

**Resolution 02 – 2011
2011-12 Revenue and Expenditure Plan**

Action

The President of the College and Vice President for Business Affairs have presented the Board of Directors Budget/Summary Review Committee the attached proposed revenue and expenditure plan for 2011-12 of \$19,797,000 in unrestricted funds which includes a total of \$16,766,300 in public funds allocation and planned expenditures of \$18,797,400. 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 proposed 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 2011-12 year. On May 4, 2011, the Committee voted unanimously to forward the plan to the full Board for adoption.

Resolution

The Gateway Community and Technical College Board of Directors formally approves for submission to the KCTCS System President and Board of Regents the proposed 2011-12 Revenue and Expenditure Plan attached to this resolution. This action was approved by the Board on this 12th day of May 2011.

Martha Johnson
Secretary

Date

Resolution 01 – 2011 2011-12 Revenue and Expenditure Plan

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

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, department, 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.

Resources 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 strategic plans.

Since the adoption of the 2002-07 strategic plan (and subsequent extension to 2010), the annual plans and resources used to advance the plan can be summarized below:

- Creating the hybrid library.
- 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 program including personnel and program resources necessary to become regionally accredited as a comprehensive community and technical college.
- Creation of new student success services in advising, orientation, retention, developmental, and remedial education to improve student success.
- Creation of new integrated marketing and enrollment management programs, including use of emerging electronic and social media to increase knowledge of the college and to increase enrollment.
- Creation of new institutional support work units focused on planning and effectiveness, resource development, leadership development, and human resource management.

Outcomes of the 2010-2011 Budget and Alignment to the Strategic Plan

The 2010-2011 Budget was developed based on the following assumptions:

- A 12% enrollment increase was budgeted; that level of enrollment was achieved with revenues matching the budgeted amount. Summer enrollments will exceed the budgeted amount. A 4% tuition rate increase was budgeted and approved by the KCTCS board.
- State appropriation was budgeted at \$6,737,000 which was less than the 2009-10 fiscal year's figure of \$7,401,900. The state reduced the college budget in mid year by \$228,900 on a recurring basis. The college absorbed this amount without reducing programs or operating budgets.
- The revenue budget included a \$40 per semester security charge which was expected to generate \$300,000 of new revenue for security enhancements to all campuses. These funds were collected. A director of security and safety was hired. A contract was issued with a security company who provides guards at all campuses. The emergency alert system (SNAP) was upgraded, and the security camera surveillance system was expanded. Faculty, staff, and students report an improved sense of safety on all campuses.
- Faculty and staff salaries were not increased nor were fringe benefits. This was the third year in a row that no raises were provided. However, the KCTCS Board authorized a one-time payment of a \$1,000 to all faculty and staff. This was covered by required college reserves.
- Adjunct faculty pay was increased by \$25 per credit hour to align with regional markets and to increase retention with this important category of faculty. Further enhancements of this pay will continue to be a priority.

- Eight new faculty positions were added to the budget, and three faculty positions funded by gifts or grants were moved to the college's recurring budget. These funds allowed for the continued expansion of the transfer education through the addition of faculty positions in English, education, and psychology. The remedial education programs were supported through the addition of two new faculty positions in developmental reading and developmental math.
- Funds allowed the continued expansion of technical programs through the addition of recurring funds to support faculty in mechatronics, associate degree nursing, practical nursing, robotics, welding, and green technology (HVAC).
- A new initiative in distance learning was budgeted and provided funds to plan and plan a Distance Learning program which will increase student access and generate new revenues to support learning.
- Non-recurring funds were designated to support the Urban Center for a total of \$267,300. We purchased the building during the fiscal year and took over all maintenance. Considerable expansion of course offerings at that site occurred, including the offering of the nursing assistant program.
- The maintenance funds for the Center for Advanced Manufacturing were used to hire five new maintenance personnel, an information technology person, and two office assistants.
- The new facilities at Boone, Edgewood, and the Urban Center provide increased capacity needed to meet the anticipated enrollment increase and to provide higher quality instructional environments that will increase capacity for programs and improve overall quality of programs and services. Funding the infrastructure needs, including ongoing operations and maintenance is critical to sustaining the growth of the institution. (It must be noted that the amount of funding from the State for this purpose is approximately 60% of the benchmark needs on a per square foot basis. The college has absorbed over \$300,000 of expenses into its recurring budget. If the State would fund the M/O for the buildings, it would enable the college to focus additional resources in priority areas including security and adding faculty and staff in key areas identified in the plan.)
- Five and a half new staff positions were added in student affairs and institutional support areas to help address the continued growth of the student population and to support retention efforts..
- The unrestricted fund balance was budgeted at \$1,224,000. A portion (\$200,319) of the unrestricted fund balance was budgeted to cover recurring expenses. This is down from \$446,400 of the unrestricted fund balance that was budgeted in this manner in 2009-2010. The judicious use of non-recurring funds will result in new revenue growth and provide opportunities to support innovation and entrepreneurial activities of the faculty, staff, and students.

- Sufficient reserves were planned and will be available to enable the college to meet unanticipated budget adjustments caused by reductions in state allocations, not meeting enrollment growth, or other unforeseen circumstances.

Proposed 2011-2012 Revenue and Expenditure Plan and Alignment to the Strategic Plan

The proposed 2011-2012 revenue and expenditure plan has been built using the same processes for the past nine years. The planned use of resources is as follows:

- FTE enrollment is budgeted to grow by 5%. This will generate approximately \$400,000 in new revenue.
- A 4% tuition increase is projected. Although approved by the Council on Postsecondary Education, this increase has not been approved by the KCTCS Board at this time. However, the tuition increase will apply to only new students. The college has projected that 22% of students will be assessed this new rate. This will generate approximately \$118,000.
- State appropriation is budgeted at \$6,398,300, compared to \$6,737,000 budgeted last year. The actual appropriation was \$6,768,400. The state reduced the appropriation by \$228,900 on a permanent basis. The KCTCS President's Leadership Team agreed to use \$141,200 from each college to support system-wide initiatives in student services and marketing. The college has also been required to set aside a 1% recurring budget reserve of \$137,300 to guard against future budget cuts.
- An additional \$300,000 has been set aside and distributed within each program code for KCTCS initiatives.
- College operating budgets will remain at the 2010-11 levels.
- A non-recurring allocation of \$267,300 is budgeted for expenses associated with expansion of the Urban Center. This is the same amount as last year.
- Personnel in the Workforce Solutions division have been budgeted in Public Service; whereas, in the past, this cost was budgeted under institutional support and instruction.
- The anticipated unrestricted fund balance has remained the same as the amount budgeted last year, \$1,224,400, plus the addition of a one-time state appropriation of \$161,000. These funds will cover the required recurring budget reserve (\$137,300), and a \$211,000 reserve for college and KCTCS initiatives. \$600,000 of reserves have been allocated to cover operating costs which can be considered recurring to maintain current enrollment and support growth; whereas, the remainder is allocated for nonrecurring costs. This unrestricted fund balance estimate is a conservative one maintaining some reserves on a more permanent basis.

- The budget includes recurring funding for only two new faculty (in computer instruction and developmental math) and two new student support staff (transfer services and intervention counseling) to handle enrollment growth. It is estimated that for the college to effectively serve 6,000 students, the following personnel will be needed: 25 full-time faculty, 18 staff in student services and academic support, and 12 positions in institutional support (IT, M/O), or approximately \$3.58 million.
- The college has set aside \$651,300 of its unrestricted assets in a required reserve as mandated by the KCTCS Board.