



# **Background**

## **Resolution 01 – 2015 - 16 2015-16 Revenue and Expenditure Plan**

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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.

The 2010-2016 KCTCS Strategic Plan, adopted recommended by the Board of Directors in May 2011 and by the KCTCS Board of Regents, became the guiding document for the College's new strategic plan. 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 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 the KCTCS President in consultation with the KCTCS President's Leadership Team, of which the Gateway president is a member. Once the budget is approved by the KCTCS Board of Regents and allocated by the KCTCS President, 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 Metro 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 alignment of focused on planning and effectiveness, resource development, leadership development, and human resource management.

### **Outcomes of the 2014-2015 Revenue and Expenditure Plan and Alignment to the Strategic Plan**

The proposed 2014-2015 revenue and expenditure plan was developed based on the following assumptions with a brief outcome statement for each:

- State appropriation was budgeted at \$6,144,400; this amount was received in addition to a one time transfer of \$5,768 from KCTCS System's Office to cover a server lease moved to the college operating budget.

- A 2% tuition increase was budgeted and approved by the Council on Postsecondary Education (CPE) and the KCTCS Board of Regents. KCTCS also implemented the first phase of the KCTCS BuildSmart initiative; students were assessed \$4 per credit hour. These funds support the KCTCS debt service for this program and are not reflected in the college's budget.
- FTE enrollment was budgeted to grow by 8% which would have generated approximately \$717,000 in new revenue. FTE enrollment did not meet projections and actual revenue fell short of budget by \$732,000 (excluding summer school). To cope with the shortfall in tuition revenue, available operating budgets were reduced by 25% generating budget savings generating \$300,000. Small changes were budgeted in other revenue categories as a conservative approach against an aggressive enrollment growth projection. Revenue in other revenue categories will exceed budget by over \$400,000. This was a result of indirect cost recovery and workforce solutions revenue exceeding budget.
- The college budget incorporated a KCTCS approved 1% raise which was given to faculty and staff. Additionally, funds were allocated to cover faculty promotions. Three new faculty positions were budgeted and hired in history, interdisciplinary childhood education, and the Ford Asset program. 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 2013-14 levels; however, as reported above a 25% reduction was implemented to offset tuition shortfall.
- A \$100,000 allocation was made to support marketing for an image campaign. These funds have been utilized to increase awareness of the college and programs available.
- The Technology Innovation and Enterprise Center, a facility owned by the Gateway Community and Technical College Foundation opened in Fall 2014. The college incurred a lease payment of \$175,000 to begin operating this facility. The college also added two maintenance positions and utilities costs to operate this new building.
- The college continued to fund an online course designer position to further the growth of online course offerings within the college. Additional online adjunct faculty were hired through a federal grant. These additions helped support an increase in online enrollment.
- The college continued to invest in its Quality Enhancement Program (QEP) designed to increase retention of students by hiring an additional professional advisor. Federal grants were also utilized to fund advisors to support this initiative.
- The college continued support of the KCTCS Blackboard Call Center. The college also allocated funds to aggressively address the financial aid default management issue; a contract was entered into with the KY Higher Education Assistance Authority through a state-wide KCTCS agreement.

- The 2014-15 budget approved an allocation of fund balance of \$806,500. These funds help support the cost of operating the Urban Metro Campus while the Amsterdam Campus remains operational and also were used to fund image building campaign along with other nonrecurring commitments. The College is projected to spend into fund balance by only \$450,000 in 2014-15; this reflects a planned allocation to address outdated technology. The actual yearend balance is dependent on numerous factors controlled by KCTCS, such as accrued leave balances.
- 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.

### **2015-16 Budget Assumptions**

The proposed 2015-16 revenue and expenditure plan was developed using the same processes as in previous years. This year the College President announced a realignment of the organization to focus on fewer key priorities including recruitment and retention of students, increase in fulltime faculty and student support personnel, increased support for online and Early College initiatives. Additional leadership support is provided for facilities development including the closing of the Amsterdam Road Campus, the opening of the Transportation Center and the implementation of the next phase of the Urban Metro Campus. The assumptions are as follows:

- Overall FTE for Fall and Spring enrollment is budgeted to remain at the same level as the actual enrollments for the 2014-15 academic year. The budget reflects a targeted emphasis in growth of the FAME and Boone/Urban Early College initiatives. These initiatives are projected to produce 63 new FTE for the year. The budget includes the growth of 68 new FTE produced by the new AA/AS online cohort beginning in Spring 2016. These initiatives combined generate approximately \$290,200 in new revenue. Summer enrollment is conservatively budgeted based on FY2013-14 actual enrollment.
- State appropriation is budgeted at \$6,241,200. This amount includes a revenue allocation of \$88,300 for a one time allocation for funds by KCTCS. The KCTCS Board of Regent's initiatives, which are yet to be determined, are budgeted at \$500,000. These estimated expenditures will be absorbed by the college budget.
- The KCTCS Board of Regents voted not to increase tuition for the 2015-16 academic year. The second phase of the KCTCS BuildSmart initiative will be implemented beginning in the Fall 2015; students will be assessed the additional \$4 per credit hour for a total of \$8 per credit hour. These funds go directly to KCTCS and are not reflected in the college's budget.
- The college is creating and implementing a new Corporate College with a redefined mission to increase training contracts and services. This initiative is projected to grow an additional \$200,000 in revenue over FY2014-15's realized amounts.
- Small amounts of revenue increases are contained in the budget and include indirect cost recovery for grants and the college's Testing and Assessment Center. With the opening of the EMERGE in the Professional Services Center in the Urban Metro

campus revenues from customer sales and service for the Cosmetology and Massage Therapy programs have been increased.

- The budget includes funding for up to five new fulltime faculty positions funded from fund balance as an investment in future college growth and expansion of transfer programs. In addition, the budget includes funds to support an additional three faculty positions (Health Information technology, Paramedic Technology and Human Services) which were previously grant funded and determined to be critical to the key priorities of the college in the next several years.
- The budget reflects reorganization efforts across the college in an effort to streamline the organization. This eliminated two academic administrators and three staff positions. Additionally, nine academic departments were consolidated into five departments. Approximately \$400,000 of funds were reallocated internally to support the priorities.
- The budget includes 3.5 FTE support positions previously funded from grants; two of these positions are directly related to online programs including an additional \$100,000 to support a projected increase in online adjunct faculty due to increased online courses aimed at new markets.
- The budget continues to support the college's Quality Enhancement Program (QEP) designed to boost retention by funding two professional advisors which had been grant funded.
- The College's available operating budgets have been reduced 25% generating a savings of \$300,000. When actual revenues exceed budgets projections, all or a portion of the operating funds will be released to the respective departments.
- The budget includes the cost of operating the Amsterdam Rd/Park Hills Campus for the full year at the same level as FY2014-15. The budget assumes that the cost of operating the new Transportation Center (Robke site) will be equal to the cost of the operations of the Amsterdam Rd/Park Hills Campus if a partnership with the city develops.
- The budget reflects an additional \$100,000 allocation of fund balance to implement the revised marketing plan.
- The budget reflects an increase in tuition waivers of \$230,000 to cover the transition from articulated credit to dual credit and to support the Boone/Urban regional academy initiative which is expected to experience an enrollment increase.
- The budget includes support for a position overseeing the FAME and apprenticeship programs along with associated operating costs. These are funded from fund balance. A new faculty member for this program is being funded by a grant.
- The budget includes a minimal cost of pursuing the Accreditation Board for Engineering and Technology (ABET) accreditation.

- As of June 30, 2014 the college's balance sheet reflected unrestricted net assets totaling \$7,017,000. As reported above the college anticipates cutting into this amount by \$450,000. This balance includes \$651,300 which must be held in reserve as required by the Board of Regents. The budget includes an allocation of \$1,322,199 of net unrestricted assets to support the strategic investment in the long term growth and health of the college. A written plan will be submitted to KCTCS to utilize these 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 have been implemented including a hiring freeze. 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.

5/7/15