

Memo

To: Board Of Director's Budget and Finance Committee
From: James Younger, VP for Administrative and Business Affairs
cc: Dr. Figueroa, President
Date: September 21, 2016
Re: 4th Quarter Variance report review

The 2015-16 fiscal year has come to a close and proven to be an interesting year. Below are a few highlights from the fiscal year:

- High School enrollment growth of **42.74%** from fall 2014 (468) to fall 2015 (668)
- High School enrollment growth of **76.74%** from spring 2015 (331) to spring 2016 (585)
- Fall, online credit growth of **6.91%** from fall 2014 (8,002) to fall 2015 (8,555)
- Spring, online credit hour growth of **3.77%** from spring 2015 (8,273) to spring 2016 (8,585)
- Fall recognized tuition revenue for online classes growth of **6.91%** from fall 2014 (\$1,176,294) to fall 2015 (\$1,257,585)
- Spring recognized tuition revenue for online classes growth of **3.77%** from spring 2015 (\$1,216,131) to spring 2016 (\$1,261,995)
- Credentials awarded growth of **14.90%** from 2014/2015 (1,685) to 2015/2016 (1,936)
- Graduates growth of **5.26%** from 2014/2015 (931) to 2015/2016 (980)

Below is a brief explanation of the revenues and expenditures by budget book category:

The original budget submitted to and approved by the GCTC Board of Directors on May 28, 2015 consisted of \$21,625,100 unrestricted funding. As of June 30, 2016 the college's operating budget was revised to \$21,175,877. The following adjustments were made:

- \$124,600 reduced from state appropriations. Governor Bevin enacted a mid-year 2% budget appropriation reduction.
- \$200,000 reduced from fall tuition. Original budget \$5,114,900; Revised budget \$4,914,900. Realized \$4,920,896. This reduction in revenue was offset through salary savings from vacant positions located in academic support and an instructional program.

- \$475,000 reduced from spring tuition. Original budget \$4,690,200; Revised budget \$4,215,200. Realized \$4,314,906. This reduction in revenue was offset through a combination of adjunct savings due to strategic alignment with federal grant resources, salary savings from various staff positions and utility savings.
- \$275,000 reduced from Sales and Service - Grants Indirect. Several large grants have ended this year which have resulted in a loss of income for the college. This reduction in revenue was offset through a reduction in M&O and salary savings created from delayed hiring and not filling some positions for the remainder of this year.
- Upon direction from the system office; \$644,819 added to fund balance to cover the advance of Gift pledges for BuildSmart funding. The college will repay itself as these funds are received. \$150,000 has been received to date and transferred back to the college.
- The remaining reduction difference of \$19,400 was previously reported during the 1st quarter. On June 12, 2015 the KCTCS (BOR) approved a 1% or \$1,000 raise for college personnel, resulting in a \$19,400 reduction to Gateway's original budget and a revised unrestricted budget of \$21,605,700.

Revenues:

- State Appropriations:
 - Budget \$6,241,200; revised 2%; appropriation reduction executive order to \$6,116,600. Realized \$6,336,725; additional \$220,125.39 in restricted KYTRAINS appropriations
- Tuition and Charges:
 - Fall revised budget \$4,914,900 realized \$4,920,896
 - Spring revised budget \$4,215,200 realized \$4,314,906
 - Summer budget \$857,400 realized \$961,080
 - KNAT Sweep \$-8,200

	<u>Credit Hours</u>	<u>Full-Time Equivalent¹</u>
Summer 2015	6,085.6	405.7
Fall 2015	33,917.6	2,261.2
Spring 2016	29,462.0	1,964.1

¹ "Full-Time Equivalent" is derived by dividing Credit Hours by 15

- Noncredit Tuition:
 - Budget \$800,000 realized \$582,797
 - Total students served 183 credit, 1,657 noncredit
 - Total number of companies served 96 companies (excluding assessment center)

- Total number of assessment center companies served – 869 companies
- Government Grants and Contracts
 - Realized \$62,081 Nonrecurring transfer of residual balance for the Raise the Floor grant.
- Sales/Service:
 - Revised budget \$1,653,650, realized \$1,827,886.60
 - Drivers were nonrecurring rent, security, assessment center bookstore and grants indirect
- Other (Prior Yr. Fund Balance):
 - Revised budget \$1,966,827 realized \$10,583 for workforce scholarship funds. Revenue in this category is from prior years.
- Budget Reserve (Nonrecurring):
 - Budget \$651,300. Revenue in this category is from prior years.
- Restricted Funds:
 - Restricted funds include private gifts and grant funding where the funds are restricted by donor or grantor. These funds are budgeted by KCTCS. Currently, in line with spending from previous year. In line with budget projections.

Expenditures by Program:

- Instruction:
 - Comprised of expenses related to general academic instruction both operating and personnel. Unrestricted portion of expenses 66% (\$7,966,323) and restricted portion 34% (\$4,069,286). 88% (\$10,638,902) being personnel and 12% (\$1,396,707) being operating.
- Public Service:
 - Comprised of operating and personnel expenses related to Workforce Solutions, Testing and Assessment Center and KY Nurse Aid Testing. Workforce Solutions conducts KCTCSTRAINS training for several companies in our region. Unrestricted portion of expenses 84% (\$208,123) and restricted portion 16% (\$40,465). 98% (\$242,964) being personnel and 2% (\$5,623) being operating.
- Academic Support:
 - Comprised of expenses related to academic support of the college. For ex. Academic Advising, Printing, Libraries, and KCTCS recharge. Unrestricted portion of expenses 81% (\$2,025,727) and restricted portion 19% (\$484,321). 90% (\$2,264,582) being personnel and 10% (\$245,466) being operating.
- Student Services:
 - Comprised of expenses related to the nonacademic support of students. For ex. Career and transition services, financial aid administration, registrar office, admissions, student affairs and KCTCS recharges. Unrestricted portion of expenses 64% (\$2,641,519) and restricted portion 36%

(\$1,469,437). 76% (\$3,135,716) being personnel and 24% (\$975,240) being operating.

- Institutional Support:
 - Comprised of expenses related to the general support of the college. Unrestricted portion of expenses 99.8% (\$2,933,635) and restricted portion .2% (\$6,651). 76% (\$2,226,033) being personnel and 24% (\$714,253) being operating.
- Student Financial Aid:
 - Comprised of expenses related to waivers and KCTCS scholarships. Predominately grants which are front end loaded. Unrestricted portion of expenses 9% (\$926,160) and restricted portion 91% (\$8,934,435). 100% (\$9,860,594) being operating.
- Operations and Maintenance:
 - Comprised of expenses associated with physical plant operations, safety and security and utilities. Unrestricted portion of expenses 93% (\$3,250,049) and restricted portion 7% (\$262,926). 28% (\$972,733) being personnel, 18% (\$626,645) being utilities and 54% (\$1,913,597) being operating.

Overall

As reported at the August Board Meeting, The administrative and business affairs office is working closely with the KCTCS Department of Financial Services to close out the fiscal year. KCTCS Department of Financial Services is anticipating that the external auditors will complete their work by the end of September. The KCTCS Board of Regents will review and approve the annual financial report at their December meeting, which includes Gateway Community and Technical College.