Reply to Common Council File No. 070950
From DOA-Budget and Management Division

December 4, 2007

Ref: 07009

Common Council file 070950 is a resolution reserving $30,000 in the 2007 Common Council Contingent Fund for the Tuition Reimbursement Special Purpose Account in the event that the current amount budgeted is not sufficient to meet account expenditures.

In 2006, Tuition Reimbursement expenditures exceeded the amount budgeted by $68,468 due to increased carryover from 2005 and increased usage of Tuition Reimbursement benefits. Historically, a small amount of Tuition Reimbursement expenditures are carried over from year to year. Aside from 2006, during the last five years, Tuition Reimbursement expenditures were below or met the amount of funds allocated through the budget. However, increased benefit expenditure levels in 2005 and 2006 led to larger carryover amounts and resulted in higher than anticipated expenditure levels for 2006 and 2007. The 2007 allocation for Tuition Reimbursement was approved before the extent of carryover and increased levels of benefit expenditures was known.

The Contingent Fund reserve amount of $30,000 will reduce the amount of carryover expenditures from 2007 to 2008 and help prevent future account shortages. In addition, the 2008 Tuition Reimbursement Special Purpose Account allocation was adjusted from $740,000 to $760,000 to accommodate the anticipated increase in benefit expenditures and account for a normal amount of carryover from 2007 to 2008.

RECOMMENDATION: ADOPT COMMON COUNCIL FILE 070950 AND RESERVE $30,000 FROM THE 2007 COMMON COUNCIL CONTINGENT FUND FOR THE TUITION REIMBURSEMENT SPECIAL PURPOSE ACCOUNT.

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RLJ:dmr

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