



**Board of Directors
Budget Committee Meeting**

***Thursday, May 4, 2011
5:30 p.m.***

Boone Campus President's Conference Room

COMMITTEE MEMBERS PRESENT:

Martha Johnson, Committee Chair (via Live Meeting)
Jeff Groob

Rick Jordan, Chair, Board of Directors
Ken Paul

OTHERS PRESENT:

Mike Baker, Vice President, Administration & Business Affairs
Dr. G. Edward Hughes, President/CEO
Norma Northern, Budget Director

The meeting was called to order by Chairperson Martha Johnson at 5:30 p.m. in the President's Conference Room at the Boone Campus. Ms. Johnson thanked everyone for participating and asked Mr. Baker to review the quarterly report which was previously distributed. Mr. Baker provided the following highlights:

Mike Baker reviewed the July 1, 2010, to March 31, 2011, Financial Report. Highlights included revenues exceeding expenditures, a planned reduction in non-recurring fund balance money to support the Urban Center, and an explanation of a \$161,100 adjustment made by the KCTCS System Office that appears in this year's budget instead of next year's budget.

Martha Johnson questioned if the Food Services revenue projections will be met by the end of the fiscal year. In response, Mike Baker explained the difficulty of providing food services to a commuter-based population of students versus a residential student population and that the food projections will not be met.

President Hughes introduced the discussion of the FY 2011-2012 Budget proposal. This year's budget process differs from previous years in that the KCTCS Board has decided to wait until its June meeting to finalize decisions about any tuition rate increase or possible employee salary increase. The assumptions that had to be made to develop a budget proposal were discussed.

The assumption of a 4% increase in the rate of tuition charged per credit hour (from \$130 to \$135) is tempered by the KCTCS Board decision last year to hold steady the tuition rate for students that attended either fall or spring of this academic year. The KCTCS System Office has calculated that 49% of the students who took classes in either fall or spring would return for the next fiscal year. This means

that 49% of the students enrolled at Gateway in FY 2012 will generate no new revenue. A discussion with Gateway staff indicates that the percentage of returning students will be higher than the 49% used by the System Office and that the budget is based on only 22% of students being charged at the new rate. Therefore, the additional funds that will be derived from the 4% increase in the tuition rate are projected to translate into a 1% tuition rate increase for Gateway.

Other assumptions include a decrease in state appropriation, the requirement of a 1% recurring reserve in case of future budget cuts, \$300,000 has been set aside for KCTCS initiatives, and funds to continue the development of the Urban Center. As a result, the FY 2012 recurring budget only includes two new faculty positions (one in developmental education and one in computer science) and two new student support positions to help with retention.

In answer to questions about if enrollment limits may result if the college cannot employ enough faculty and staff, President Hughes explained that Gateway may not be able to expand the number of class offerings needed to meet the growing need of the region. He noted that it is critical to employ sufficient full-time faculty and staff to be able to fully meet student needs.

A preliminary benchmarking spreadsheet was discussed which included the proposed FY 2012 budget proposal. The way that other institutions report their financial information on the U.S. Department of Education's IPEDS report can make it difficult to draw firm conclusions from the data. Due to the efforts of Gateway's Board in this area, the KCTCS System Office has begun an initiative called the Kentucky Study. Gateway is one of the pilot institutions that will consider developing financial reporting standards for all KCTCS colleges.

The Board Budget Committee had requested a report on safety and security expenses. The KCTCS System Office has asked Gateway and the other two KCTCS colleges that assess students a security charge for this information. The System Office is currently reviewing that data and once that data is released, we will make it available to the Board Budget Committee in September.

The motion to send the Financial Report information to the full Board as proposed was made by Ken Paul, seconded by Jeff Groob, and passed unanimously.

The motion to send the FY 2012 Budget proposal to the full Board as proposed was made by Rick Jordan, seconded by Jeff Groob, and passed unanimously.

The meeting was adjourned at 6:58 p.m.

There being no further items, Committee Chairperson Johnson adjourned the meeting at 6:58 p.m.

Respectfully submitted by Ms. Norma Northern, acting recording secretary.

Norma Northern

Date

Martha Johnson, Chairperson

Date