE	653,300	463,203	(75,795)	23
24	TOTAL REQUIREMENTS	1,174,000	679,432	481,731	24

Assumptions:

- Interest income will be calculated for FY2010 and FY2011 at 4% of the Beginning Fund Balances for each year
- Interest is the only source of additional revenue; there will be no transfers from the Department of Corrections
- Transfer to Other Funds will be the amount necessary to balance the General Fund so that its Ending Fund Balance will be \$1,000,000 for FY2010 and FY2011

Attachment 4
 Budget Message for Fiscal Year 2009
 Blue Mountain Community College District

Illustrative Example #4
 General Fund

Summary for General Fund		Projected Budgets for FY2010 & FY2011			
		FY2009 Budget with \$500M	FY2010 Budget with \$500M	FY2011 Budget with \$500M	
RESOURCES AND REQUIREMENTS					
1	TOTAL BEGINNING FUND BALANCE	1,590,000	1,097,680	1,000,000	1
2	TOTAL FEDERAL SOURCES	-	-	-	2
3	TOTAL STATE SOURCES	5,259,534	5,266,475	4,937,535	3
4	TOTAL OTHER GOVERNMENT SOURCES	3,824,138	3,933,296	4,045,729	4
5	TOTAL PRIVATE SOURCES	50,000	50,000	50,000	5
6	TOTAL TUITION AND FEES	3,592,600	4,222,139	4,965,245	6
7	TOTAL SPECIAL FEES	206,500	206,500	206,500	7
8	TOTAL SALES & SERVICE	20,000	20,000	20,000	8
9	TOTAL OTHER SOURCES	492,900	411,807	407,900	9
10	TRANSFERS	-	-	-	10
11	4891 Special Revenue Fund	480,000	654,377	687,461	11
12	4894 Enterprise Fund	50,000	50,000	50,000	12
13	TOTAL TRANSFERS	530,000	704,377	737,461	13
14	TOTAL RESOURCES	15,565,672	15,912,274	16,370,370	14
15					15
16	TOTAL SALARIES & WAGES	7,171,954	7,447,149	7,731,623	16
17	TOTAL PAYROLL EXPENSES	2,982,831	3,075,279	3,170,730	17
18	TOTAL PERSONAL SERVICES **	10,154,785	10,522,428	10,902,353	18
19	TOTAL MATERIALS & SERVICES	3,712,667	3,786,921	3,862,660	19
20	TOTAL CAPITAL OUTLAY	119,223	121,608	124,040	20
21	TOTAL TRANSFERS	406,317	406,317	406,317	21
22	TOTAL CONTINGENCY	75,000	75,000	75,000	22
23	TOTAL EXPENDITURES	14,467,992	14,912,274	15,370,370	23
24	UNAPPROPRIATED ENDING FUND BALANCE	1,097,680	1,000,000	1,000,000	24
25	TOTAL REQUIREMENTS	15,565,672	15,912,274	16,370,370	25

Assumptions:

- Total Beginning Fund Balances will be \$1,097,000 for FY2010 and \$1,000,000 for FY2011
- Total Federal Resources will remain at the current level of zero (0) for FY2010 and FY2011
- Total State Resources will be allocated by the State Distribution Formula based on the current appropriation level of \$500,000,000 for FY2010 and FY2011
- Total Other Government Sources will be escalated based on a 3.0% annual increase in property taxes for FY2010 and FY2011
- Total Private Resources will remain at the FY2009 budgeted level of \$50,000 per year for FY2010 and FY2011
- Total Tuition & Fees will be escalated at a rate that reflects a 3% per year growth in the tuition rate and a 15% per year growth in FTE for FY2010 and FY2011
- Total Special Fees will remain at the FY2009 budgeted level of \$206,500 for FY2010 and FY2011
- Total Sales & Services will remain at the FY2009 budgeted level of \$20,000 for FY2010 and FY2011
- Total Other Sources will be calculated for FY2010 and FY2011 based upon the FY2009 budgeted level of \$492,000 adjusted only for Interest Income, which will be calculated at 4% of the Beginning Fund Balances for FY2010 and FY2011
- Total Transfers from the Special Revenue Fund (President's Discretionary Account) and the Enterprise Fund (all accounts) will be calculated to bring the General Fund to an Ending Fund Balance of \$1,000,000 for FY2010 and FY2011, assuming that funds transferred from the Enterprise Fund will be fixed at the FY2009 budgeted level of \$50,000
- Total Salaries & Wages will be escalated at 2.5% per year for FY2010 and FY2011, and will account for the fact that the Diesel Technology Grant will end in December 2009
- Total Payroll Expenses will be calculated based upon an escalation of 2.5% per year for FY2010 and FY2011, excluding Health, Dental, Vision, and Life, which will be capped at \$875 per employee in accordance with existing union contracts; as above, expenses will account for the fact that the Diesel Technology Grant will end in December 2009
- Total Materials & Services will be escalated at 2% per year for FY2010 and FY2011
- Total Capital Outlay will be escalated at 2% per year for FY2010 and FY2011
- Total Transfers will remain at the FY2009 budgeted level of \$406,000 for FY2010 and FY2011
- Total Contingency will remain at the FY2009 budgeted level of \$75,000 for FY2010 and FY2011

Illustrative Example #4
 Special Revenue Fund

Dept 3004 President's Discretionary Account		Projected Budgets for FY2010 & FY2011			
		FY2009 Budget with \$500M	FY2010 Budget with \$500M	FY2011 Budget with \$500M	
RESOURCES AND REQUIREMENTS					
1	TOTAL BEGINNING FUND BALANCE	1,129,000	653,300	25,055	1
2	TOTAL FEDERAL SOURCES	-	-	-	2
3	TOTAL STATE SOURCES	-	-	-	3
4	TOTAL OTHER GOVERNMENT SOURCES	-	-	-	4
5	TOTAL PRIVATE SOURCES	-	-	-	5
6	TOTAL TUITION AND FEES	-	-	-	6
7	TOTAL SPECIAL FEES	-	-	-	7
8	TOTAL SALES & SERVICE	-	-	-	8
9	TOTAL OTHER SOURCES	45,000	26,132	1,002	9
10	TOTAL TRANSFERS	-	-	-	10
11	TOTAL RESOURCES	1,174,000	679,432	26,057	11
12					12
13	TOTAL SALARIES & WAGES	-	-	-	13
14	TOTAL PAYROLL EXPENSES	-	-	-	14
15	TOTAL PERSONAL SERVICES**	-	-	-	15
16	TOTAL MATERIALS & SERVICES	40,700	-	-	16
17	TOTAL CAPITAL OUTLAY	-	-	-	17
18	TRANSFER TO OTHER FUNDS	-	-	-	18
19	9100 Transfers	480,000	654,377	687,461	19
20	TOTAL TRANSFERS	480,000	654,377	687,461	20
21	TOTAL CONTINGENCY	-	-	-	21
22	TOTAL EXPENDITURES	520,700	654,377	687,461	22
23	UNAPPROPRIATED ENDING FUND BALANCE	653,300	25,055	(661,404)	23
24	TOTAL REQUIREMENTS	1,174,000	679,432	26,057	24

Assumptions:

- Interest income will be calculated for FY2010 and FY2011 at 4% of the Beginning Fund Balances for each year
- Interest is the only source of additional revenue; there will be no transfers from the Department of Corrections
- Transfer to Other Funds will be the amount necessary to balance the General Fund so that its Ending Fund Balance will be \$1,000,000 for FY2010 and FY2011

Attachment 5

Budget Message for Fiscal Year 2009
Blue Mountain Community College District

Illustrative Example #5
General Fund

Summary for General Fund		Projected Budgets for FY2010 & FY2011			
		FY2009 Budget with \$500M	FY2010 Budget with \$550M	FY2011 Budget with \$550M	
RESOURCES AND REQUIREMENTS					
1	TOTAL BEGINNING FUND BALANCE	1,590,000	1,097,680	1,000,000	1
2	TOTAL FEDERAL SOURCES	-	-	250,000	2
3	TOTAL STATE SOURCES	5,259,534	6,136,105	6,032,402	3
4	TOTAL OTHER GOVERNMENT SOURCES	3,824,138	3,933,296	4,045,729	4
5	TOTAL PRIVATE SOURCES	50,000	50,000	50,000	5
6	TOTAL TUITION AND FEES	3,592,600	3,970,441	4,389,458	6
7	TOTAL SPECIAL FEES	206,500	206,500	206,500	7
8	TOTAL SALES & SERVICE	20,000	20,000	20,000	8
9	TOTAL OTHER SOURCES	492,900	411,807	407,900	9
10	TRANSFERS				10
11	4891 Special Revenue Fund	480,000	36,445	(81,619)	11
12	4894 Enterprise Fund	50,000	50,000	50,000	12
13	TOTAL TRANSFERS	530,000	86,445	(31,619)	13
14	TOTAL RESOURCES	15,565,672	15,912,274	16,370,370	14
15					15
16	TOTAL SALARIES & WAGES	7,171,954	7,447,149	7,731,623	16
17	TOTAL PAYROLL EXPENSES	2,982,831	3,075,279	3,170,730	17
18	TOTAL PERSONAL SERVICES **	10,154,785	10,522,428	10,902,353	18
19	TOTAL MATERIALS & SERVICES	3,712,667	3,786,921	3,862,669	19
20	TOTAL CAPITAL OUTLAY	119,223	121,608	124,040	20
21	TOTAL TRANSFERS	406,317	406,317	406,317	21
22	TOTAL CONTINGENCY	75,000	75,000	75,000	22
23	TOTAL EXPENDITURES	14,467,992	14,912,274	15,370,370	23
24	UNAPPROPRIATED ENDING FUND BALANCE	1,097,680	1,000,000	1,000,000	24
25	TOTAL REQUIREMENTS	15,565,672	15,912,274	16,370,370	25

Assumptions:

- Total Beginning Fund Balances will be \$1,097,000 for FY2010 and \$1,000,000 for FY2011
- Total Federal Resources will remain at the current level of zero (0) for FY2010 and will increase to \$250,000 in FY2011 as a result of a successful federal appropriations initiative on behalf of the Northeastern Oregon Business and Economic Growth Project and/or a successful strategy to eventually win a Title V Grant as a Hispanic-serving institution
- Total State Resources will be allocated by the State Distribution Formula based on the Governor's proposed appropriation level of \$550,000,000 for FY2010 and FY2011 plus an adjustment to the small-school base of the formula that results in an additional \$400,000 for the College in FY2010 and FY2011
- Total Other Government Sources will be escalated based on a 3.0% annual increase in property taxes for FY2010 and FY2011
- Total Private Resources will remain at the FY2009 budgeted level of \$50,000 per year for FY2010 and FY2011
- Total Tuition & Fees will be escalated by an amount that is equivalent to growth rates of 3% per year in the tuition rate (currently set at \$66.00 per credit) and 8% per year in combined recruited and retained FTEs for FY2010 and FY2011
- Total Special Fees will remain at the FY2009 budgeted level of \$206,500 for FY2010 and FY2011
- Total Sales & Services will remain at the FY2009 budgeted level of \$20,000 for FY2010 and FY2011
- Total Other Sources will be calculated for FY2010 and FY2011 based upon the FY2009 budgeted level of \$492,000 adjusted only for Interest Income, which will be calculated at 4% of the Beginning Fund Balances for FY2010 and FY2011
- Total Transfers from the Special Revenue Fund (President's Discretionary Account) and the Enterprise Fund (all accounts) will be calculated to bring the General Fund to an Ending Fund Balance of \$1,000,000 for FY2010 and FY2011, assuming that funds transferred from the Enterprise Fund will be fixed at the FY2009 budgeted level of \$50,000
- Total Salaries & Wages will be escalated at 2.5% per year for FY2010 and FY2011, and will account for the fact that the Diesel Technology Grant will end in December 2009
- Total Payroll Expenses will be calculated based upon an escalation of 2.5% per year for FY2010 and FY2011, excluding Health, Dental, Vision, and Life, which will be capped at \$875 per employee in accordance with existing union contracts; as above, expenses will account for the fact that the Diesel Technology Grant will end in December 2009
- Total Materials & Services will be escalated at 2% per year for FY2010 and FY2011
- Total Capital Outlay will be escalated at 2% per year for FY2010 and FY2011
- Total Transfers will remain at the FY2009 budgeted level of \$406,000 for FY2010 and FY2011
- Total Contingency will remain at the FY2009 budgeted level of \$75,000 for FY2010 and FY2011

Illustrative Example #5
Special Revenue Fund

Dept 3004 President's Discretionary Account		Projected Budgets for FY2010 & FY2011			
		FY2009 Budget with \$500M	FY2010 Budget with \$550M	FY2011 Budget with \$550M	
RESOURCES AND REQUIREMENTS					
1	TOTAL BEGINNING FUND BALANCE	1,129,000	653,300	642,987	1
2	TOTAL FEDERAL SOURCES	-	-	-	2
3	TOTAL STATE SOURCES	-	-	-	3
4	TOTAL OTHER GOVERNMENT SOURCES	-	-	-	4
5	TOTAL PRIVATE SOURCES	-	-	-	5
6	TOTAL TUITION AND FEES	-	-	-	6
7	TOTAL SPECIAL FEES	-	-	-	7
8	TOTAL SALES & SERVICE	-	-	-	8
9	TOTAL OTHER SOURCES	45,000	26,132	25,719	9
10	TOTAL TRANSFERS	-	-	-	10
11	TOTAL RESOURCES	1,174,000	679,432	668,706	11
12					12
13	TOTAL SALARIES & WAGES	-	-	-	13
14	TOTAL PAYROLL EXPENSES	-	-	-	14
15	TOTAL PERSONAL SERVICES**	-	-	-	15
16	TOTAL MATERIALS & SERVICES	40,700	-	-	16
17	TOTAL CAPITAL OUTLAY	-	-	-	17
18	TRANSFER TO OTHER FUNDS				18
19	9100 Transfers	480,000	36,445	(81,619)	19
20	TOTAL TRANSFERS	480,000	36,445	(81,619)	20
21	TOTAL CONTINGENCY	-	-	-	21
22	TOTAL EXPENDITURES	520,700	36,445	(81,619)	22
23	UNAPPROPRIATED ENDING FUND BALANCE	653,300	642,987	750,325	23
24	TOTAL REQUIREMENTS	1,174,000	679,432	668,706	24

Assumptions:

- Interest income will be calculated for FY2010 and FY2011 at 4% of the Beginning Fund Balances for each year
- Interest will be the only source of additional revenue; there will be no transfers from the Department of Corrections
- Transfer to Other Funds will be the amount necessary to balance the General Fund so that its Ending Fund Balance will be \$1,000,000 for FY2010 and FY2011