

GATEWAY TECHNICAL COLLEGE DISTRICT BOARD

Public Budget Hearing

May 8, 2019

The Gateway Technical College District Board met on Wednesday, May 8, 2019 at the Burlington Center, Room 100, 496 McCanna Pkwy, Burlington, Wisconsin. 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	Present
Ram Bhatia	Present
William Duncan	Excused
Arletta Frazier-Tucker	Excused
Ronald J. Frederick	Present
Scott Pierce	Present
Roger Zacharias	Excused
Pamela Zenner-Richards	Present
Bethany Ormseth	Present

Also in attendance were Bryan Albrecht, Kelly Bartlett, and 11 citizens/reporters.

**III. Approval of Agenda:**

- A. It was moved by S. Pierce, seconded by P. Zenner-Richards, and carried to approve the agenda.

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

A. FY19-20 Budget Calendar

- May 8, 2019 = Public Hearing – present the Preliminary FY 2019-20 Budget
- May 16, 2019 = District Board – approve the FY 2019-20 Budget
- October 17, 2019 = District Board – reaffirm the tax levy

B. Gateway Fund Structure

- General Fund \$82.2M *General operations*
- Special Revenue – Operational Fund \$6.5M *Grant activity*
- Special Revenue Non-Aidable Fund \$29.7M *Financial aid and student clubs*
- Capital Fund \$14.3M *Purchases for equipment and site improvements*
- Debt Service Fund \$14.2M *Financing of debt and interest for capital purchases*
- Enterprise Fund \$0.53M *Activities financed through user fees*

C. Total Funding Sources

- State Aid 30%
- Tax Levy 25%
- Federal Grants 17%
- Student Fees 13%
- Debt Proceeds 10%
- Institutional 5%

- D. Total Expenditures by Function
- Instruction 40.2%
  - Student Services 29.4%
  - Physical Plant 21.2%
  - General Institutional 7.6%
  - Instructional Resources 0.9%
  - Auxiliary Services 0.4%
  - Public Service 0.3%
- E. FY20 Proposed Budget Summary
- Revenues:
    - Tax Levy \$20,619,437
    - State Aid \$39,290,076
    - Tuition & Fees \$17,876,708
    - Other Revenue \$4,429,934
    - Total Revenue \$82,216,155
  - Expenses:
    - Salaries & Wages \$49,051,526
    - Employee Benefits \$18,277,412
    - Other Expenses \$14,887,217
    - Total Expenses \$82,216,155
  - 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: 1.7% increase in Tuition, 1.7% increase in Material Fees, 1.7% increase in Other Fees, -2.0% FTE's
  - Other Revenue: \$194K Increase
- G. FY20 Tuition & Fees
- FY18 Actual: Tuition \$15,293,543, Material Fees \$819,470, Other Fees \$1,983,400, Total \$18,096,413.
  - FY19 Estimated Actual: Tuition \$15,023,379, Material Fees \$805,993, Other Fees \$2,107,244, Total \$17,936,616.
  - FY20 Budget: Tuition \$14,973,201, Material Fees \$803,301, Other Fees \$2,100,206, Total \$17,876,708.
  - FY2020 Tuition reflects an increase of 1.7% in tuition and a decrease in enrollment of 2%. Cost per credit will increase to \$136.50.
- H. FY20 Operating Expenses
- FY18 Actual: Salaries & Wages \$48,037,444, Employee Benefits \$17,125,851, Other Expenses \$15,184,839, Total \$80,348,134.
  - FY19 Budget: Salaries & Wages \$48,396,343, Employee Benefits \$18,066,886, Other Expenses \$15,318,547, Total \$81,781,776.
  - FY20 Proposed Budget: Salaries & Wages \$49,051,526, Employee Benefits \$18,277,412, Other Expenses \$14,887,217, Total \$82,216,155.

- Increase/Decrease: Salaries & Wages \$655,183, Employee Benefits \$210,526, Other Expenses (\$431,330), Total \$434,379.

I. General Fund Expenses

- Salary: \$1.5M vacant position savings (includes fringe), 6 new positions, funded thru savings from other salary savings; no new money.
- Fringe: Includes estimated increase for WRS – 0.2%, 3% increase in health and flat for dental.
- Current Expenses: Expenses include new initiatives and higher threshold on capital equipment (\$5000 minimum), 431K decrease

J. FY20 Capital Budget

- Expansion \$1,500,000
- Remodel \$4,000,000
- Repair \$3,500,000
- Equipment \$5,000,000
- Total \$14,000,000

K. FY20 Capital Projects

- Police/Fire Training Track \$1,500,000
- Classroom Remodeling \$4,000,000
- Infrastructure Upgrades \$1,700,000
- General Maintenance \$1,800,000

L. Property Tax Impact

- Operating tax levy budgeted at \$22,713,642
  - Increase of \$750,000; net new construction
  - Increase of 3.42%
- Debt levy budgeted at \$13,775,000
  - Increase of \$958,000
  - Increase of 7.47%
- Total mill rate is 0.80365 compared to 0.80433 last year, a decrease of 0.08%
- Tax rate assumes assessments will increase 5%
- Homeowner will pay \$160.73 for a home valued at \$200,000
  - \$0.14 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
  - 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:
  - Weakening of operating reserves or liquidity
  - Increases in the debt or pension burdens

**V. Citizen Comments**

There were no citizen comments.

**VI. Next Meeting Date and Adjourn**

- A. Regular Meeting - Thursday, May 16, 2019, 8:00 am, Kenosha Campus, Madrigano Conference Center, Board Room
- B. At approximately 7:35 pm it was moved by S. Pierce, seconded by R. Bhatia and carried that the meeting adjourn.

Submitted by,

A handwritten signature in black ink, appearing to read "Pamela Zenner-Richards". The signature is written in a cursive style with a long horizontal stroke extending to the left.

Pamela Zenner-Richards  
Secretary