

GATEWAY TECHNICAL COLLEGE DISTRICT BOARD Public Budget Hearing May 6, 2013
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The Gateway Technical College District Board met on Monday, May 6, 2013 at the Elkhorn Campus, 400 County Road H, Room 112 (South Building), Elkhorn, Wisconsin. The meeting was called to order at 7:00 pm by Ram Bhatia, Chairperson.

**I. Call to Order:**

A. Open Meeting Compliance

- i. K. Jackson confirmed the meeting was duly noticed in accordance with state statutes for open meeting compliance.

**II. Roll Call:**

Todd Battle	Excused
Ram Bhatia	Present
Gary Olsen	Present
Scott Pierce	Present
Leslie Scherrer	Present
Neville Simpson	Excused
Jenny Trick	Excused
Roger Zacharias	Excused
Pamela Zenner-Richards	Excused

Also in attendance were Bryan Albrecht and Kamaljit Jackson and 9 citizens/reporters.

**III. Approval of Agenda:**

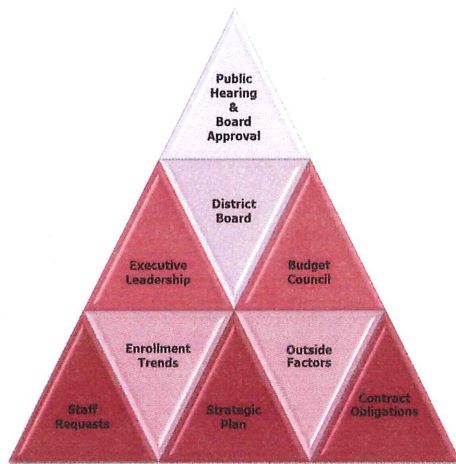
- A. It was moved by G. Olsen, seconded by L. Scherrer and carried to approve the agenda.

Introduction of journey members:

- A. Jessica Gleason
- B. Kyle Kendall
- C. Colleen Connolly

**IV. Budget Presentation (B. Thomey):**

- A. Alignment of the Planning and Budgeting Process
  - a. Our budget base begins with the strategic plan
  - b. Contract obligations and staff requests are considered
  - c. Enrollment trends and outside factors are incorporated
  - d. Executive leadership, budget council and Board review
  - e. Public hearing on the budget
  - f. Budget submitted to Board for approval



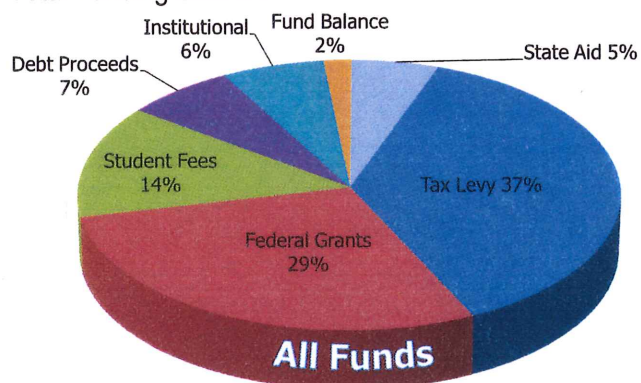
B. FY14 Budget Calendar:

- a. May 6, 2013: Public Hearing – present the Preliminary FY2013-14 Budget
- b. May 16, 2013: District Board – approve the FY2013-14 Budget
- c. October 17, 2013: District Board – reaffirm the tax levy

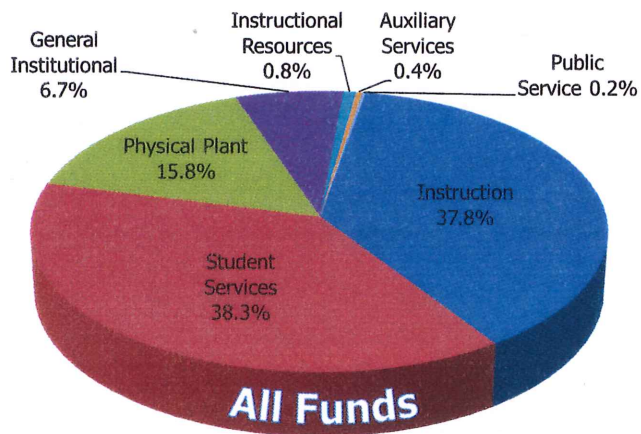
C. Gateway Fund Structure:

Total Gateway					
General Fund	Special Revenue - Operational Fund	Special Revenue Non-Aidable Fund	Capital Fund	Debt Service Fund	Enterprise Fund
\$78.3M	\$8.4M	\$50.4M	\$14.0M	\$9.0M	\$0.6M
General operations	Grant activity	Financial aid and student clubs	Purchases for equipment and site improvements	Financing of debt and interest for capital purchases	Activities financed through user fees

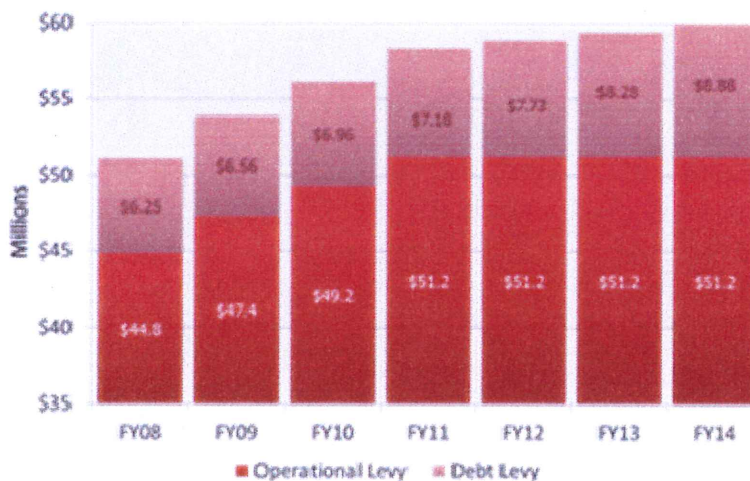
D. Total Funding Sources:



### E. Total Expenditures by Function:



### F. Total Tax Levy – All Funds:



### G. Equalized Valuations and Mill Rates:

#### Gateway Technical College Equalized Valuations and Mill Rates

Fund	Actual 2009-10	% Change	Actual 2010-11	% Change	Actual 2011-12	% Change	Actual 2012-13	% Change	Proposed 2013-14	% Change
General	\$46,736,000	4.5%	\$48,830,000	4.5%	\$48,830,000	0.0%	\$48,830,000	0.0%	\$48,830,000	0.0%
Special Revenue - Operational	2,206,000	-2.3%	2,286,000	3.6%	2,286,000	0.0%	2,286,000	0.0%	2,286,000	0.0%
Special Revenue - Non Aidable	0	-100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Enterprise	300,000	-5.1%	45,000	-85.0%	45,000	0.0%	45,000	0.0%	45,000	0.0%
<b>Operational Tax Levy</b>	<b>\$49,242,000</b>	<b>3.99%</b>	<b>\$51,161,000</b>	<b>3.90%</b>	<b>\$51,161,000</b>	<b>0.00%</b>	<b>\$51,161,000</b>	<b>0.00%</b>	<b>\$51,161,000</b>	<b>0.00%</b>
Debt Service	6,959,000	6.03%	7,177,000	3.13%	7,734,000	7.76%	8,275,000	7.00%	8,882,000	7.34%
<b>Total Tax Levy</b>	<b>\$56,201,000</b>	<b>4.24%</b>	<b>\$58,338,000</b>	<b>3.80%</b>	<b>\$58,895,000</b>	<b>0.95%</b>	<b>\$59,436,000</b>	<b>0.92%</b>	<b>\$60,043,000</b>	<b>1.02%</b>
<b>Mill Rates</b>										
Operations	1.12328	4.3%	1.21998	8.6%	1.24443	2.0%	1.33999	7.7%	1.36733	2.0%
Debt Service	0.15874	6.3%	0.17114	7.8%	0.18812	9.9%	0.21673	15.2%	0.23738	9.5%
<b>Total Mill Rate</b>	<b>1.28202</b>	<b>4.53%</b>	<b>1.39112</b>	<b>8.51%</b>	<b>1.43255</b>	<b>2.98%</b>	<b>1.55672</b>	<b>8.67%</b>	<b>1.60471</b>	<b>3.08%</b>
<b>Property Values</b>										
Equalized Valuation - Taxable	\$43,837,648,897	-0.28%	\$41,935,823,079	-4.34%	\$41,111,928,678	-1.96%	\$38,180,224,464	-7.13%	\$37,416,619,975	-2.00%
Value of Tax Exempt Computers <sup>(1)</sup>	\$158,219,900	-5.0%	\$123,576,900	-21.9%	\$115,543,100	-6.5%	\$103,779,427	-10.2%	\$103,000,000	-0.8%
State Aid for Exempt Computers	\$202,841	-0.7%	\$171,910	-15.2%	\$165,522	-3.7%	\$181,556	9.7%	\$165,285	-8.7%

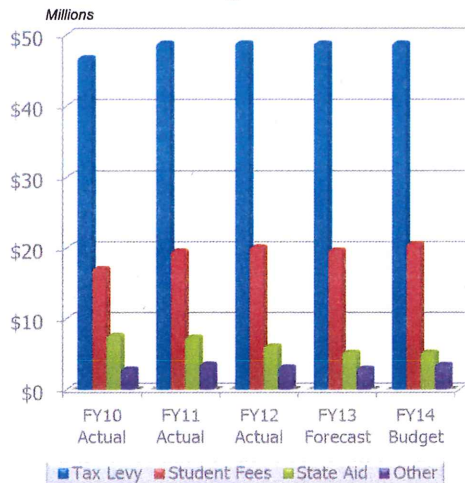
<sup>(1)</sup> Wisconsin Act 237 exempted business computers from being subject to property taxes beginning with the FY 2000 tax levy. The act calls for state aid to offset the loss of property tax revenue.

#### H. Property Tax Impact:

- No operating tax levy increase – levy remains at \$51,161,000
- 7.34% increase in debt levy, or \$607,000
- Total levy: slight increase of 1.02% from last year
- Total mill rate is 1.60 compared to 1.56 last year, an increase of 3.08%
- Tax rate assumes assessments will fall by 2%

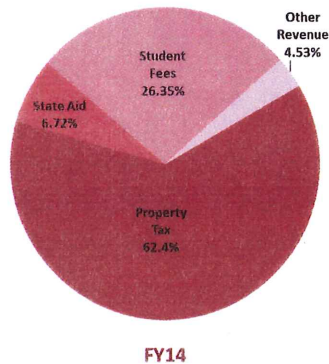
#### I. Revenue Resources – General Fund:

- No increase in operational tax levy
- Tuition flat with 4.5% net increase in Student Fees
- Flat State Aid
- Slight increase in contracts for service

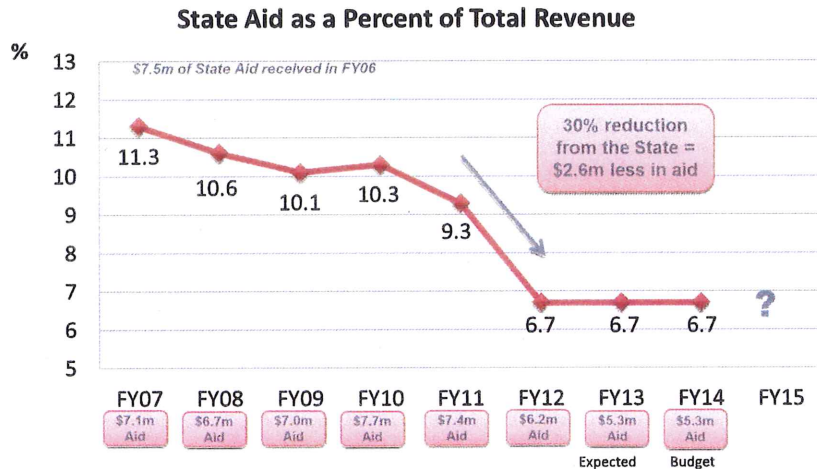


#### J. Revenue Comparison – General Fund:

(000's)	FY 2012 Actual	FY 2013 Forecast	FY 2014 Budget
Property Tax	\$48,853	\$48,830	\$48,830
State Aid	6,177	5,265	5,265
Student Fees	20,160	19,731	20,619
Other Revenue	4,204	3,013	3,545
<b>Total</b>	<b>\$79,394</b>	<b>\$76,839</b>	<b>\$78,259</b>



K. State Aid – General Fund:



L. FY14 Tuition and Fees – General Fund:

	FY2012 Actual	FY 2013 Forecast	FY 2014 Budget	Incr (Decr)	%
Tuition	\$17,545,000	\$17,151,000	\$17,923,000	\$772,000	4.5%
Material Fees	844,000	805,000	841,000	36,000	4.5%
Other Fees	1,771,000	1,775,000	1,855,000	80,000	4.5%
<b>Total</b>	<b>\$20,160,000</b>	<b>\$19,731,000</b>	<b>\$20,619,000</b>	<b>\$888,000</b>	<b>4.5%</b>

FY 2014 Tuition reflects a 4.5% rate increase and flat enrollment.  
Cost per credit increases from \$117 to \$122

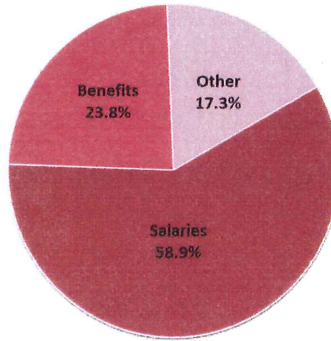
M. FY14 Other Revenues – General Fund:

	FY 2012 Actual	FY 2013 Forecast	FY 2014 Budget	Incr (Decr)	%
High School and Service Contracts	\$2,257,000	\$1,985,000	\$2,595,000	\$610,000	30.7 %
Book Store Royalties	474,000	669,000	600,000	(69,000)	(10.3) %
Interest, Rent, and Other Misc. Revenue	473,000	359,000	350,000	(9,000)	(2.5)%
Other Resources	1,000,000	-	-	-	-
<b>Total</b>	<b>\$4,204,000</b>	<b>\$3,013,000</b>	<b>\$3,545,000</b>	<b>\$532,000</b>	<b>17.7%</b>



N. FY14 Budgeted Expenses – General Fund:

(000's)	FY 2012 Actual	FY 2013 Forecast	FY 2014 Budget
Salaries & Wages	\$45,194	\$45,996	\$46,068
Fringe Benefits	21,463	16,381	18,633
Other Expenses	11,294	12,206	13,558
<b>Total</b>	<b>\$77,951</b>	<b>\$74,583</b>	<b>\$78,259</b>



**FY14**

O. FY14 Operating Expenses – General Fund:

	FY 2012 Actual	FY 2013 Forecast	FY 2014 Budget	Incr (Decr)	%
Salaries & Wages	\$45,194,000	\$45,996,000	\$46,068,000	\$72,000	0.2%
Employee Benefits	21,463,000	16,381,000	18,633,000	2,252,000	13.7%
Other Expenses	11,294,000	12,206,000	13,558,000	1,352,000	11.1%
<b>Total</b>	<b>77,951,000</b>	<b>\$74,583,000</b>	<b>\$78,259,000</b>	<b>\$3,676,000</b>	<b>4.9%</b>

P. FY14 Key Expense Drivers:

a. INCREASE TO EXPENSES

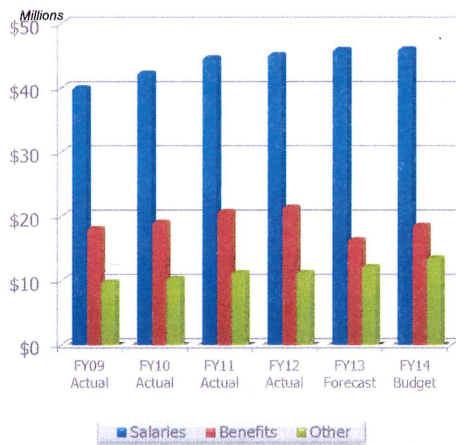
- i. Implement Phase II of student services
- ii. Current Expenses 11% increase over FY13 forecast
- iii. 4% increase to Health Insurance
- iv. 9.5% increase to Dental Insurance

b. REDUCTION OF EXPENSES:

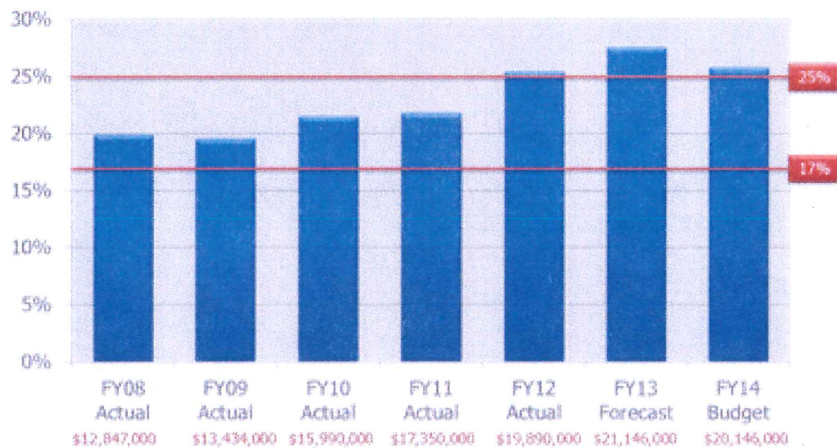
- i. All Employees contribute 12% of health insurance premium
- ii. All Employees contribute ½ cost of WRS
- iii. Eliminated extended pay

Q. FY14 Operating Expenses – General Fund:

- a. Implement Phase II of Student Services
- b. All Employees contribute ½ cost of WRS
- c. 4% increase in health insurance premiums
- d. 9.5% increase in dental insurance premiums
- e. Employees contribute 12% of health insurance premiums
- f. General operating expenses up 11% over FY13 forecast



R. General Fund Reserves – Percent Designated for Operations to Revenue:



S. Moody's Bond Rating:

- a. Aaa Rating – indication of Moody's high level of confidence in Gateway's fiscal policies and governance.
  - i. Moody's believes the district's financial operations will remain sound due to:
    1. Prudent financial management
    2. Solid General Fund reserves
    3. Sizeable, stable tax base; favorable location between Chicago and Milwaukee
  - ii. Moody's expects the district's debt levels to remain manageable:
    1. Average overall debt burden
    2. Low direct debt
    3. Rapid principal amortization
  - iii. Moody's notes the following challenges to the district:
    1. Reduced revenue generating flexibility resulting from state imposed levy freeze
    2. Reductions in state aid revenues
    3. Moderate declines in enrollment

T. Long-Term Capital Financing:

- a. The capital borrowing plan includes \$11 million borrowing for general equipment, building expansion, improvement and repairs.
  - i. Borrowing decrease of \$1 million over last year
  - ii. 7.34% increase in debt levy totaling \$8,882,000
    - 1. Increase of \$607,000

U. FY14 Capital Budget:

**Repair**

Racine: Boiler	\$ 1,500,000
District Wide: Campus Facility Maintenance	1,400,000
Kenosha: ECP (Every Child's Place) Repairs	250,000
<b>Total</b>	<b>\$3,150,000</b>

**Remodel / Expansion**

Kenosha: Learning Success Center	\$ 1,500,000
Kenosha: Courtyard Expansion	1,500,000
Elkhorn: South Building	1,500,000
District: Campus Signage	100,000
<b>Total</b>	<b>\$4,600,000</b>

V. FY14 Capital Budget:

**Equipment**

District: Occupational Program Equipment	\$2,750,000
District: Colleague License & Enhancement Fees	556,000
District: Non-Academic Computing Repl & Video Conf. Updates	175,000
District: Multimedia Classroom Repair & Installations	250,000
District: VANguard Equipment Refresh & DELTA Room	200,000
District: Telephone Equip Replacement & Fax Server Upgrades	100,000
District: WAN Replacement—obsolete hardware	425,000
District: Network & Security Updates, UPS Power Replacements	494,000
Racine: Breakwater Dining Room / Lab	300,000
<b>Total</b>	<b>\$5,250,000</b>



W. FY14 Capital Budget:

Source of Funds:

Description	Amount
Borrow	\$11,000,000
SRF Fund Balance	1,000,000
GF Fund Balance	1,000,000
Total	\$13,000,000

Use of Funds:

District		Kenosha		Racine		Burlington/Elkhorn	
Maintenance	\$1,400,000	Learning Success Center	\$1,500,000	Boiler Replacement	\$1,500,000	South Building	\$1,500,000
IT	2,200,000	Courtyard	1,500,000	Demonstration Kitchen	300,000		
Classroom Equipment	2,750,000	ECP Repairs	250,000				
Signage	100,000						
Total:	\$6,450,000	Total:	\$3,250,000	Total:	\$1,800,000	Total:	\$1,500,000

V. Citizen Comments:

A. Mike Benoit – Agreement with GTEA

VI. Next Meeting Date and Adjourn

A. Regular Meeting Date – Thursday, May 16, 2013 at 8:00 a.m. at Racine Campus

B. At approximately 7:27 p.m. it was moved by S. Pierce, seconded by L. Scherrer and carried that the meeting adjourn.

Submitted by,



Gary Olsen  
Secretary