

GATEWAY TECHNICAL COLLEGE DISTRICT BOARD
Public Budget Hearing, May 7, 2020

The Gateway Technical College District Board met virtually on Thursday, May 7, 2020. The meeting was called to order at 7:00 pm by Beth Ormseth, 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:

Jesse Adams	Excused
Ram Bhatia	Present
William Duncan	Present
Ronald J. Frederick	Present
Angie Haney	Excused
Zaida Hernandez-Irisson	Present
Scott Pierce	Present
Roger Zacharias	Present
Pamela Zenner-Richards	Present
Bethany Ormseth	Present

Also in attendance were Bryan Albrecht, Kelly Bartlett, Mary Harpe and 24 citizens/reporters.

III. Approval of Agenda:

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

IV. Budget Presentation by Jason Nygard:

A. FY20-21 Budget Calendar

- May 7, 2020 = Public Hearing – present the Preliminary FY 2020-21 Budget
- June 18, 2020 = District Board – approve the FY 2020-21 Budget
- October 22, 2020 = District Board – reaffirm the tax levy

B. Gateway Fund Structure

- General Fund \$86.3M General Fund
- Special Revenue – Operational Fund \$6.8M *Grant activity*
- Special Revenue Non-Aidable Fund \$30.6M *Financial aid and student clubs*
- Capital Fund \$17.5M *Purchases for equipment and site improvements*
- Debt Service Fund \$16.6M *Financing of debt and interest for capital purchases*
- Enterprise Fund \$0.70M *Activities financed through user fees*

C. Total Funding Sources

- State Aid 28%
- Tax Levy 25%
- Federal Grants 17%
- Student Fees 12%
- Debt Proceeds 11%
- Institutional 7%

D. Total Expenditures by Function

- Instruction 39.5%
- Student Services 28.5%
- Physical Plant 23.2%
- General Institutional 7.3%
- Instructional Resources 0.8%
- Auxiliary Services 0.4%
- Public Service 0.3%

E. FY20 Proposed Budget Summary

- Revenues:
 - Tax Levy \$21,696,436
 - State Aid \$39,740,253
 - Tuition & Fees \$18,252,384
 - Other Revenue \$6,640,803
 - Total Revenue \$86,329,876
- Expenses:
 - Salaries & Wages \$51,329,157
 - Employee Benefits \$19,763,900
 - Other Expenses \$15,236,819
 - Total Expenses \$86,329,876
- Net Revenue / (Expenses) \$0

F. General Fund Revenues

- Tax Levy: Increased \$800,000 for estimated net new construction
- State Aid: Flat Outcome Based and Historical Funding, Formula remains at 30% OBF/70% Historical
- Program Fees: 1.75% increase in Tuition, 1.75% increase in Material Fees, 1.75% increase in Other Fees, Cost per credit \$138.90, Flat FTE's
- Other Revenue: \$2.2M Increase

G. FY20 Tuition & Fees

- FY19 Actual: Tuition \$14,979,293, Material Fees \$801,561, Other Fees \$2,021,586, Total \$17,802,440.
- FY20 Estimated Actual: Tuition \$15,173,734, Material Fees \$811,708, Other Fees \$1,953,019, Total \$17,938,461.
- FY21 Budget: Tuition \$15,439,274, Material Fees \$825,913, Other Fees \$1,987,197, Total \$18,252,384.
- FY2021 Tuition reflects an increase of 1.75% in tuition and enrollment will remain flat. Cost per credit will increase to \$138.90.

H. FY21 Operating Expenses

- FY19 Actual: Salaries & Wages \$48,846,247, Employee Benefits \$17,321,821, Other Expenses \$15,039,897, Total \$81,207,956.
- FY20 Budget: Salaries & Wages \$49,538,099, Employee Benefits \$18,519,429, Other Expenses \$14,884,668, Total \$82,942,196.
- FY21 Proposed Budget: Salaries & Wages \$51,329,157, Employee Benefits \$19,763,900, Other Expenses \$15,236,819, Total \$86,329,876.
- Increase/Decrease: Salaries & Wages \$1,791,058, Employee Benefits \$1,244,471, Other Expenses \$352,151, Total \$3,387,680.

- I. General Fund Expenses –
- Salary:
- \$2M vacant position savings (includes fringe)
 - Vacant positions on hold
 - Meri increases – non-represented
 - Adjunct salaries flat to FY20 Forecast
- Fringe:
- Includes estimated increase for WRS – 0.2%
 - 12% increase in health (0%, 0%, 3% last 3 years) and flat for dental insurance
- Current Expenses:
- Expenses are budget flat to FY19 actuals
 - 431K adjustment for Transcribed Credits
- J. FY21 Capital Budget
- Expansion \$1,500,000
 - Remodel \$3,450,000
 - Repair \$5,300,000
 - Personnel Relocation \$1,750,000
 - Equipment \$5,000,000
 - Total \$17,000,000
- K. FY21 Capital Projects
- \$1.75M Personnel relocation – Lincoln Building
 - \$1.5M Lincoln Expansion
 - \$3.45M Remodel – Hort., Academic & Admin. Offices, Madrigano restrooms, Lincoln Building
 - \$5.3M Miscellaneous District infrastructure & repair projects, parking lots, sidewalks, tuck-pointing, etc.
- L. Property Tax Impact
- Operating tax levy budgeted at \$23,790,641
 - Increase of \$800,000; net new construction
 - Increase of 3.48%
 - Debt levy budgeted at \$14,810,000
 - Increase of \$1,035,000
 - Increase of 7.51%
 - Total mill rate is 0.79805 compared to 0.79812 last year, a decrease of 0.01%
 - Tax rate assumes assessments will increase 5%
 - Homeowner will pay \$159.61 for a home valued at \$200,000
 - \$0.01 decrease 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
 - Strong Financial Reserves
 - Sizeable, stable tax base; favorable location between Chicago and Milwaukee
 - Moody's expects the district's debt levels to remain manageable:

- Districts general obligation debt is secured by its pledge to levy a designated property tax not limited by rate or amount
- Moody's notes the following factors that could lead to downgrade:
 - Narrowing of operating reserves or liquidity
 - Significant growth in the debt or pension burden

V. Citizen Comments

There were no citizen comments.

VI. Next Meeting Date and Adjourn

- A. Regular Meeting - Thursday, May 14, 2020, 8:00 am, Virtual Meeting
- B. At approximately 7:17 pm it was moved by S. Pierce, seconded by R. Bhatia and carried that the meeting adjourn.

Submitted by,



Pamela Zenner-Richards
Secretary