

**Gateway Community and Technical College**  
**2012-13 Budget**

Dr. G. Edward Hughes, President/CEO

**Resolution 02 – 2012  
2012-13 Revenue and Expenditure Plan**

**Action**

The President of the College and Vice President for Business and Administrative Affairs have presented the Board of Directors Budget/Summary Review Committee the attached proposed revenue and expenditure plan for 2012-13 of \$20,534,600 in unrestricted funds which includes a total of \$17,085,000 in public funds allocation. Planned expenditures are estimated to be \$19,883,300. The proposed revenue and expenditure plan includes funds which the College president is allocating to meet the most pressing needs as identified through the Strategic Needs Analysis and the proposed 2010-2016 Strategic Plan.

The Gateway Community and Technical College Board of Directors Budget/Summary Review Committee reviewed the budget assumptions, projected budget expenditures, and projected revenues for the College for the 2012-13 year. On May 10, 2012, the Committee voted to forward the plan to the full Board for adoption.

**Resolution**

The Gateway Community and Technical College Board of Directors formally approved for submission to the KCTCS System President and Board of Regents the proposed 2012-13 Revenue and Expenditure Plan attached to this resolution. This action was approved by the Board on this 24<sup>th</sup> day of May 2012.

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Brent Cooper  
Secretary

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Date

**Resolution 02 – 2012**  
**2012-13 Revenue and Expenditure Plan**

**Background**

Since the creation of KCTCS in 1998 and the subsequent development of Gateway Community and Technical College, two strategic plans have been developed which guided the System and Gateway. The KCTCS strategic plan provides the broad framework for local colleges like Gateway to develop and implement the college-level strategic plan, including the annual plans. Gateway has in place internal processes which engage the College community in the development and implementation of unit, department, and individual plans. These plans include the identification of resource needs and the measurement of progress through the analysis of key performance indicators. During the strategic plan periods, KCTCS and Gateway use processes that enable the alignment of resources with specific actions that are designed to meet the goals of the strategic plan.

During its first strategic plan for the period of 2002-2007 and its extension to 2010, the College's strategic plan and annual plans focused on several key areas as follows:

1. The establishment of a comprehensive community and technical college including facilities, staffing, programming, marketing, partnership development and resource development.
2. Achieving regional accreditation.
3. Building the internal capacity of the institution to sustain itself as a regionally accredited institution through increased use of data-driven processes and actions.
4. Meeting the challenges of an anticipated large growth in student enrollment, need for new programs, and the need to expand existing programs and services, especially to businesses and school districts.

The 2010-2016 system strategic plan adopted by the KCTCS Board of Regents became the guiding document for the College's new strategic plan adopted by the Board of Directors in May of 2011. The plan is composed of 3 Strategic Focus Areas, 10 Strategic Goals and 16 Key Performance Indicators. The activities of the plan relate to three overarching questions:

1. Are more people utilizing Gateway's programs, services and facilities?
2. Are more students achieving their educational goals?
3. Is the College strengthening and sustaining its capacity to meet its vision and mission?

Annually, the College's internal processes are designed to align available and projected resources with the proposed use of resources based on the strategic and annual plan through a Strategic Needs Analysis. The College has implemented policies and procedures in which planning is conducted throughout the institution and involves individuals, departments, and major functional units. The planning process includes analysis of community needs, labor and workforce needs, and other environmental scanning. It is now an ongoing and fluid process that enables the College to take advantage of funding opportunities as they occur.

Revenues are limited to tuition and charges assessed to students, state appropriation, contracts, gifts, grants, and endowment income. Tuition rates are established by the KCTCS Board of Regents, and charges are approved by the KCTCS administration. State appropriation is determined by KCTCS based on formulas agreed to by the KCTCS President's Leadership Team, of which the Gateway president is a member. Once all parts of the budget are allocated, the President/CEO of Gateway is authorized and responsible to manage the resources in such a manner as to advance the KCTCS and College strategic plans.

Since the adoption of the strategic plans, the annual plans and resources used to advance the plan can be summarized below:

- Creating the hybrid library, and the addition of general education programs which led to the accreditation of the college as a comprehensive institution.
- Adding new technical programs in allied health and nursing, engineering technology and mechatronics, and energy.
- Enhancing existing programs in transportation technologies through increased resources, facilities, and staffing.
- Creation of a transfer education program including personnel and program resources necessary to become regionally accredited as a comprehensive community and technical college.
- Creation of a Gateway Regional Academy to provide dual credit opportunities to high school students.
- Creation of new student success services in advising, orientation, retention, developmental, and remedial education to improve student success.
- Creation of an integrated marketing and enrollment management program, including use of emerging electronic and social media to increase knowledge of the College and to increase enrollment.
- Implementation of distance and online learning.
- Development of a new Urban Campus.
- Creation of new institutional support work units focused on planning and effectiveness, resource development, leadership development, and human resource management.

### **Outcomes of the 2011-2012 Revenue and Expenditure Plan and Alignment to the Strategic Plan**

The proposed 2011-2012 revenue and expenditure plan was developed based on the following assumptions with a brief outcome statement for each:

- FTE enrollment was budgeted to grow by 5% which would have generated approximately \$400,000 in new revenue. FTE enrollment grew less than 1%; therefore, actual revenue fell short of budget by \$375,000.
- A 4% tuition increase was budgeted and approved by the Council on Postsecondary Education and the KCTCS Board. The tuition increase was only

applied to new students as a retention measure implemented by KCTCS. After further review, KCTCS will abandon this practice.

- State appropriation was budgeted at \$6,398,300, a decline from the \$6,737,000 budgeted in 2010-11. The College was required to set aside an additional 1% recurring budget reserve of \$137,300 to guard against future state budget cuts during the year. The state did not cut funds during the year so this additional reserve was added to the College fund balance. (These funds will be used to offset the 2012-13 budget cut described later.)
- An additional \$300,000 was budgeted for KCTCS initiatives. These funds covered the 3% pay raise approved by the Board of Regents and provided to fulltime faculty and staff.
- The operating budgets of College departments were kept at the 2010-11 levels. Supplements were allocated for College diversity initiatives to support the diversity plan, and to the welding program to meet industry demand for welders. A \$50,000 mandatory match to the Student Support Services Grant was funded to support student retention. The College also reallocated \$200,000 to cover the increasing costs of Return to Title IV funds.
- A non-recurring allocation of \$267,300 was budgeted for expenses associated with expansion of the Urban Center. Additionally, \$56,000 in funds was received from KCTCS to support needed repairs and renovations at the Urban Center. Most of these funds supported the refurbishing of the third floor. The cost of operating the facility has been absorbed into the College's maintenance budget.
- Personnel costs in the Workforce Solutions division were redistributed to the Public Service expenditure category in order to be consistent with benchmark data. Previously, these costs were budgeted under institutional support and instruction which produced an inaccurate view of expenditures. This action did not have any budget impact.
- The budget included recurring funding for two new faculty (in computer instruction and developmental math) and two new student support staff (transfer services and intervention counseling) to handle enrollment growth and in accordance with the strategic and annual plans. Stipends for program coordinators were provided for the first time in 2011-12 and were included in the budget.
- The 2011-12 budget (developed in May) was based on a very conservative fund balance of \$1,224,000 (the same amount budgeted in 2010-11). During the year, an additional \$161,000 from Federal stimulus funds was added to the budget on a one-time basis. The actual fund balance at June 30, 2011 totaled \$2,039,000. As planned, \$600,000 of the fund balance was allocated to support recurring expenses. During the year, the fund balance was used to purchase land adjacent to the Edgewood Campus for future development. The College is projected to spend into fund balance by \$900,000 in 2011-12.

- The College maintained \$651,300 of its unrestricted assets in a required reserve as mandated by the KCTCS Board of Regents; this reserve remains intact.

### **2012-13 Budget Assumptions**

The proposed 2012-13 revenue and expenditure plan was built using the same processes for the past 10 years. The planned use of resources is as follows:

- FTE enrollment is budgeted to grow by 6%. This generates approximately \$550,000 in new revenue. The majority of this growth is the result of expanded on-line course offerings and the implementation of the Gateway Regional Academy for dual credit high school students. Additionally, non-recurring funds may be added through reallocation of reserves to increase the transfer oriented courses in the transfer programs, the area of biggest growth potential.
- A 4% tuition increase or \$140 per credit hour charge is being anticipated; however, this has not been approved by the Council of Post-Secondary Education (CPE) or the KCTCS Board of Regents. The tuition increase will apply to all students. In 2011-12, new students were charged \$135 whereas continuing students were charged \$130. For revenue estimate purposes, a 5.5% blended average is being used for the tuition increase adjustment.
- State appropriation is budgeted at \$6,304,500. This is compared to \$6,398,300 in 2011-12. The appropriation was reduced by \$334,500 on a permanent basis as a result of the state budget cuts. Funding was added by KCTCS to help cover system-wide initiatives; this is offset against the budget cut. (State appropriation in 2010-11 was \$6,737,000. This ongoing decline remains a major concern for a developing college.)
- KCTCS Board approved initiatives estimated to cost \$369,000 have been set aside and will be distributed within each program code once the KCTCS Board of Regents approves the initiatives. An additional \$209,400 is budgeted for fringe benefit increases.
- The College's departmental operating budgets will remain at the same levels as 2011-12. This is the second year in a row they remained static. (They were increased 10% in 2010-11.) Should revenues exceed projections, strategic investments will be made to supplement departmental budget needs. The budget does address increased costs for Urban Center parking, required lease payments, and KCTCS system internal charges to support expansion of a student services call center.
- The bad debt expense budget has been increased by \$200,000 on a recurring basis to cover the growth in Return to Title IV refunds.
- The budget does not include any additional new full-time faculty or staff support positions. It does include an increase in the adjunct faculty budget by \$120,000 to cover actual expenses incurred in 2011-12. A total of \$195,000 in anticipated new revenue has been added to the budget to support faculty cost for teaching on-line courses which are expected to generate a net revenue increase. The

budget includes the funding of the Director of First-Year Experience to assist in retention and completion rates on a non-recurring basis.

- The anticipated unrestricted fund balance is projected to decline to \$1,125,000 (from \$2,039,000). Planned uses of the fund balance include \$675,000 to cover recurring operating costs which are necessary to maintain current enrollment and to support growth. The remainder will be used for non-recurring costs, a normal use of the funds.
- The College will continue to set aside \$651,300 of its unrestricted assets in a required reserve as mandated by the KCTCS Board. This provides a cushion for major unforeseen events. The College president can obtain KCTCS approval to access these funds. In order to further assure a contingency plan exists to safeguard against the aggressiveness of this plan, the College president will be implementing several cost-cutting and budget strategies.

In addition to the budget assumptions, a series of cost containment and revenue enhancement activities are being considered by management. For instance, 25% of all department operating budgets will be held for possible redistribution once fall revenue is met. This will result in \$400,000 being set aside. Management activities like this will assure that recurring revenues will be generated to support recurring expenditures. Finally, it must be noted that final figures have yet to be received from KCTCS regarding fund balance, KCTCS Board initiatives and other chargebacks; therefore minor budget adjustments may occur between the time of GCTC Board approval and KCTCS Board of Regents approval.

5/3/12

## 2012-13 Operating Budget

### Gateway Community and Technical College

SOURCE OF FUNDS	UNRESTRICTED	RESTRICTED	TOTAL
Public Funds	\$17,085,000.00	\$0.00	\$17,085,000.00
Government Grants and Contracts - Federal	\$0.00	\$12,735,700.00	\$12,735,700.00
Government Grants and Contracts - State	\$0.00	\$1,579,000.00	\$1,579,000.00
Noncredit Tuition	\$369,500.00	\$0.00	\$369,500.00
Private Contracts	\$0.00	\$206,800.00	\$206,800.00
Endowment Income	\$0.00	\$39,600.00	\$39,600.00
Sales and Services	\$1,303,100.00	\$0.00	\$1,303,100.00
Other Sources	\$1,125,700.00	\$67,000.00	\$1,192,700.00
Budget Reserve "NR"	\$651,300.00	\$0.00	\$651,300.00
<b>TOTAL REVENUES</b>	<b>\$20,534,600.00</b>	<b>\$14,628,100.00</b>	<b>\$35,162,700.00</b>
FUNCTION OF EXPENSES	UNRESTRICTED	RESTRICTED	TOTAL
Instruction	\$8,134,300.00	\$2,249,400.00	\$10,383,700.00
Public Service	\$964,000.00	\$86,900.00	\$1,050,900.00
Academic Support	\$1,903,700.00	\$479,100.00	\$2,382,800.00
Student Services	\$2,690,200.00	\$836,300.00	\$3,526,500.00
Institutional Support	\$2,881,800.00	\$23,200.00	\$2,905,000.00
Operation and Maintenance	\$2,634,900.00	\$0.00	\$2,634,900.00
Grants, Aid and Work Study	\$674,400.00	\$10,953,200.00	\$11,627,600.00
Budget Reserve "NR"	\$651,300.00	\$0.00	\$651,300.00
<b>TOTAL EXPENSES</b>	<b>\$20,534,600.00</b>	<b>\$14,628,100.00</b>	<b>\$35,162,700.00</b>
OBJECT OF EXPENSES	UNRESTRICTED	RESTRICTED	TOTAL
Personnel	\$15,564,000.00	\$3,588,100.00	\$19,152,100.00
Current Operating	\$3,604,500.00	\$220,600.00	\$3,825,100.00
Capital Outlay	\$40,400.00	\$42,900.00	\$83,300.00
Grants and Aid	\$674,400.00	\$10,776,500.00	\$11,450,900.00
Budget Reserve "NR"	\$651,300.00	\$0.00	\$651,300.00
<b>TOTAL EXPENSES</b>	<b>\$20,534,600.00</b>	<b>\$14,628,100.00</b>	<b>\$35,162,700.00</b>



**Gateway Community and Technical College**  
**Budgeted Revenue**  
**For Fiscal Year 2012/13**

**Unrestricted Revenue Estimates**

	<b>FY2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>
State Appropriation	\$ 6,253,900	\$ 6,398,300	\$ 6,737,000	\$ 7,438,900	\$ 6,949,800
Fall Tuition	5,077,100	4,650,800	4,385,472	3,291,100	2,629,200
Spring Tuition	4,696,900	4,448,830	4,195,028	3,351,500	2,560,000
Summer Tuition	1,006,500	858,500	637,030	346,900	309,100
Non-Credit Tuition	369,500	409,900	309,950	309,950	309,900
Other Fees	349,000	337,000	322,000	11,000	11,000
Sales & Services	262,800	277,170	374,520	232,850	203,000
Other Income	691,300	379,700	269,000	249,000	199,000
<b>Total Revenue</b>	<b>\$18,707,000</b>	<b>\$17,760,200</b>	<b>\$17,230,000</b>	<b>\$15,231,200</b>	<b>\$13,171,000</b>
Unrestricted Net Asset	\$ 1,125,700	\$ 1,385,500	\$ 1,224,400	1,248,200	646,600
Budget Reserve	651,300	651,300	651,300	675,700	675,700
<b>Total Resources</b>	<b>\$20,484,000</b>	<b>\$19,797,000</b>	<b>\$19,105,700</b>	<b>\$17,155,100</b>	<b>\$14,493,300</b>

**Gateway Community and Technical College**  
**Budget Allocations By Program**  
**For Fiscal Year 2012/13**

<b>Program</b>	<b>FY 2013</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>FY 2010</b>	<b>FY 2009</b>
Instruction	\$ 8,044,300	\$ 7,584,500	\$ 7,997,800	\$ 6,877,400	\$ 5,554,300
Public Service	964,000	905,800	61,800	39,700	39,700
Academic Support	1,903,700	2,071,900	1,850,200	1,347,500	1,382,000
Student Services	2,690,200	2,271,400	2,138,100	1,881,500	1,165,000
Institutional Support	2,921,800	2,612,400	3,130,900	2,960,900	3,189,400
Operation & Maintenance	2,637,400	2,792,300	2,734,500	2,365,500	1,941,800
Student Financial Aid	671,300	559,100	541,100	535,400	545,400
Budgeted Expenditures	19,832,700	18,797,400	18,454,400	16,007,900	13,817,600
Contingency Reserve	651,300	999,600	651,300	1,147,200	675,700
	<u>\$ 20,484,000</u>	<u>\$19,797,000</u>	<u>\$19,105,700</u>	<u>\$17,155,100</u>	<u>\$14,493,300</u>

**KCTCS BENCHMARK COMPARISON  
EXPENSES AS A PERCENT OF TOTAL EXPENDITURES  
BY PROGRAM (UNRESTRICTED FUNDS)**

PROGRAM	GATEWAY FY 13 PROPOSED BUDGET	% OF TOTAL FY 13 BUDGETED EXPENSES	BUDGET				ACTUAL*
			GATEWAY		ALL		
			FY 12	FY 11	FY 12	FY 11	
INSTRUCTION	\$8,044,300	39.27%	38.31%	36.64%	40.28%	39.44%	45.33%
PUBLIC SERVICE	\$964,000	4.71%	4.58%	4.19%	7.23%	7.36%	2.00%
ACADEMIC SUPPORT	\$1,903,700	9.29%	10.47%	9.88%	6.50%	5.85%	8.48%
STUDENT SERVICES	\$2,690,200	13.13%	11.47%	11.63%	6.56%	6.72%	10.23%
INSTITUTIONAL SUPPORT	\$2,921,800	14.26%	13.20%	15.95%	17.57%	18.02%	14.32%
OPERATION & MAINTENANCE	\$2,637,400	12.88%	14.10%	14.43%	13.67%	14.48%	13.91%
FINANCIAL AID	\$671,300	3.28%	2.82%	2.96%	3.10%	3.29%	5.93%
REQUIRED RESERVES	\$651,300	3.18%	5.05%	4.32%	4.63%	4.84%	
TOTAL FUNDS AVAILABLE	\$20,484,000	100.00%	100%	100%	100%	100%	100%

\* - The actual information includes all funds - restricted and unrestricted. Operation and Maintenance may be distributed through other categories at the institution's discretion.

**Gateway Community and Technical College**  
**State Appropriation Schedule compared to Headcount/Facilities**

FY	State Appropriation	Headcount	FTE	Total Sq Footage
FY2013	\$ 6,253,900.00	5148*	2890*	413270**
FY2012	\$ 6,398,300.00	4857	2727	413270
FY2011	\$ 6,737,000.00	4799	2735	406545
FY2010	\$ 7,438,900.00	4206	2403	259542
FY2009	\$ 6,949,800.00	3477	1815	237069
FY2008	\$ 6,974,300.00	3130	1619	186113
FY2007	\$ 6,729,400.00	3189	1408	186113
FY2006	\$ 5,111,300.00	2952	1230	186113
FY2005	\$ 5,011,700.00	2624	1143	154138
FY2004	\$ 4,665,331.00	2937	1095	154138
FY2003	\$ 4,974,300.00	2597	1229	154138

\*Projected 6% increase

\*\*Based on FY12 square footage