

## **2017-18 Budget Narrative**

The budget narrative presented below is an expression of our “why,” which consists of the factors involved in facilitating talent realization and development that will lead to an improved quality of life for our students and the community. With limited resources, our budget represents investments in elements that are critical to keeping our promise to our students, and cultivating growth for the college. Resources are allocated where there is need and growth potential, as identified by data.

Below, you will see who we serve. Some of our students face unique challenges, including college readiness, the pressures of poverty, drugs and lack of healthcare, time and employment restraints, and cultural expectations (or lack of), that other college students may not face. As we build our budget, we consider all of this.

We must also consider the many bodies who hold us accountable and guide our planning and goals. The budget considers and integrates these: KCTCS Strategic Plan, Gateway Strategic Plan, the Diversity Plan, the Strategic Enrollment Management (SEM) Plan and performance funding criteria. Efficient and effective use of resources is required and will be measured.

In addition, this information represents employees, as individuals, departments and divisions. We asked them to consider their specific contribution to recruitment, retention, and talent realization and development once students are here. They tell us how they plan to accomplish these goals and what resources they need to do so.

Revenue is obviously driven by our work in the form of enrollments, workforce training, grants, gifts and endowments. However, there are other aspects of revenue we do not affect, such as state allocations and tuition rates.

The budget assumptions expressed in this narrative outline factors driving the final budget document. Please keep in mind, this budget is an expression of our values and why we exist. All parts of it have been carefully analyzed and refined to address and express the following:

<b>Why does Gateway exist?</b>	<b>Employee Values</b>	<b>Board Values</b>	<b>President’s Values</b>
Talent realization	Support/empowerment	Student Success	Talent discovery
Talent development	Innovation /risk taking	Opportunity	Alignment
Improved quality of life	Collaboration/teamwork	Community	Collaboration
	Communication	Affect Change	Accountability
	Integrity/ethics	Responsibility	Communication
		Communication	

Our intention is that this budget reflects the college’s commitment to students and the community. Our budget and process is not static, but dynamic. We are constantly refining our internal budget preparation processes to include more data analysis, particularly in relation to what is working, and what is not, and including as many points of view as possible. We are familiarizing ourselves with the daily shifting landscape of higher education and the internal and external forces that affect our budget and priorities.

However, one thing is constant: This is not about **what** we are as a college, but **why** we are to our community. This budget represents intentional analysis, collaboration and alignment of our goals and values to improve the lives of our students and the community through our work and resources.

## **Vision and Mission**

### **Vision**

Gateway Community and Technical College will be recognized as a premier comprehensive community and technical college that meets the dynamic life-long learning needs of the global community.

### **Mission**

Gateway Community and Technical College provides high quality, affordable, accessible, and inclusive postsecondary education and training resulting in a positive contribution to the economic vitality of the region and enhanced quality of life for all citizens.

## **Who We Serve**

### **SPRING 2016 DEMOGRAPHICS**

Enrollment\*: 3,634  
 Full-Time/Part-Time\*: 31%/69%  
 FTE\*: 2,123

Female/Male\*: 56%/44%

#### **AGE:**

Under 18 4%  
 18-19 17%  
 20-21 18%  
 22-24 17%  
 25-29 16%  
 30-34 9%  
 35-39 7%  
 40-49 9%  
 50-64 4%  
 65+ 0%

**Average Age: 27.1**

#### **ETHNICITY:**

American Indian/Alaskan 0.2%  
 Asian 0.7%  
 Black/Non-Hispanic 8.0%  
 Hispanic 3.1%  
 Native Hawaiian/Pacific Islander 0.0%  
 White/Non-Hispanic 85.2%  
 Two or More Races 2.2%

### **FALL 2016 DEMOGRAPHICS**

Enrollment\*: 4,450  
 Full-Time/Part-Time\*: 30%/70%  
 FTE\*: 2,381

Female/Male\*: 51%/49%

#### **AGE:**

Under 18 12%  
 18-19 17%  
 20-21 15%  
 22-24 14%  
 25-29 14%  
 30-34 9%  
 35-39 6%  
 40-49 8%  
 50-64 4%  
 65+ 1%

**Average Age: 26.6**

#### **ETHNICITY:**

American India/Alaskan 0.2%  
 Asian 0.7%  
 Black/Non-Hispanic 7.4%  
 Hispanic 3.5%  
 Native Hawaiian/Pacific Islander 0.1%  
 White/Non-Hispanic 83.8%  
 Two or More Races 2.3%

**COUNTY OF RESIDENCE:**

Boone	28%
Campbell	14%
Gallatin	1%
Grant	6%
Kenton	37%
Owen	0%
Pendleton	5%
Hamilton (OH)	4%
Other	4%

**STUDENT CLASSIFICATION:**

Freshmen	37%
Sophomore	45%
High School	15%
Non-Degree	3%

**COUNTY OF RESIDENCE:**

Boone	28%
Campbell	15%
Gallatin	1%
Grant	6%
Kenton	35%
Owen	1%
Pendleton	5%
Hamilton (OH)	4%
Other	4%

**STUDENT CLASSIFICATION:**

Freshmen	40%
Sophomore	35%
High School	15%
Non-Degree	11%

**COLLEGE READINESS****DEVELOPMENTAL EDUCATION^:**

<b>New Students with 1 or More Developmental Needs</b>	<b>74% (89)</b>
Developmental Need in English	45% (55)
Developmental Need in Mathematics	67% (81)
Developmental Need in Reading	36% (43)
<b>New Students with Need in <u>All 3</u> Subjects</b>	<b>23% (28)</b>

**DEVELOPMENTAL EDUCATION^:**

<b>New Students with 1 or More Developmental Needs</b>	<b>65% (382)</b>
Developmental Need in English	32% (189)
Developmental Need in Mathematics	54% (314)
Developmental Need in Reading	39% (226)
<b>New Students with Need in <u>All 3</u> Subjects</b>	<b>19% (109)</b>

**NON-ACADEMIC CHALLENGES****EMPLOYMENT\*\*:**

Employed-Full Time	45%
Employed-Part Time	29%
Unemployed, Not Seeking Employment	15%
Seeking Employment	11%
Displaced Worker	1%
<b>Total respondents working</b>	<b>74%</b>

(Reflect responses collected from Jan 2016 through June 2016)

**EMPLOYMENT\*\*:**

Employed-Full Time	45%
Employed-Part Time	30%
Unemployed, Not Seeking Employment	13%
Seeking Employment	11%
Displaced Worker	0%
<b>Total respondents working</b>	<b>75%</b>

(Reflect responses collected from July 2016 through Dec. 2016)

**STUDENT FINANCIAL INFORMATION:**

Percent of first-time degree/certificate-seeking undergraduate students who received grant or scholarship aid from the federal government, state/local government, or the institution, or loans

- Spring 2016 64.41% (49.15% received PELL)
- Fall 2016 72.54% (45.18% received PELL)

## **Background**

Since the creation of KCTCS in 1998 and the subsequent development of Gateway Community & Technical College, three strategic plans have 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 designed to meet the goals of the strategic plan.

The 2016-2022 KCTCS Strategic Plan, adopted and recommended by the Board of Directors on May 12, 2016 and by the KCTCS Board of Regents, became the guiding document for Gateway's 2016-2022 strategic plan. The five goals of Gateway's Strategic plan are:

1. Strategically position Gateway Community and Technical College within the comprehensive educational landscape of the Northern Kentucky/Greater Cincinnati Region.
2. Develop innovative opportunities for flexible, affordable, and personalized learning.
3. Develop comprehensive customizable and fluid educational pathways that are relevant and responsive to the dynamic needs of the region.
4. Cultivate an experiential, collaborative and supportive learning environment that pursues diversity, thrives on innovation, and contributes to a connected community.
5. Strengthen long-term institutional growth and stability.

We annually work to align available and projected resources with the proposed use of resources based on the strategic and annual plan through a Strategic Needs Analysis. Gateway has implemented policies and procedures to support planning throughout the institution, involving individuals, departments, and major functional units. The planning process includes analysis of program data (enrollment, retention, most efficient use of program resources and trends in these areas), community need, labor and workforce need, partnership and funding opportunities and other environmental scanning. This ongoing and fluid process enables the College to take advantage of opportunities as they occur. We see our budget as dynamic, not static, as is our budget planning process. We are constantly working toward efficiency, effectiveness and improvement based on data.

Revenues are limited to tuition and charges assessed to students, state appropriation, contracts, gifts, grants, and endowment income. The KCTCS Board of Regents establishes tuition rates 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.

## Revenue sources

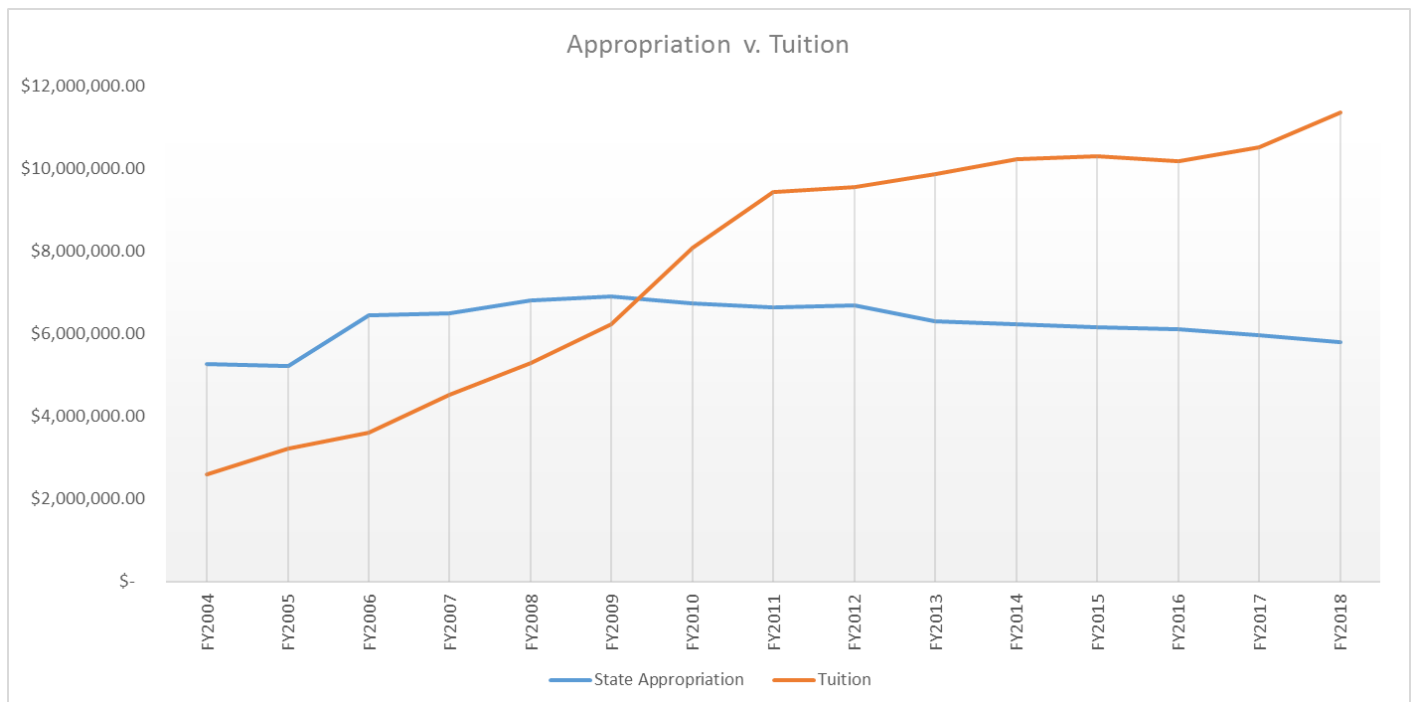
The revenue model supporting the college budget is largely comprised of two sources of income: **state appropriation, and tuition and fees.**

### State Appropriation

State allocation has significantly declined due to numerous factors at the state level. Therefore, increases in tuition and fees have been necessary to make up the gap.

The performance model approved by the Council on Postsecondary Education recognized a disparity among the KCTCS colleges. As it relates to Gateway, the model reflects that we will receive additional funding from KCTCS to support operational components over the next five years.

Despite this projected increase, FY17-18 budget \$5,793,100 last year's budget was \$5,812,400. This is a *reduction of \$19,300 from previous year*, due to increased cost associated with system wide contracts and services.



### Enrollment

Enrollment in semester credit hours (SCH) is what generates the tuition and fees that help to support our college. To our benefit and detriment, the unemployment rate has always carried a negative correlation with enrollment at community colleges. Gateway is no exception. While year-over-year employment figures for Cincinnati Metro region improve, our enrollment has remained mostly flat. The fact that we have been able to maintain when we should be losing at

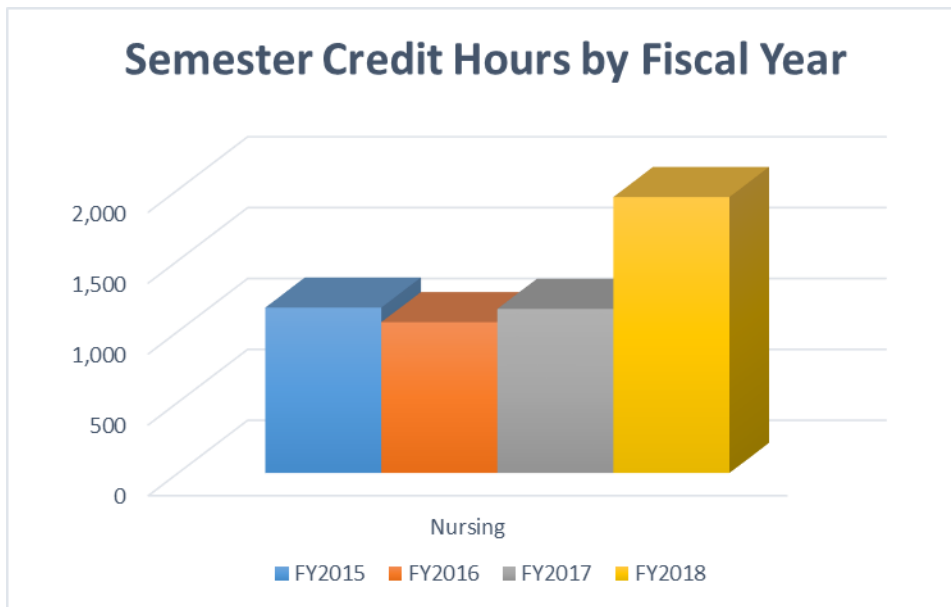
a rate comparable to the increase in employment is a good sign for Gateway. Although, we are not satisfied with flat. We want to grow.

With this in mind, Gateway has targeted growth in a number of high-demand areas, including nursing and online instruction to capture a portion of the education market that is growing.

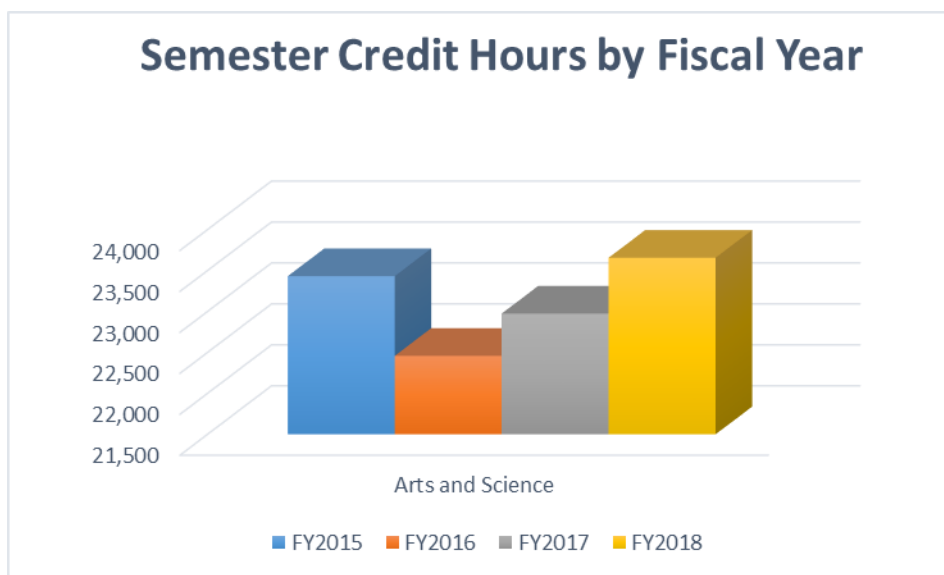
This budget reflects a projection of 70,125 semester credit hours (SCH) for the FY17-18 fiscal year. We anticipate 69,024 SCHs to be realized by the close of the FY16-17 fiscal year. This represents a **1.6% increase or 1,101 SCH increase over last year**. How will we accomplish this? We project the largest increases in nursing, Arts and Sciences and online instruction.

- **Fall 2017 SCHs projection is 33,884, which equates to \$5,489,200** – Fall 2016 SCHs were 33,177, which equates to \$5,118,900.
- **Spring 2018 SCHs projection is 29,817, which equates to \$4,830,354** – Spring 2017 paid credit hours were 29,330, which equates to \$4,537,265 (as of April 18).
  - **Nursing** accepting new cohort of 24 students in Fall. In Spring of 17 (FY16-17), we increased the cohort by 15. These new students plus the 24 new student cohort creates the need for four new courses in the fall rotation. Nursing increase in Spring 17, new cohort in Fall 17 and Spring 18 generates the need for three new courses.

Through marketing efforts including updating the program page and collateral, participation in the “Faces of Care” awards event sponsored by Cincy Magazine, targeted digital marketing and many recruiting events, we will continue to build the reputation and enrollment in GCTC’s nursing program.

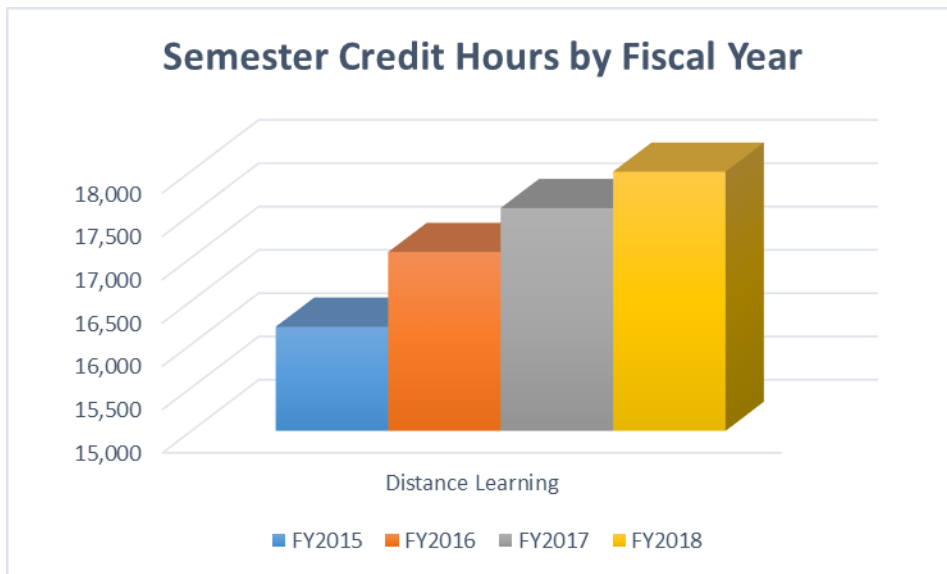


- **Arts and Sciences** will be increasing due to the increase in general education course enrollment generated by interest in entering the nursing program, dual enrollment and new transfer pathways:
  - **Dual enrollment** continues to grow through partnerships with schools, the state scholarship and marketing to parents regarding the cost savings. As dual enrollment opens the doors to high schools, we have more opportunity to encourage students to continue at Gateway after graduation by advertising in high school sports venues and targeted recruiting efforts.
  - Dual enrollment generates **traditional student interest** because of students' first-hand experience on Gateway campuses, exposure to pathway opportunities, marketing to parents and an increase of scholarships allocated specifically for high school students. We also begin our retention efforts with an August event especially designed for first-time freshmen. Last year, this event was *Gateway GO* and very well attended.
  - To date, we have formal **transfer pathway agreements** with seven four-year institutions, including ECU, UNH, U of L and NKU. In addition, the transfer program had a very successful transfer fair. These partnerships and recruiting activities, as well as updates to transfer marketing, were successful in 2016-17 and are supported in this budget. Our oldest and strongest transfer program, Gateway2NKU, has experienced growth since its inception in 2012-13. This year transfers to NKU grew by 13.8 percent. We anticipate this trend to continue in all of our new partnerships in the future.



- Gateway has experienced a steady online enrollment growth during the last four years and we anticipate the growth to continue in today's higher education landscape. Additionally, countless reports, surveys, and studies have shown that online enrollments in higher education have continued to grow although overall enrollments in the United States have continued to decline. Online enrollments are being driven by students who are seeking options for courses, certificates, and degree programs to support career placement, advancement, and transition. Increasingly, students enrolled in on-campus programs are also registering for hybrid to fully online courses while pursuing their credential. Anticipated growth necessitates the addition of three new courses and five current courses offered in multiple sessions this fall.

Gateway is recognized nationally and in the state as a leader in quality online education. These recognitions and the sites that promote online education, like [onlinecolleges.com](http://onlinecolleges.com), help us market our online offerings. By capitalizing on this exposure and specific marketing strategies supported by this budget, such as a new web page (featuring tips to increase success in online education and completely online associate degree plans and advising), new collateral and digital advertising, we will reach the population that prefers accelerated, online options.



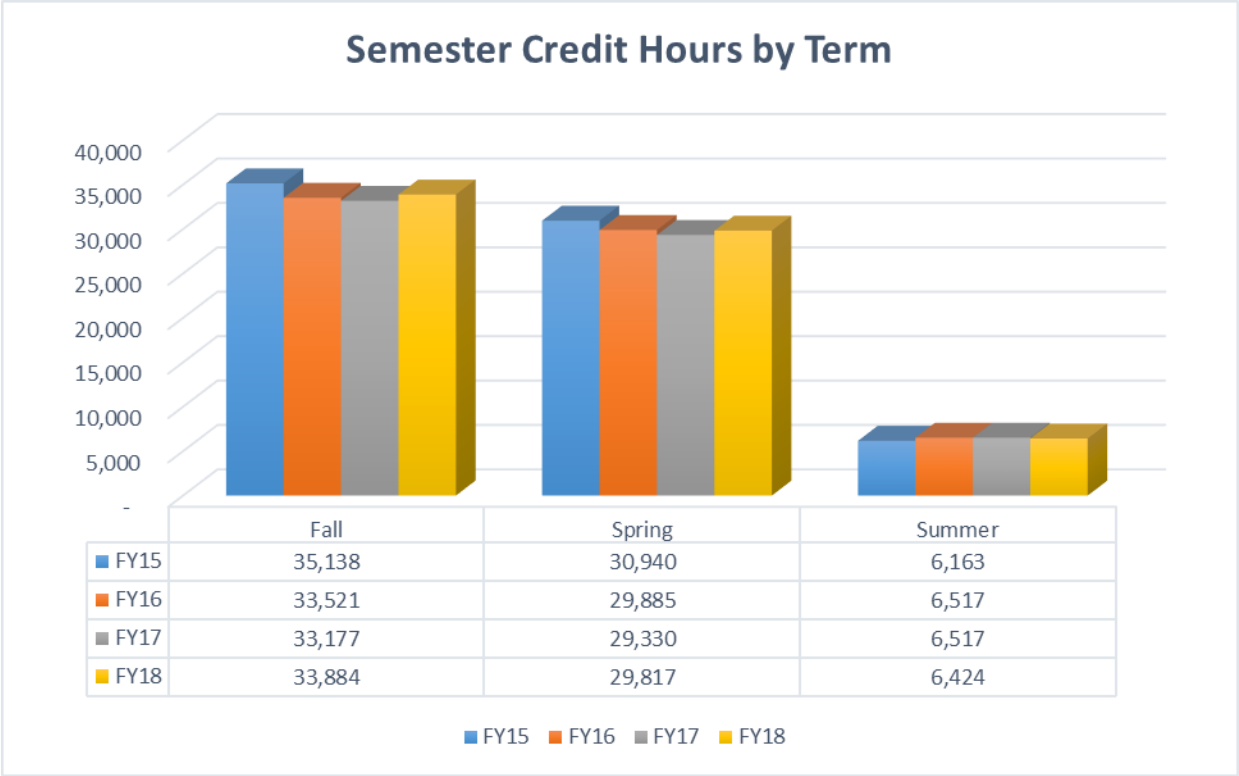
- **Summer 2018 SCHs projection is 6,424, which equates to \$1,040,688** – Summer 2017 projected credit hours are 6,517, which equates to \$1,016,652.

Summer enrollment is based largely upon the demands of **visiting students** who take online courses. Due to updating and streamlining the visiting student application process, creating web content and paid marketing campaigns, and the exceptional work



of the admissions office, we have seen a 71 percent increase in visiting students at Gateway since summer 2014, the majority of that increase in summer 2016. We anticipate that trend will continue this summer due to current summer 2017 enrollment and digital advertising analytics.

- Another major contributing factor to enrollment is the **success of retention efforts**. In the past year, retention has increased over 3 percent. Retention activities include events and incentives for current students to enroll for the upcoming semester classes, student engagement activities like *Trunk or Treat* and college movie nights, improved and intentional student communication, priority registration events, improved student access to advisors, increased faculty use of the Starfish early alert and retention system, and increased student services such as counseling, tutoring and peer mentors.



- A projected decline for 2017-18 enrollment is in the NKY FAME program. Companies offered 15 apprenticeships rather than 24, but they are having difficulty filling those spots. The apprenticeship program is declining at this time because demand and investment of industry partners fluctuates depending on production need.

## **Tuition & Mandatory Fees**

The Council on Postsecondary Education has approved up to a 3.9% or \$6 increase per credit hour. The tuition increase is pending KCTCS Board of Regents approval. With this increase, the 70,125 SCHs will generate approximately \$11,360,250 compared to \$10,767,744 in FY16-17. This increase recognizes the budget reliance on tuition and fees and enables the college to remain less reliant on volatile and limited sources of income.

This increase does not come without careful consideration to student affordability. With the understanding that attending college has far-reaching financial impact on a student's life, we continue to adopt a more holistic approach to affordability. We are demonstrating this commitment by working closely with Barnes and Noble to offer more digital eLearning instructional materials, 40% of our classes utilize eLearning. We will continue our commitment to offer free ridership with TANK to current students. We will maintain and enhance our commitment to additional resources for student life challenges through grant resources, community partnerships and improved synergy with local service organizations.

Gateway's long-term commitment to **workforce development** is strengthened by the growing number of relationships with industry partners. Working closely with the NKY WIB, Tri-Ed, the NKY Chamber, the Advanced Manufacturing Workforce Development Coalition (AMWDC), and Partners for a Competitive Workforce, we predict a growing need for training for companies in our region. We are responding to the high demand sectors identified by local and statewide workforce development data: Transportation, distribution, and logistics, including CDL; advanced manufacturing; information technology, business, and finance; healthcare; and, construction.

**Workforce Solutions** is projecting FY2017-18 revenue at \$781,000; projecting to realize \$650,000 by close of fiscal year 2017.

- The CDL program has been profitable our first year, and we have plans to begin expansion of the program in 2017-2018 to meet industry demand. We are also on several community committees that are preparing for the workforce demand in logistics.
- We continue to see growth in demand for workplace readiness skills, leadership, and supervision across all sectors. In 2016-2017, we began creating online modules in addition to traditional delivery programs. Training can be delivered face-to-face, online, or hybrid to provide flexibility to companies and employees.
- In 2016-2017, we created a marketing schedule that included planned communication via paid print advertising, event sponsorships, regular email distribution to targeted audiences, and social media. We will continue these strategies in 2017-2018 with the addition of more company/sector meetings on campus.
- Advanced manufacturing programs such as NKY FAME, customized apprenticeship, and enhanced operator continue to evolve. We are working with employers in a continuous improvement cycle to revise curriculum to meet industry needs.
- This past year, we began developing incumbent worker training programs in IT and healthcare as both sectors have increased demand.

### **Sales/Service Educational Activity**

Roughly 6 percent of the revenue projection comes from Sales and Services. The revenue is largely made up of the Assessment Center, Security Charge, Bookstore Commission and the new online charge. Majority of increase is based on the anticipated \$15 per SCH charge associated with online classes beginning in July (pending KCTCS Board of Regents approval). This generates \$328,000 in additional revenue.

- FY2017-18 \$1,243,380; projecting to realize \$927,444.64 by close of FY2016-17 fiscal year

### **Other Sources**

- We are making a one-time investment of \$400,000 to further strengthen the infrastructure of the college and maintain a level of service conducive to recruiting and retaining students. Throughout this year, we will refine our service through efficient and effective personnel alignment and efforts that support increased retention and robust enrollment, ensuring the college is responsive and prepared to move to the next level.

### **Expenses**

#### **Personnel**

We recognize that our most valuable resource is our employees who provide the student experience that changes lives. All of the KCTCS colleges are anticipating an overall increase in personnel cost based on 3% salary increase for regular status employees (pending KCTCS BOR approval) and an increase in our benefit pool from 40.6% to 43.5%. Because we are working to provide student service as efficiently and effectively as possible, we do not anticipate an increase in position totals.

Due to expiration of IMPACT grant, multiple positions rolled off grant funding. The budget reflects Investments to add needed positions formerly funded by the grant. Additional investments are being made in instructors to support anticipated growth in enrollment in CDL nursing, online instruction and Arts and Sciences courses.

We want to be clear that any additions to expenses are directly tied to our “why,” which is talent realization and development that benefits our students and community. When we do this, enrollments will follow.

#### **Operating**

The college continues to look inward for improved efficiency and cost savings. Efficiencies throughout the college helped offset the growing cost associated with system wide recharge expenses as well as the repayment of the cash advance associated with the sale of the Amsterdam/Park Hills campus. The college will pursue further efficiencies as we continue to develop and research cost analysis throughout this coming year.

Our **marketing investment** to increase enrollment and promote our college brand is driven by the strategic plan, SEM, and diversity plan. The marketing strategy will include general branding and enrollment messaging as highlighted above in relation to fall, spring and summer enrollment. We will also utilize best practices in search engine optimization (SEO) and search engine marketing (SEM), through Google AdWords, to drive prospective students to our website. Our website is our number one marketing tool. With that in mind, we will be working with system office and college colleagues to update the look and functionality of our website. This will include an updating of program pages and overall refresh of images and text, which is an ongoing process. Our goal is to keep our site fresh and user friendly.

We will invest the majority of the marketing budget on very targeted messaging related to the programs we are working to grow, as highlighted above. We work very closely with administration to stay focused on our goal areas.

Our marketing investment will include: digital advertising (display ads on websites, social media, through search engines and mobile devices), SEM, television, outdoor signage, “college editions” in local publications, radio and opportunities to reach targeted audiences through advertising in event publications. If you don’t see our advertising, that means we are spending advertising dollars effectively because you may not be the target market.

We are constantly analyzing the effectiveness of our marketing and adjusting to capture the greatest return on investment (ROI).

## **Summary**

Gateway has faced significant financial challenges in the past several year, and we predict them to continue throughout this year. However, we also recognize that this is a time of transition and see it as a great opportunity for impactful change. Not change for the sake of change, but change based on careful analysis of data, input from those serving and those being served, and fulfilling our promise to the community.

In some areas, our data says we need to keep doing what we're doing, and more of it. In others, we need to rethink and better align resources and processes. This is what we're doing... getting closer to “why,” refining our budget process.

We are listening, adapting and implementing. We are pressing forward as a growing institution with new leadership. We are strategically positioning Gateway as a driving force in northern Kentucky through responsible fiscal planning, open communication and collaboration on all levels. When we do these things, we will have a strong coordination of energy, resources and talents all focused on Gateway’s commitment to our community.

# **Budget Narrative**

## **Appendix**

## 2017-18 Operating Budget

### Gateway Community and Technical College

SOURCE OF FUNDS	UNRESTRICTED	RESTRICTED	TOTAL
Tuition and Mandatory Fees	\$11,350,300	\$0	\$11,350,300
State Allocation	8,994,500	0	8,994,500
Government Grants and Contracts - Federal	0	11,773,300	11,773,300
Government Grants and Contracts - State	0	1,753,800	1,753,800
Noncredit Tuition	896,500	0	896,500
Private Funds	0	430,600	430,600
Endowment Income	0	67,100	67,100
Sales/Services Educational Activity	1,243,400	0	1,243,400
Other Sources	400,000	0	400,000
Budget Reserve "NR"	515,000	0	515,000
System Services and Systemwide Contracts	(3,201,400)	0	(3,201,400)
<b>TOTAL REVENUES</b>	<b>\$20,198,300</b>	<b>\$14,024,800</b>	<b>\$34,223,100</b>
<b>FUNCTION OF EXPENSES</b>	<b>UNRESTRICTED</b>	<b>RESTRICTED</b>	<b>TOTAL</b>
Instruction	\$8,758,900	\$2,333,200	\$11,092,100
Public Service	0	15,000	15,000
Academic Support	1,799,200	428,000	2,227,200
Libraries	207,000	0	207,000
Student Services	2,572,900	1,189,100	3,762,000
Institutional Support	2,904,000	39,900	2,943,900
Operation and Maintenance	2,488,400	220,000	2,708,400
Student Financial Aid	952,900	9,799,600	10,752,500
Budget Reserve "NR"	515,000	0	515,000
<b>TOTAL EXPENSES</b>	<b>\$20,198,300</b>	<b>\$14,024,800</b>	<b>\$34,223,100</b>
<b>OBJECT OF EXPENSES</b>	<b>UNRESTRICTED</b>	<b>RESTRICTED</b>	<b>TOTAL</b>
Personnel Costs	\$15,459,500	\$3,247,400	\$18,706,900
Operating Expenses	3,163,200	573,500	3,736,700
Capital Outlay	107,700	204,300	312,000
Grants in Aid	952,900	9,799,600	10,752,500
Transfers	0	200,000	200,000
Budget Reserve "NR"	515,000	0	515,000
<b>TOTAL EXPENSES</b>	<b>\$20,198,300</b>	<b>\$14,024,800</b>	<b>\$34,223,100</b>