Recommendation

That the KCTCS Board of Regents adopt the 2015-16 budget resolution (Attachment A, pages 69 and 70) regarding the 2015-16 Annual Budget for the Kentucky Community and Technical College System. This budget and its provisions will be effective July 1, 2015, through June 30, 2016.

Rationale

- The annual budget directs the use of financial resources available to KCTCS to help achieve the mission and vision of KCTCS. This budget places emphasis and the highest priority on students and the effective and efficient use of available resources.

- The 2015-16 KCTCS budget will:
  - Fund a salary increase in 2015-16 for faculty and staff.
  - Fund fixed cost increases in current employee benefits programs.
  - Fund the cost of faculty promotions.
  - Fund fixed cost increases in utilities and facility insurance.
  - Maintain a nonrecurring budget reserve for each college, the systemwide operations and support programs, the Fire Commission, and the Kentucky Board of Emergency Medical Services (KBEMS).

- This recommended budget is supported by the KCTCS President’s Leadership Team.

- The 2015-16 proposed balanced budget for each KCTCS college, the systemwide operations and support programs, the Fire Commission, and the Kentucky Board of Emergency Medical Services (KBEMS) has been developed anticipating funding the recurring salary increase.

- The proposed resolution (Attachment A) provides for adequate fiscal control and oversight by the KCTCS Board of Regents consistent with common practice within postsecondary education institutions. At the same time, the resolution provides a reasonable amount of discretion to the KCTCS President and establishes limits and thresholds that the President cannot exceed without the expressed consent of the Board.

- The proposed budget and its provisions will be effective for the fiscal year beginning July 1, 2015, and ending June 30, 2016.

Background

KRS 164.350 directs the KCTCS Board of Regents, upon recommendation of the KCTCS President, to adopt an allocation process for distributing funds appropriated to KCTCS by the General Assembly. Also, KRS 164.350 directs the Board of Regents to assure that the budget planning and implementation processes are consistent with the adopted strategic agenda, the biennial budget, and the missions of KCTCS and its colleges.
Kentucky Community and Technical College System

Board of Regents

2015-16 Annual Budget Adoption Resolution

Be it Resolved, that upon due consideration and upon recommendation of the Kentucky Community and Technical College System (KCTCS) President, the following operating budget authorizations totaling $888,114,300 are approved for KCTCS for the fiscal year beginning July 1, 2015, and ending June 30, 2016. Of this amount, $554,528,700 are unrestricted current funds; and $333,585,600 are restricted funds from sources such as federal, state, private gifts, grants, contracts, or appropriations.

Be it Resolved, that upon due consideration and upon recommendation of the KCTCS President, the capital budget authorization totaling $310,524,000 from bond funds and agency funds is approved, contingent upon receipt and availability of those funds for KCTCS for fiscal year beginning July 1, 2015, and ending June 30, 2016.

In the event current fund revenues now estimated should not be realized, the KCTCS President shall take appropriate action to reduce budget authorizations to amounts sufficient to ensure that expenditures do not exceed available revenues. The KCTCS President shall report to the Board in advance any major deviations from the approved operating budget.

In the event actual annual revenues exceed estimated revenues, the KCTCS President may authorize an increase in the unrestricted current funds expenditure budget up to 2.0 percent of the Board’s authorized expenditure level. Increases greater than 2.0 percent of the authorized expenditure budget must have prior approval of the Board.
The KCTCS Quarterly Financial Report shall contain sections that reflect the KCTCS July 1 opening budget, amendments to the opening budget, and expenditures to date. This report shall provide the necessary detail for amending the budget as permitted by this resolution.

The purchase of any item of equipment greater than $200,000 must have prior approval of the Board of Regents and must be contained in the Biennial Legislative Appropriations Act in accordance with KRS Chapter 45. A capital construction project with a scope greater than $600,000 must have the prior approval of both the KCTCS Board of Regents and the Commonwealth Capital Projects and Bond Oversight Committee, pursuant to KRS 45. Equipment and capital construction projects with scopes greater than these amounts shall be reported as part of the KCTCS Quarterly Financial Report.

All units and individuals within KCTCS incurring financial obligations of KCTCS funds resulting from this authorization shall observe and adhere to applicable laws, regulations, and policies of the Commonwealth of Kentucky and the KCTCS Board of Regents, which govern the expenditure and disbursement of funds. Heads of the various budget units shall not authorize nor incur financial obligation in excess of the budget authorization for that budgetary unit.

This budget and its provisions will be effective July 1, 2015, through June 30, 2016.

ADOPTED, this twelfth day of June 2015.

Porter G. Peeples, Sr., Chair
KCTCS Board of Regents

Betsy E. Flynn, Secretary
KCTCS Board of Regents

Jay K. Box, Ed.D.
KCTCS President