

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.