

GATEWAY TECHNICAL COLLEGE DISTRICT BOARD
Public Budget Hearing
May 9, 2018

The Gateway Technical College District Board met on Wednesday, May 9, 2018 at the Racine Campus, Quad Rooms R102, 1001 S. Main Street, Racine, Wisconsin. The meeting was called to order at 7:00 pm by William Duncan, Chairperson.

**I. Call to Order:**

- A. Open Meeting Compliance
  - K. Bartlett confirmed the meeting was duly noticed in accordance with state statutes for open meeting compliance.

**II. Roll Call:**

Ram Bhatia	Excused
Ronald J. Frederick	Present
Gary Olsen	Excused
Bethany Ormseth	Present
Kimberly Payne	Present
Scott Pierce	Present
Roger Zacharias	Excused
Pamela Zenner-Richards	Present
William Duncan	Present

Also in attendance were Bryan Albrecht, Kelly Bartlett, and 15 citizens/reporters.

**III. Approval of Agenda:**

- A. It was moved by S. Pierce, seconded by R. Frederick, and carried to approve the agenda.

**IV. Budget Presentation by Bill Whyte:**

- A. FY18-19 Budget Calendar
  - May 9, 2018 = Public Hearing – present the Preliminary FY 2018-19 Budget
  - May 17, 2018 = District Board – approve the FY 2018-19 Budget
  - October 18, 2018 = District Board – reaffirm the tax levy
  
- B. Gateway Fund Structure
  - General Fund \$81.4M *General operations*
  - Special Revenue – Operational Fund \$7.3M *Grant activity*
  - Special Revenue Non-Aidable Fund \$29.5M *Financial aid and student clubs*
  - Capital Fund \$13.3M *Purchases for equipment and site improvements*
  - Debt Service Fund \$13.2M *Financing of debt and interest for capital purchases*
  - Enterprise Fund \$0.58M *Activities financed through user fees*
  
- C. Total Funding Sources
  - State Aid 30%
  - Tax Levy 24%
  - Federal Grants 18%
  - Student Fees 13%
  - Debt Proceeds 9%
  - Institutional 6%

D. Total Expenditures by Function

- Instruction 41.3%
- Student Services 29.7%
- Physical Plant 20.0%
- General Institutional 7.3%
- Instructional Resources 1.0%
- Auxiliary Services 0.4%
- Public Service 0.3%

E. FY18 Proposed Budget Summary

- Revenues:
  - Tax Levy \$19,945,714
  - State Aid \$38,882,209
  - Tuition & Fees \$19,361,303
  - Other Revenue \$4,235,960
  - Total Revenue \$81,425,186
- Expenses:
  - Salaries & Wages \$48,158,317
  - Employee Benefits \$17,948,022
  - Other Expenses \$15,318,847
  - Total Expenses \$81,425,186
- Net Revenue / (Expenses) \$0

F. General Fund Revenues

- Tax Levy: Increased \$750,000 for estimated net new construction
- State Aid: Flat Outcome Based and Historical Funding, Formula remains at 30% OBF/70% Historical
- Program Fees: 1.50% increase in Tuition, 1.5% increase in Material Fees, 1.5% increase in Other Fees, Flat FTE's
- Other Revenue: \$220K Increase

G. FY19 Tuition & Fees

- FY17 Actual: Tuition \$14,753,494, Material Fees \$805,525, Other Fees \$1,868,517, Total \$17,427,536.
- FY18 Estimated Actual: Tuition \$15,293,859, Material Fees \$817,987, Other Fees \$1,978,108, Total \$18,089,954.
- FY19 Budget: Tuition \$15,523,266, Material Fees \$830,257, Other Fees \$2,007,780, Total \$18,361,303.
- FY2019 Tuition reflects an increase of 1.5% in tuition and flat enrollment. Cost per credit will increase to \$134.20.

H. FY19 Operating Expenses

- FY17 Actual: Salaries & Wages \$46,159,338, Employee Benefits \$17,077,919, Other Expenses \$12,912,507, Total \$76,149,764.
- FY18 Budget: Salaries & Wages \$47,518,257, Employee Benefits \$18,280,403, Other Expenses \$14,453,421, Total \$80,252,081.
- FY19 Proposed Budget: Salaries & Wages \$48,158,317, Employee Benefits \$17,948,022, Other Expenses \$15,318,847, Total \$81,425,186.

- Increase/Decrease: Salaries & Wages \$640,060, Employee Benefits (\$332,381), Other Expenses \$865,426, Total \$1,173,105.
- I. General Fund Expenses
- Salary: \$1.5M vacant position savings (includes fringe), 6 new positions, funded thru reallocation of existing positions; no new money.
  - Fringe: Includes estimated increase for WRS, Flat health for second consecutive year and 3% increase for dental insurance.
  - Current Expenses: Expenses include new initiatives and higher threshold on capital equipment (\$2000 minimum), 865K increase
- J. FY19 Capital Budget
- Expansion \$3,000,000
  - Remodel \$3,000,000
  - Repair \$2,000,000
  - Equipment \$5,000,000
  - Total \$13,000,000
- K. FY19 Capital Projects
- Police/Fire Training Track \$1,500,000
  - Elkhorn Expansion \$1,500,000
  - Classroom Remodeling \$3,000,000
  - Infrastructure Upgrades \$1,200,000
  - General Maintenance \$800,000
- L. Property Tax Impact
- Operating tax levy budgeted at \$22,039,919
    - Increase of \$750,000; net new construction
    - Increase of 3.52%
  - Debt levy budgeted at \$12,817,000
    - Increase of \$892,000
    - Increase of 7.48%
  - Total mill rate is 0.85201 compared to 0.81187 last year, an increase of 4.94%
  - Tax rate assumes assessments are flat
  - Homeowner will pay \$127.80 for a home valued at \$150,000
    - \$6.02 increase over last year
- M. Moody's Bond Rating
- Aaa Rating – indication of Moody's high level of confidence in Gateway's fiscal policies and governance.
- Moody's believes the district's financial operations will remain sound due to:
    - Prudent financial management
    - Healthy and improving financial position
    - Sizeable, stable tax base; favorable location between Chicago and Milwaukee
  - Moody's expects the district's debt levels to remain manageable:
    - Average overall debt burden
    - Low direct debt
    - Rapid principal amortization
  - Moody's notes the following challenges to the district:
    - Limited revenue generating flexibility due to state imposed levy restrictions.

**V. Citizen Comments**

There were no citizen comments.

**VI. Next Meeting Date and Adjourn**

- A. Regular Meeting - Thursday, May 17, 2018, 8:00 am, Kenosha Campus, Room S100A
- B. At approximately 7:35 pm it was moved by R. Frederick, seconded by P. Zenner-Richards and carried that the meeting adjourn.

Submitted by,



Kimberly Payne  
Secretary