

GATEWAY TECHNICAL COLLEGE DISTRICT BOARD
Public Budget Hearing, May 6, 2021

The Gateway Technical College District Board met virtually and in person on Thursday, May 6, 2021. The meeting was called to order at 7:00 pm by Scott Pierce, 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
Megan Bahr	Excused
Ram Bhatia	Present
William Duncan	Present
Zaida Hernandez-Irisson	Present
Rebecca Matoska-Mentink	Present
Bethany Ormseth	Present
Roger Zacharias	Excused
Pamela Zenner-Richards	Present
Scott Pierce	Present

Jesse Adams joined at 7:01 pm. Megan Bahr joined at 7:05 pm.

Also in attendance were Bryan Albrecht, Kelly Bartlett, Mary Harpe and 32 citizens/reporters.

III. Approval of Agenda:

- A. It was moved by R. Bhatia, seconded by W. Duncan, and carried to approve the agenda.

IV. Budget Presentation by Jason Nygard:

A. FY21-22 Budget Calendar

- May 6, 2021 = Public Hearing – present the Preliminary FY 2021-22 Budget
- June 17, 2021 = District Board – approve the FY 2021-22 Budget
- October 21, 2021 = District Board – reaffirm the tax levy

B. Gateway Fund Structure

- General Fund \$87.7M General Fund
- Special Revenue – Operational Fund \$6.2M *Grant activity*
- Special Revenue Non-Aidable Fund \$24.9M *Financial aid and student clubs*
- Capital Fund \$15.4M *Purchases for equipment and site improvements*
- Debt Service Fund \$16.8M *Financing of debt and interest for capital purchases*
- Enterprise Fund \$0.73M *Activities financed through user fees*

C. Total Funding Sources

- State Aid 29%
- Tax Levy 26%
- Federal Grants 15%
- Student Fees 12%

- Debt Proceeds 10%
- Institutional 8%

D. Total Expenditures by Function

- Instruction 42.0%
- Student Services 26.1%
- Physical Plant 22.3%
- General Institutional 8.0%
- Instructional Resources 0.8%
- Auxiliary Services 0.5%
- Public Service 0.3%

E. FY22 Proposed Budget Summary

- Revenues:
 - Tax Levy \$22,336,233
 - State Aid \$39,916,926
 - Tuition & Fees \$16,471,314
 - Other Revenue \$9,003,268
 - Total Revenue \$87,727,741
- Expenses:
 - Salaries & Wages \$51,837,342
 - Employee Benefits \$19,996,572
 - Other Expenses \$15,893,827
 - Total Expenses \$87,727,741
- Net Revenue / (Expenses) \$0

F. General Fund Revenues

- Tax Levy: Increased \$1,000,000 for estimated net new construction; \$989,000 Tax Levy transferred to Debt fund
- State Aid: Flat Outcome Based and Historical Funding, Formula remains at 30% OBF/70% Historical
- Program Fees: 1.5% increase in Tuition, 1.5% increase in Material Fees, 1.5% increase in Other Fees, Cost per credit \$141.00, Flat FTE's
- Other Revenue: \$1.6M Increase; \$1.5 CRRSSA

G. FY22 Tuition & Fees

- FY20 Actual: Tuition \$15,139,632, Material Fees \$809,987, Other Fees \$1,924,163, Total \$17,873,782.
- FY21 Estimated Actual: Tuition \$14,037,983, Material Fees \$714,064, Other Fees \$1,475,848, Total \$16,227,895.
- FY22 Budget: Tuition \$14,248,553, Material Fees \$724,775, Other Fees \$1,497,986, Total \$16,471,314.
- FY2022 Budget to FY21 Actual: Tuition \$210,570, Material Fees \$10,711, Other Fees \$22,138, Total \$243,419.
- FY2022 Tuition reflects an increase of 1.5% in tuition and enrollment will remain flat. Cost per credit will increase to \$141.00.

H. FY22 Operating Expenses

- FY20 Actual: Salaries & Wages \$51,125,384, Employee Benefits \$17,896,555, Other Expenses \$14,396,225, Total \$83,418,164.
- FY21 Budget: Salaries & Wages \$49,431,414, Employee Benefits \$19,427,891, Other Expenses \$16,356,183, Total \$85,197,488.
- FY22 Proposed Budget: Salaries & Wages \$51,837,342, Employee Benefits \$19,996,572, Other Expenses \$15,893,827, Total \$87,727,741.
- FY22 Budget to FY21 Actual: Salaries & Wages \$2,423,928, Employee Benefits \$568,681, Other Expenses \$(462,356).

I. General Fund Expenses

Salary:

- Increase permanent positions 2%
- \$1.2M vacant position savings (includes fringe)
- \$1.2M for new positions (includes fringe)
- No positions eliminated
- Adjunct salaries flat to FY21 Forecast

Fringe:

- No change in health (12% increase in FY21 and 3 yrs prior was 0%, 0%, 3%)
- Flat for dental insurance
- Includes estimated increase for WRS – 0.2%

Current Expenses:

- Expenses are budget flat to FY20 actuals
- \$1.225M for additional needs
- \$989K for leases transferred to Debt fund

J. FY22 Capital Budget

- Remodel \$4,850,000
- Repair \$5,150,000
- Equipment/Software \$5,000,000
- Total \$15,000,000

K. FY22 Capital Projects

- \$4.85M Remodel – Lincoln Building, Elkhorn North, and the Elkhorn Culinary Lab.
- \$5.15M Miscellaneous District infrastructure & repair projects – parking lots, window replacement, fire Suppression, etc.

L. Property Tax Impact

- Operating tax levy budgeted at \$24,430,438
 - Increase of \$1,000,000; net new construction
 - \$989K transferred to Debt Levy
 - Increase of 0.05%
 - Debt levy budgeted at \$15,754,000
 - Increase of \$944,000
 - \$989K transferred from Operating Levy
 - Increase of 6.37%
- Total mill rate is 0.77920 compared to 0.79871 last year, a decrease of 2.44%
- Tax rate assumes assessments will increase 5%
- Homeowner will pay \$155.84 for a home valued at \$200,000

- \$3.90 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 four citizen comments. The comments were from: Jay Johnson, Jason Gerber, Rita Serpe and Jessica Swearingen. J. Johnson spoke on budget surplus, low interest rates, CPI increase, health insurance and benefit reduction. J. Gerber spoke about compensation. R. Serpe spoke about compensation and campus environment. J. Swearingen spoke about workloads, compensation, CPI rates, communication.

VI. Next Meeting Date and Adjourn

- A. Regular Meeting - Thursday, May 13, 2021, 8:00 am, Virtual and In-Person Meeting, Kenosha Campus, Madrigrano Center.
- B. At approximately 7:34 pm it was moved by R. Bhatia, seconded by Z. Hernandez-Irisson and carried that the meeting adjourn.

Submitted by,



Pamela Zenner-Richards
Secretary