

Resolution 04 - 2013
2013-14 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 2013-14 of \$19,141,585 in unrestricted funds which includes a total of \$16,721,572 in public funds allocation. Planned expenditures are estimated to be \$19,141,585. 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 adopted 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 2013-14 year. On May 13, 2013, 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 2013-14 Revenue and Expenditure Plan attached to this resolution. This action was approved by the Board on this 29th day of May 2013.

Brent Cooper
Secretary

Date

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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, the need for new programs, and the need to expand existing programs and services, especially to businesses and school districts.

The 2010-2016 KCTCS 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 2011. The plan is composed of three 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's 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 programs, including personnel and program resources necessary to attain and maintain regional accreditation as a comprehensive community and technical college.
- Creation of a Gateway Regional Academy (GRA) to provide dual credit opportunities to high school students.
- Creation of new student success services in advising, orientation, retention, call center, 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 Master Plan and implementation of the initial phases of the plan.
- The creation and implementation of the Advanced Manufacturing Business Plan.
- Expansion of campus facilities at the Edgewood and Boone Campuses.

- Creation of new institutional support work units focused on planning and effectiveness, resource development, leadership development, and human resource management.

Outcomes of the 2012-2013 Revenue and Expenditure Plan and Alignment to the Strategic Plan

The proposed 2012-2013 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 6% which would have generated approximately \$550,000 in new revenue. FTE enrollment actually declined and actual revenue fell short of budget by \$733,665. A 3.2% budget reduction to all divisions (except academic affairs and marketing at a 1.6% budget reduction) was enacted at the beginning of the year. The budget cut totaled \$367,332 with the 25% holdback generating an additional \$400,000. These two cost containment actions produced a net \$767,332 reduction in the expenditure plan and brought expenses in alignment with revenues.
- Online enrollment was budgeted to generate \$500,000 in FY2012-13. The online enrollment exceeded expectations and generated \$952,420, or \$452,420 above projections.
- The college successfully completed the SACS reaffirmation campus visit and is poised to complete the process in June 2013. Additionally, SACS has approved the college's Quality Enhancement Plan (QEP). The QEP will increase student retention through the first semester of college. It will increase student persistence from the first to second semester along with the first to second year. It will also reduce the number of students changing their academic plan and reduce the number of excess credit hours taken beyond the requirements for credential by providing the students with an academic plan to success.
- A 4% tuition increase was budgeted and approved by the Council on Postsecondary Education (CPE) and the KCTCS Board of Regents.
- State appropriation was budgeted at \$6,304,500 and did not change from the proposed budget.
- An additional \$625,900 was budgeted for KCTCS initiatives. These funds covered the 3% pay raise approved by the Board of Regents that was provided to fulltime faculty and staff. Additionally, these funds covered faculty promotions and transformation initiatives established by KCTCS. In spite of these additional costs added to the budget referenced above, total state appropriation declined from the previous year.
- The operating budgets of College departments were held at the 2011-12 levels. At the beginning of FY2012-13, 25%, was withheld on a non-recurring basis from the departments operating budget until fall revenue was realized. Since fall enrollment did not meet budget projections, these funds were utilized to offset the reduction in tuition revenue.

- The 2012-13 budget (developed in May 2012) was based on a conservative fund balance of \$1,125,000. The actual fund balance at June 30, 2012 totaled \$1,555,387 of which \$651,300 was the required reserve. During the year, the fund balance was used to support the future development of the Urban Center and Edgewood Campus. The College is projected to spend into fund balance by \$350,000 in 2012-13.
- 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.

2013-14 Budget Assumptions

The proposed 2013-14 revenue and expenditure plan was developed using the same processes as in previous years. The assumptions are as follows:

- FTE enrollment is budgeted to grow by 1.2% (120 FTE) over the actual FTE for the 2012-13 year. This generates approximately \$257,472 in new revenue. The majority of this growth is in the Gateway VETS program, online learning, and workforce solutions.
- A 3% tuition increase (\$4/credit hour), or \$144 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.
- State appropriation is budgeted at \$6,220,500. This amount included a revenue allocation of \$283,400 for KCTCS initiatives; however, the total cost of the KCTCS initiatives is \$414,500. The college budget will make up the difference of \$131,100.
- The KCTCS Board approved initiatives estimated to cost \$414,500 have been set aside and will be distributed within each program code once the KCTCS Board of Regents approves the initiatives.
- The College's departmental operating budgets have been restored to the original proposed levels as 2011-12.
- The budget does address increased costs for the first phase of the student call center, QEP, and the Financial Aid Default management.
- The budget includes two new veteran's positions funded on a one-year basis. These positions are based on an increase of 100 new FTE this year. An online course designer position has been included in this budget on a one-year basis. New online tuition revenue is expected to cover this position. Adjunct salaries are budgeted at the 2012-13 salary level.
- The anticipated unrestricted fund balance is projected to decline to \$1,251,300 (from \$1,555,387); this includes the required reserve. Planned uses of the fund balance include \$508,000 to cover non-recurring operating costs which are necessary to increase recruitment, improve retention, and improve completion which will create the growth anticipated in the strategic plan.

- 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.
- The operating budget does not contain any new operating funds for the Urban Campus because no new renovated space will be occupied in the 2013-14 academic year.

In addition to the budget assumptions, a series of cost containment and revenue enhancement activities are being considered by management. Management activities are being discussed at the cabinet level to 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, budget adjustments may occur between the time of GCTC Board approval and KCTCS Board of Regents approval.

5/7/13