



**Board of Directors Special Called Meeting
Minutes
Tuesday, May 10, 2016
7 p.m.
Center for Technology, Innovation and Enterprise
Covington, KY**

BOARD MEMBERS PRESENT:

Mr. Joseph H. Creaghead
Dr. Julie Ann Smith-Morrow
Mr. Kenneth Paul

Ms. Felicia Wilson
Mr. Daniel Ridley
Mr. Paul L. Whalen

Dr. Michelle Deeley Wilhite
Mr. Jeff Groob

BOARD MEMBERS ABSENT:

Mr. Chad Day
Ms. Ivy Velez

Gateway and KCTCS Faculty and Staff Present:

Dr. Vic Adams, Interim President/CEO
Dr. Amber Decker, Vice President, Development & Strategic Partnerships
Ms. Jane Frantz, Administrative Assistant, President's Office
Mr. Doug Penix, Associate Vice President of Academic Services
Mr. Mike Riley, Professor
Ms. Carissa Schutzman, Vice President, Corporate College
Ms. Michelle Sjogren, Director of Communications
Dr. Teri VonHandorf, Vice President, Academic Affairs
Ms. Ingrid Washington, Vice President, Student Development
Ms. Phyllis Yeager, Director of Human Resources
Mr. Jamie Younger, Vice President, Administrative & Business Affairs
Ms. Pam Duncan, KCTCS Counsel
Mr. Wendell Followell, KCTCS Vice President

GUESTS:

Kate Murphy, The Enquirer
Mark Hansel, Northern KY Tribune

I. CALL TO ORDER/WELCOME/INTRODUCTIONS

Chairman, Jeff Groob, called the meeting to order at 4 p.m. Ms. Jane Frantz called roll of Board members. The record will reflect that a quorum was present.

Mr. Groob stated that the reason that the Budget Committee meeting was changed to a Special Called Board of Directors meeting is because a quorum was anticipated to be present. Mr. Groob read from Kentucky revised statute 164.600: "Each Board of Directors shall:... Adopt and amend an annual operating budget and submit it... to the Board of Regents... for approval as to the compliance with its guidelines." And the "Board of Directors shall:... Approve... a strategic plan that is developed in coordination with local employers, civic leaders, campus constituents, and other post-secondary institutions in the region, and that is consistent with the strategic agenda of the General Assembly."

Mr. Groob stated that because this is a special called meeting, discussion will be restricted to the business of the Finance Committee. The strategic plan and the operating budget are inextricably linked, and the Board will have a separate discussion at the next regular Board meeting, on Thursday, May 12. Mr. Groob then turned the meeting over to Mr. Ken Paul, to run it as a Budget/Finance Committee meeting.

II. 2015-16 BUDGET REVIEW

Mr. Ken Paul stated that any budget is a point-in-time snapshot, based on revenue and expense, and that it will change throughout a given year. Amendments can be made to the budget, but at the current time, a budget is required to be submitted for approval to the KCTCS Board of Regents. Regarding the current budget and finances of Gateway, Mr. Paul said that KCTCS is buying the Center for Technology, Innovation and Enterprise from the Gateway Foundation.

Mr. Paul asked Dr. Vic Adams to join the Board at the table and invited Mr. James Younger to present the budget information.

Mr. Jamie Younger's presentation included a review of what has already been presented to the finance committee and subsequently reported to the Board of Directors.

- Among the accomplishments of 2015-16: Gateway was named a training and certification site by the American Welding Society; the Enhanced Operator program began; Gateway was named one of the 25 best online colleges; the Gateway Boone County GED program was one of the top five in the state; the Governor visited to recognize \$70,000 in Duke Energy grants for workforce development; the Automotive Technology program was named National Automotive Technicians Education Foundation (NATEF) certified for the eleventh year; and Gateway staff members made a presentation at the White House for the First in the World Grant.
- 2015-16 Budget Recap – The original budget consisted of \$21,625,100 unrestricted funding. As of April 30, 2016, the college's operating budget has been revised to \$21,300,477.

III. 2016-17 PROPOSED BUDGET REVIEW

Mr. Jamie Younger's presentation continued with the 2016-17 Budget:

- 2016-17 Budget Assumptions – The unrestricted budget is \$19,352,500 which is a reduction of about \$2.3M from the FY2015-16 original budget. The total operating budget is \$33,871,000.
- Breakdown of 2016-17 Budget - Revenue: A decline in credit enrollment is projected. The Council on Postsecondary Education has approved up to a 6.1% or \$9 increase per credit hour. State allocation will be reduced, and fixed costs will increase. Noncredit tuition will increase. Sales/Service educational activity income will decrease. The required budget reserve will be 3% of total public funds. Function of Expenses: Instruction, student services, and student financial aid costs will increase. Public service, libraries, operations and maintenance costs will decrease. Academic support, institutional support and the budget reserve will remain the same. Object of Expenses: Personnel costs will decrease based on overall reduction of \$2.3M in revenue compared to FY2015-16. Grants in aid costs will increase due to projected growth in dual enrollment waivers.

The presentation and ensuing discussion included steps to be taken to respond to the budget cuts; program, staff and faculty changes; enrollment changes; and opportunities for the college moving forward. Requests were made by Board members for more detailed information in some areas, including departmental salaries and numbers of employees by department, as well as the assumptions around enrollment and tuition used to arrive at the budget numbers. Discussion continued around the efforts being made to provide new programs and to increase student retention and success, the budget approval process, the tuition increase maximum limit approved by CPE and set by KCTCS. Mr. Wendell Followell, Vice President for Finance from KCTCS, provided information about the requirements from KCTCS and the Board of Regents. KCTCS will print all of the colleges' budgets and mail them to the Board of Regents three weeks in advance of their budget deadline. He said that the information provided with Gateway's budget meets the standards codified in KRS 164, which are the National Association of College University Business Officers (NACUBO) standards.

With the requirement that the Gateway Board of Directors submit a recommended budget to the KCTCS Board of Regents by the end of May, discussion involved the Board meeting on May 12, as the next opportunity to vote to approve the budget. An alternative was to take no action on May 12, but to request more information to be provided, with another special meeting scheduled before the end of May. With a show of hands, the Board members voted to approve a resolution to recommend the budget to the Board of Regents at the May 12 meeting. They will include, in the resolution, a listing of requested additional information. Board members will email the detail of additional information to the Board Chair and copy Mr. Ken Paul in time to be included in the resolution prepared for the meeting on May 12.

IV. ADJOURNMENT

Upon motion by Mr. Paul, and seconded by Dr. Smith-Morrow, Mr. Groob adjourned the meeting at 5:52 p.m.

Prepared by Jane Frantz, Administrative Assistant.

Approved:

Dr. Julie Smith-Morrow
Secretary to the Board

Date

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