



**Fiscal Year 2018  
Budget Recommendations**

*As of May 4, 2017*

*Contributions from*  
**President's Executive Team, Academic Affairs, and Administration  
& Finance**

*[Page intentionally left blank]*



OFFICE OF THE PRESIDENT

May 5, 2017

MEMORANDUM

To: Gallaudet University Board of Trustees

From: Roberta J. Cordano, President

Subject: Fiscal Year 2018 Budget Recommendations

The President's Executive Team recommend a FY 2018 operating budget of \$179.3 million, including a capital budget of \$12.5 million.

I want to thank the Executive Team for their efforts to address the budget challenges Gallaudet is facing today and to present a balanced budget for FY 2018. Similar to other institutions of higher education nationwide, Gallaudet has had to adapt and evolve to meet the changing landscape. The University, in my first year, has already taken many successful steps to improve enrollment revenue and increase donor support. The Executive Team and I are committed to the achievement of the Gallaudet University Priorities to continue the transformation needed to ensure Gallaudet's long-term financial sustainability. The Executive Team had a difficult assignment this year and I appreciate their work to provide conservative forecasting of our revenue sources and a range of options for how we could reduce expenses. Given the recent history, these are prudent fiscal decisions.

While we will move forward with reductions as proposed should it become necessary, I believe that by working together as a community we can, and will, succeed with efforts to increase revenue. I am confident that we can continue to increase enrollment revenue and increase fundraising dollars through the strategic use of current resources and expertise. As good stewards of our resources, we work together to make choices on discretionary spending that allow us to continue to invest in the future. By making strategic decisions about every dollar we spend, we can continue to shift the paradigm we have faced over the last several years.

I have reviewed the attachment and recommend adoption of this budget for FY 2018. We know the board will exercise its due diligence in its review of these budget recommendations.

cc: President's Executive Team

*[Page intentionally left blank]*

## Table of Contents

	PAGE
INTRODUCTION .....	7
COMPOSITE FINANCIAL INDEX (CFI) .....	13
THE FY 2018 BUDGET FORMULATION PROCESS.....	15
PROPOSED FY 2018 OPERATING REVENUE BUDGET .....	16
PROPOSED FY 2018 OPERATING EXPENSE BUDGET .....	30
PROPOSED FY 2018 CAPITAL BUDGET .....	36
APPENDIX A: MANAGERIAL AND FISCAL ACCOUNTABILITY.....	39
APPENDIX B: FY 2018 EXPENSE BUDGET BY DESIGNATION .....	40
APPENDIX C: FY 2018 CONGRESSIONAL APPROPRIATION FUNDING REQUESTS.....	41
APPENDIX D: FY 2018 DIVISION BUDGET REQUESTS .....	43
APPENDIX E: GALLAUDET UNIVERSITY PRIORITIES .....	45
APPENDIX F: CLERC CENTER STRATEGIC PLAN .....	47

*[Page intentionally left blank]*

## INTRODUCTION

Gallaudet University's fiscal year 2018 operating budget recommended to the President is \$179.3 million. The table below summarizes the proposed fiscal year 2018 operating budget compared to the fiscal year 2017 operating budget.

Operating Budget by Source of Funds (dollars in thousands)						
Source of Revenue	FY 2018 Proposed Budget	% of Total	FY 2017 Budget	% of Total		
Federal Appropriations - Operations	\$121,275	68%	\$121,275	69%		
Tuition and Fees	29,575		27,995			
Less: Scholarship Aid	(10,055)		(10,380)			
Net Tuition and Fees	19,520	11%	17,615	10%		
Grants and Contracts	3,000	2%	3,000	2%		
Investment Income - Operations	7,200	4%	7,500	4%		
Auxiliary Enterprises	24,305	13%	23,210	12%		
Contributions	3,300	2%	3,300	2%		
Other	700	0%	800	1%		
<b>Total</b>	<b>\$179,300</b>		<b>\$176,700</b>			
Operating Budget by Natural Expense Categories (dollars in thousands)						
Natural Expense Category	FY 2018 Position Allocation	FY 2018 Proposed Budget	% of Total	FY 2017 Position Allocation	FY 2017 Budget	% of Total
Payroll (includes both centralized payroll and non-centralized payroll)	921	\$113,250	63%	921	\$111,360	63%
Utilities		\$5,750	3%		\$5,750	3%
Depreciation		\$15,800	9%		\$14,800	8%
Interest on Bonds		\$1,930	1%		\$1,950	1%
Auxiliary Service Contracts		\$12,130	7%		\$11,070	6%
Professional Fees and Contracts		\$8,270	5%		\$7,820	4%
Consultants and Advisors		\$3,290	2%		\$3,220	2%
General Office Expenses		\$7,170	4%		\$7,080	4%
Furniture and Equipment		\$1,460	1%		\$1,510	1%
Travel and Transportation		\$1,420	1%		\$1,280	1%
Auxiliary Cost of Goods		\$920	0%		\$1,130	1%
External Access Services		\$1,810	1%		\$1,810	1%
Special Projects		\$2,370	1%		\$4,190	3%
Other Non-Payroll		\$1,630	1%		\$1,630	1%
Contingency		\$2,100	1%		\$2,100	1%
<b>Total</b>		<b>\$179,300</b>			<b>\$176,700</b>	

The Gallaudet Board of Trustees brought in President Roberta J. Cordano a little over a year ago to usher in an exciting era of transformation and growth while ensuring continued access to rigorous and critical learning, research, and workforce opportunities. President Cordano embraced the opportunity noting “We are no longer that ‘little college for the deaf in Northeast DC.’ We are an internationally-recognized beacon of hope that is producing some of the best research, teaching, learning and community engagement. It’s an exciting time to be connected and involved with this great University.”<sup>1</sup>

Gallaudet has made great strides this past year by energetically promoting strategic efforts that *Connect. Discover. Influence*. Under President Cordano’s leadership, the University has successfully identified and connected to new students, donors, and foundations; highlighted ground breaking research where Gallaudet is in the vanguard; and established a world-wide forum via the Gallaudet Conversations Across Nations (Gallaudet CAN) program to develop a network of ideas, share thoughts, and shape the future through conversations that matter. The first Gallaudet CAN event held last September was hosted in 42 cities across the world. People are rediscovering Gallaudet and the outlook is promising.

On the enrollment front, students are coming to Gallaudet in historic numbers. The University’s total enrollment in Fall 2016 was up 6.5 percent over the previous year, with a remarkable 30 percent increase in the number of new undergraduate students. Recent investments made in undergraduate recruitment and the infectious enthusiasm conveyed by President Cordano and the Admissions team have resulted in approximately 140 more projected undergraduate students for Fall 2017 as compared to two years ago. The University has experienced interest and rapid growth in new academic offerings in Risk Management and Insurance (RMI), Entrepreneurship, and a new Public Health program that will begin this fall.

On the research, academic, and career preparation front, Gallaudet’s Visual Language and Visual Learning Center (VL2) is leading the world with its revolutionary discoveries related to the brain and how it acquires language and translational advances involving robotic, avatar, and infrared thermal science. Gallaudet’s first of its kind Ph.D. in Educational Neuroscience is preparing diverse researchers and translational leaders who will be pioneers in educational innovation. Gallaudet’s program is being replicated at Stanford and other U.S. universities as well as internationally.

University fundraising efforts have been reinvigorated allowing much needed transformational activities to be supported through engaged donors and foundations. Ambitious goals for fundraising were set to achieve a target of \$4-6 million dollars by the end of calendar 2017. Since the start of President Cordano’s term, Gallaudet has brought in many new major gifts, which will help fund the Risk Management and Insurance and Entrepreneurship programs, Research Centers, a new campus Welcome Center, and scholarships.

While Gallaudet is seeing positive momentum on many fronts, the University continues under both short and long term pressure to respond to changing trends in higher education as well as federal funding realities. Gallaudet’s recent budgets have been established to provide short-term solutions to these challenges. At the same time, the University has recognized the need to refresh and transform its

---

<sup>1</sup> President Cordano gives State of the University address. (n.d.). Retrieved May 02, 2016, from <http://www.gallaudet.edu/news/sotu.html>



academic offerings and facilities in order to attract today's more savvy student. Gallaudet has invested in the infrastructure and programs needed to support robust enrollment, developed world-class facilities for academics and research, and laid the foundation for long-term revenue diversification from its real estate assets. The results of these efforts are starting to be reflected in FY 2017 additional student enrollment related and auxiliary revenues with continued growth expected in FY 2018. The outlook for fundraising is also positive though donors recently have preferred to fund transformational activities and capital projects that were not originally included in the University's operating budget. These donor funds have significantly assisted in Gallaudet's transformational activities and while the University remains optimistic for continued success, a conservative view in budgeting for growth in donor contributions has been taken.

Nationally, college "affordability remains a significant issue for students, parents, legislators, and university administrators alike. As a result, many institutions have chosen or are being required to limit the amount of annual tuition increases."<sup>2</sup> Gallaudet students often come from families of limited financial means. In the 2015-2016 academic year, over 60 percent of the undergraduate students qualified for federal Pell Grants, a commonly used marker for financial need. The University has committed to being the preeminent institution of higher learning for current and future generations of deaf students by remaining affordable through modest price increases and allocating additional scholarship funds for financial support. Due to Gallaudet's high financial need student population, large tuition increases are simply not a viable way for the University to secure the funds necessary to support college affordability and student success.

In addition, public colleges and universities have been budgeting for reduced state appropriations for several years at this point. Gallaudet's federal appropriation was generally immune from these trends, but the conversations in Congress over the past five years about federal spending levels have made slow growth in the appropriation a reality. The new Trump administration has added further uncertainties and at the time of this document's creation, the FY 2017 federal budget has not yet been passed by the Senate. The University continues to educate Congress on Gallaudet's important mission and has submitted a list of large scale strategic initiatives, as noted in Appendix C, to be considered by Congress for additional appropriations in FY 2018. The University will continue to monitor and prepare for continued federal funding uncertainties in FY 2018.

During President Cordano's first year, an outside consultant was brought in to review the University's budget and capital planning process and provide best practice recommendations. Ultimately the University's Planning and Budget Committee process was suspended for FY 2018 and instead the FY 2018 process was driven by the President's Executive Team (ET). The ET intends to continue to review the recommendations and formulate a long-term budget process solution for FY 2019.

President Cordano and her Executive Team recognize that the University's leadership priorities should inform the budget, and that "budgeting must be the short-term quantitative embodiment of the institution's strategic plan."<sup>3</sup> In the President's first year, the new administration identified updated strategic priorities which were approved by the Board in November 2016. These strategic priorities,

---

<sup>2</sup> "U.S. Not-for-Profit Higher Education 2017 Sector Outlook: Credit Quality Should Stay Stable Despite Headwinds." 17 January 2017, Standard and Poors.

<sup>3</sup> "Next Level Budgeting | Grant Thornton." *Next Level Budgeting* | Grant Thornton. N.p., n.d. Web. 02 May 2016.

known as the Gallaudet University Priorities and noted in Appendix E, are a bridge to a more formal strategic plan, including goals, objectives, and metrics to be presented to the Board in October 2017.

While the work to build out the University's new strategic plan continues, the ET prepared the FY 2018 budget with Gallaudet University Priorities in mind. It was recognized that like the FY 2017 budget, additional flexibility in the construction of the expense budget was required. As a result, a budget was established that would give President Cordano the option to align resources with the strategic priorities and not take any short-term actions that would negatively impact the long-term vision for the University. The ET also plans to review cost/revenue modeling to ensure the University is assessing if its resources – facilities, class size, academic and support workloads– are being allocated effectively and contribute to the financial sustainability of the Gallaudet mission.

The Executive Team was very encouraged to see that the FY 2018 revenue budget increased by \$2.6 million, or 1.5 percent, despite this being below what most of higher education is experiencing. According to Moody's, revenue growth is expected to remain above 3 percent for public and private universities.<sup>4</sup> Moody's assumptions included modest net tuition revenue growth and incremental increases in appropriations. Gallaudet's net tuition growth of 11 percent significantly outpaced Moody's expectation for private university's FY 2018 net tuition growth expectation of 2.5 percent. However, as noted above, continued uncertainties in the University's federal appropriation persuaded the ET to maintain a conservative position and hold the University's largest source of income flat thus reducing overall revenue growth.

On the expense side, aside from the salary treatment discussed below, the largest factor that needed to be considered in building the FY 2018 budget was the planned increase in depreciation. Strategic investments in infrastructure and programs over the previous few years had an impact on the FY 2017 budget and will continue to impact the FY 2018 budget. In FY 2017, the depreciation budget reflected a large increase for the Hall Memorial Building (HMB) laboratory renovations and the Model Secondary School for the Deaf (MSSD) residence hall. Specifically in FY 2018, infrastructure investments to allow better efficiency and enhanced services for faculty, staff and students via network infrastructure and human resources system improvement as well as equipment purchased to support the MSSD residence hall and HMB laboratory renovations had the largest impact on the FY 2018 \$1 million depreciation budget increase.

In the interest of providing President Cordano and the administration flexibility and time to determine the appropriate allocation of resources needed, the ET chose to provide a list of potential options to close the gap in FY 2018. The administration acknowledges its responsibility to prepare a balanced budget for the May 2017 Board of Trustees' Meeting and recognizes that "Agility in execution and monitoring is as important as the (original) plan."<sup>5</sup>

---

<sup>4</sup> "Moody's 2017 Outlook - Stable With Clouds Forming on Horizon." The Financial and Strategic Outlook for Private Colleges. January 05, 2017. Accessed April 24, 2017. <https://www.cic.edu/p/2017-Presidents-Institute/ResourceLibrary/20170105-The%20Financial%20and%20Strategic%20Outlook%20for%20Private%20Colleges%202.pdf>

<sup>5</sup> Setting aside uncertainty in strategic planning | Grant Thornton. (n.d.). Retrieved May 02, 2016, from <http://www.grantthornton.com/issues/library/whitepapers/nfp/2016/SoHE-2016/Setting-aside-uncertainty-strategic-planning.aspx>

The ET has identified potential options to consider as additional information becomes available (e.g. Fall 2017 enrollment, September 30<sup>th</sup> endowment market value, donor and federal funding, resource needs for priorities, etc.). The potential list includes but is not limited to:

- Increasing the enrollment revenue budget 25 U.S. fulltime residential students
- Reducing the recommended \$2 million salary treatment to \$1 million or delaying the effective start date\*
- Eliminating the \$2 million salary treatment recommendation
- Increasing operating contributions 10 percent
- Identifying and implementing operational efficiencies \$500 thousand\*
- Reducing the contingency \$500 thousand
- Reducing division non-payroll spending by \$1 million
- Requesting a one-time additional payout from the endowment to support priorities

*Note: \* indicates that the item was built into the FY 2018 budget as an assumed option in order to present a balanced budget.*

Finally, the President and Executive Team recognize the essential connection between planning and fiscal resource allocation in the attainment of the University's priorities within the costs of day-to-day operation. The administration desires to be effective guides and stewards of the University's funds and recognizes that current systems, information access, and communication channels impact its effectiveness. The ET aspires to lead the effort to improve strategic resource allocation, multi-year budgeting systems, and communication process so that the budget process can serve as intended and support the long-term financial sustainability of Gallaudet.

The Executive Team submits the following FY 2018 recommendations:

### **Operating Budget Levels**

The Executive Team recommends establishing the operating budget for FY 2018 at \$179.3 million. This budget assumes a flat federal appropriation over the FY 2017 budget level and enrollment projections as prepared by the Office of Institutional Research. The expense budget will fund depreciation at \$15.8 million and give flexibility to the administration to align expenses to strategic priorities as needed. Per the Board of Trustees' direction, the proposed operating budget yields an operating surplus. The planned surplus for FY 2018 is recommended at \$2.1 million or one percent.

### **Division Requests**

The Executive Team also agreed that additional initiatives, as requested by the divisions and prioritized by the ET, be considered should additional funds become available. In FY 2014, the University Planning and Budget Committee developed and implemented a budget formulation process that was designed to provide funding to division initiatives for one year (FY 2015). This process was continued for the FY 2016 and FY 2017 budget formulation and a modified version used for the FY 2018 budget process. Requests for additional funding were received from divisions and will be evaluated using the following criteria:

- Innovative deployment of resources that have the potential to increase revenue or enrollment,
- Preservation or enhancement of the quality or safety of the educational experience for students,

- Maintenance or enhancement of competitiveness in recruiting and retaining students, faculty, and staff,
- Efficiency measure with the potential to reduce employee headcount,
- Centrality to mission and relationship to Leadership Priorities and Clerc Center Strategic Plan (CCSP) goals,
- Legally required expense (e.g. Americans with Disabilities Act (ADA) compliance, life necessity, accreditation, etc.), and,
- Fiscal feasibility

Requests for additional funding from divisions are included as **Appendix D**.

### **Salary Treatment for Employees**

The Executive Team recognizes the vital role of employees in achieving the University's mission by acknowledging their continued commitment and contributions. The ET also recognizes the challenge of maintaining the competitiveness of salaries, while striving to reward employees who are performing at the highest levels. The economic need to remain competitive necessitates that \$2 million be reserved for salary treatment, at the discretion of the President. However, based on the uncertainties surrounding the appropriation at the time of writing this book, a salary treatment of \$1 million was placed into the FY 2018 budget. Should additional funding occur in FY 2018, the ET recommends that a larger salary treatment for employees be the top priority.

### **Capital Budget**

The Executive Team recommends that the FY 2018 capital budget amount be set at \$12.5 million. As discussed more fully in the FY 2018 Capital Budget section later in the document, this budget will be allocated toward three areas of focus:

- \$4.55 million for the deferred maintenance needs of the University's existing physical plant and infrastructure,
- \$1.75 million for the furniture, equipment, and technology needs of Gallaudet's classrooms, residence halls and public spaces, and,
- \$6.2 million for major capital projects under the 2022 Campus Plan.

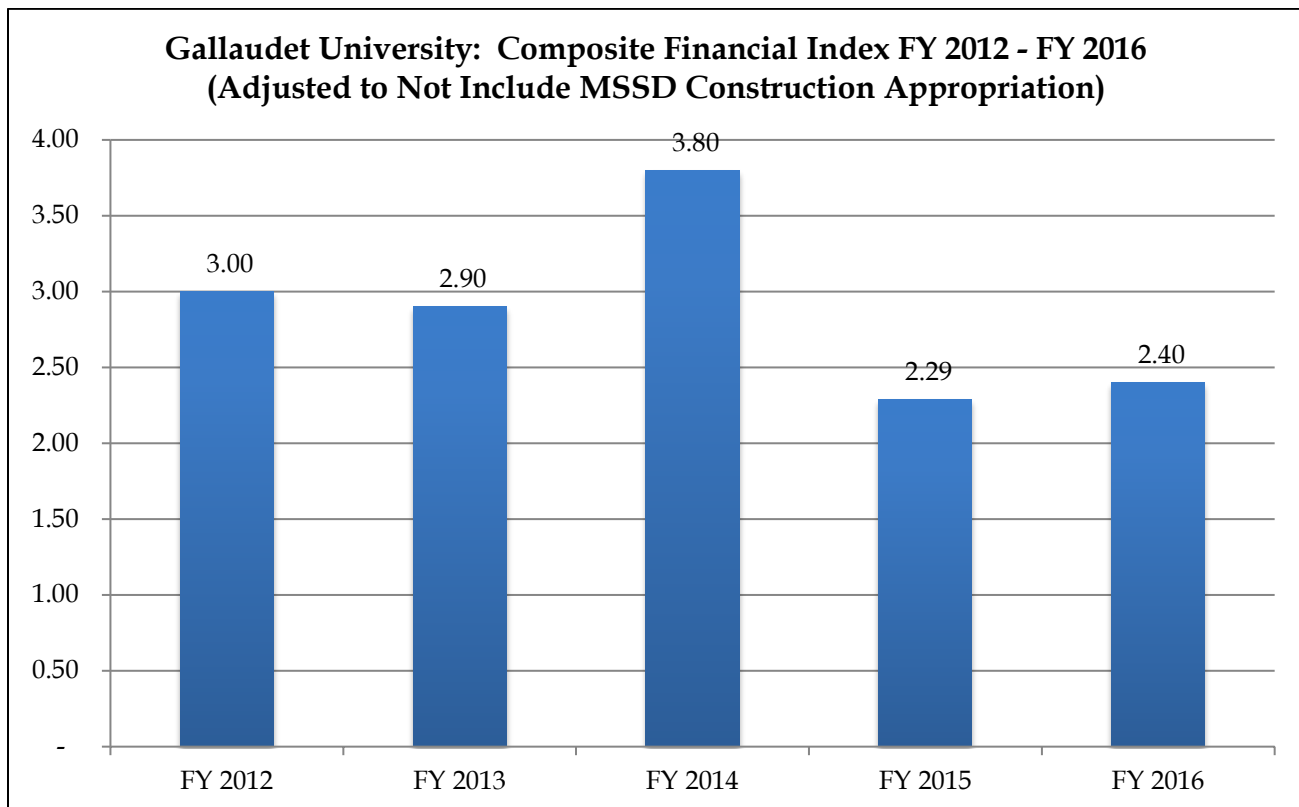
## COMPOSITE FINANCIAL INDEX

As Gallaudet continues its transformation, it is critical that the Board of Trustees and administration have the tools to understand the Institution's financial position in the marketplace and to assess the affordability of a strategic plan. The Composite Financial Index (CFI), considered a best practice in higher education, can help with just that.

The CFI is a combination of four financial metrics that measures the overall financial health of the institution. These include:

1. Primary Reserve Ratio – A measure of the level of financial flexibility
2. Net Operating Revenue Ratio – A measure of the operating performance
3. Return on Net Assets Ratio – A measure of the overall asset return and performance
4. Viability Ratio – A measure of the ability to cover debt with available resources.

The CFI was developed by BearingPoint, Inc., KPMG, and Prager, Sealy & Co. in their publication "Ratio Analysis in Higher Education." The CFI focuses on the evaluation of an institution's use of financial resources to achieve its mission. CFI is quantified on a progressive scale of one to ten, with one indicating the need to assess the viability to survive and ten indicating strong financial indicators.



Based on reviewing Gallaudet's performance over the past few fiscal years, as shown in the table above, Gallaudet's CFI historically falls in the range where the advice from "Ratio Analysis in Higher Education" is to direct resources toward becoming a stronger institution and moving to the next level. For institutions with long-term debt, such as Gallaudet, a target CFI would be 3.0-4.0. A score greater

than 3 indicates an opportunity for strategic investment of institutional resources to optimize the achievement of the institutional mission.

As shown on the previous page, Gallaudet's FY 2016 CFI is a 2.40, which, while consistent with the FY 2015 ratio, is lower than the target ratio. The CFI is not supposed to be looked at in one-year increments, but rather as part of a trend analysis. In evaluating Gallaudet's performance over the past five years, the softening score reflects both volatility of financial market returns impacting the Gallaudet endowment's investment non-operating performance, and it reflects a compressing operating margin due to increased spending on transformational activities.

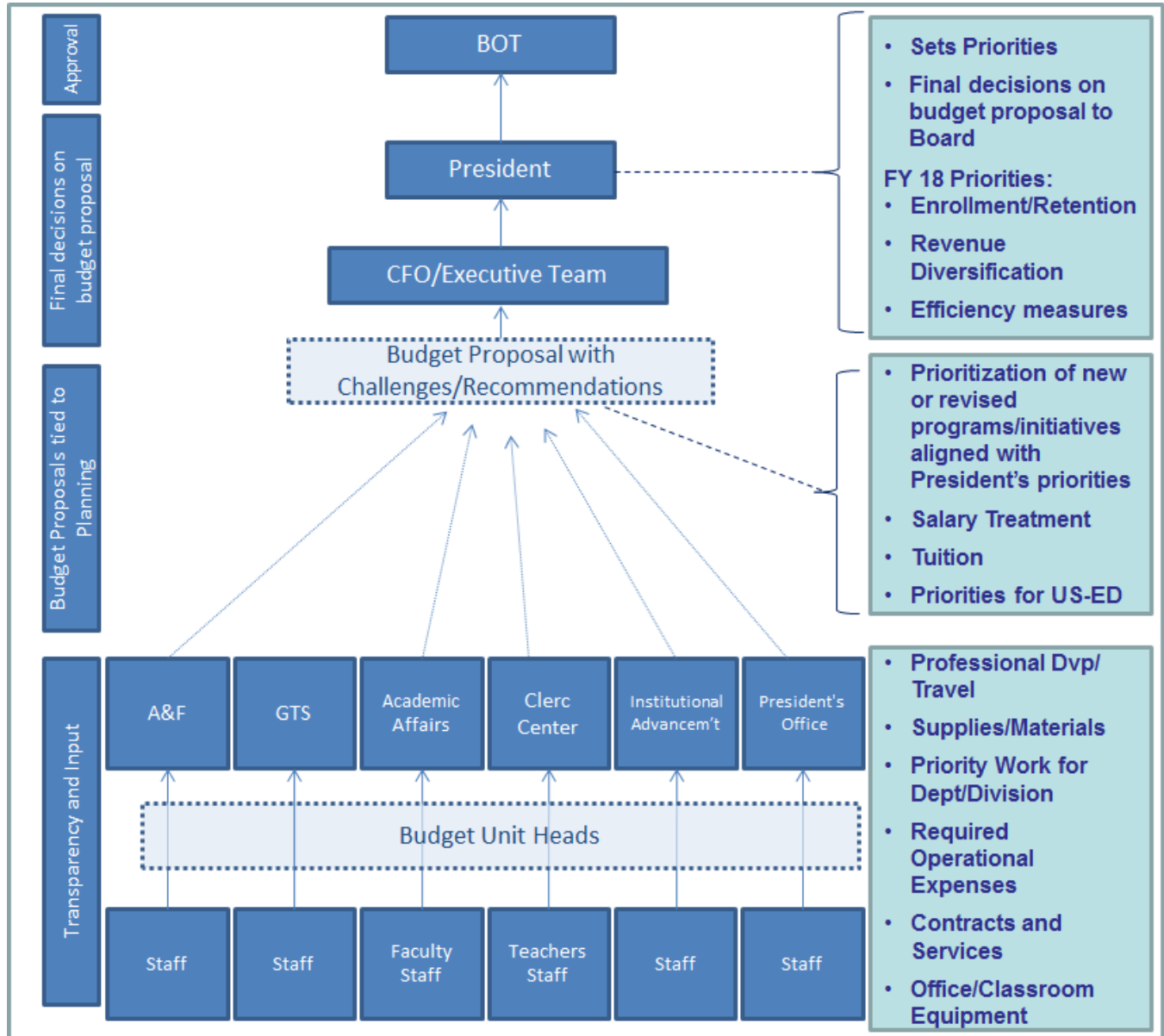
### CFI SCORING SCALE

4	3	2	1	0	1	2	3	4	5	6	7	8	9	10
Consider whether financial exigency is appropriate														
	With likely large liquidity and debt compliance issues, consider structured programs to conserve cash													
		Assess debt and Department of Education compliance and remediation issues												
			Consider substantive programmatic adjustments											
					Re engineer the institution									
						Direct institutional resources to allow transformation								
								Focus resources to compete in future state						
										Allow experimentation with new initiatives				
											Deploy resources to achieve a robust mission			

Source: Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks, 2010, Prager, Sealy & Co., LLC; KPMG LLP; and Attain LLC.

## FY 2018 BUDGET FORMULATION PROCESS

Below is a list of key FY 2018 proposed budget formulation activities.

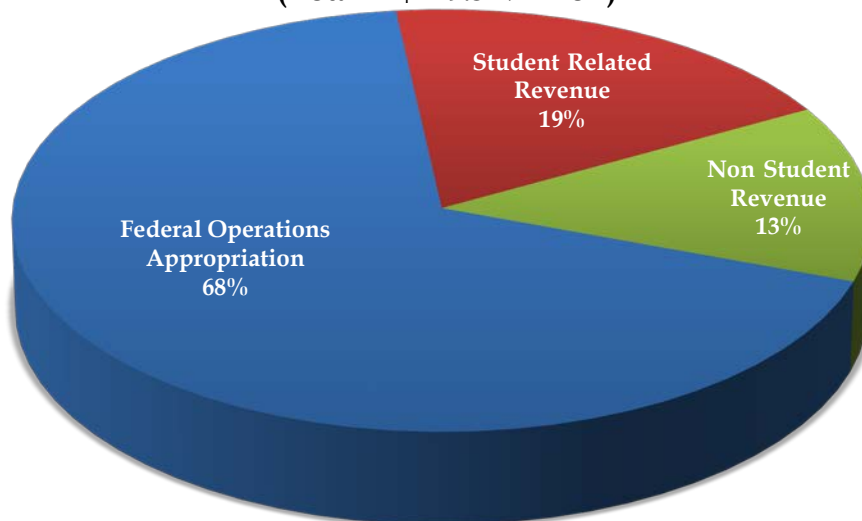


## PROPOSED FY 2018 OPERATIONS REVENUE BUDGET

The table below provides a breakdown of the recommended operating revenue budget by source of funds. A description of the basis for forecasting each component follows.

OPERATING BUDGET BY SOURCE OF FUNDS (dollars in thousands)				
Source of Revenue	FY 2018 Proposed Budget	% of Total	FY 2017 Budget	% of Total
Federal Appropriations - Operations	\$121,275	68%	\$121,275	69%
Tuition and Fees	29,575		27,995	
Less: Scholarship Aid	(10,055)		(10,380)	
Net Tuition and Fees	19,520	11%	17,615	10%
Grants and Contracts	3,000	2%	3,000	2%
Investment Income - Operations	7,200	4%	7,500	4%
Auxiliary Enterprises	24,305	13%	23,210	12%
Contributions	3,300	2%	3,300	2%
Other	700	0%	800	1%
<b>Total</b>	<b>\$179,300</b>		<b>\$176,700</b>	

**Proposed FY 2018 Operating Revenue Budget by Sources of  
Funds  
(Total = \$179.3 Million)**





## Federal appropriation

*FY 2018 Projected Federal Appropriation with Recent History*  
(dollars in thousands)

	Proposed FY 2018	Budgeted FY 2017	Actual FY 2016	Actual FY 2015
Federal appropriation for operations	\$121,275	\$121,275	\$121,275	\$120,275

Operating under the Bipartisan Budget Act of 2015 (Public Law 114-74, which sets discretionary spending limits in FY 2016 and FY 2017), Gallaudet received an appropriation for \$121.275 million in FY 2016. President Obama's FY 2017 budget proposal included a \$121.275 million appropriation for Gallaudet.<sup>6</sup> Congress has not passed all the FY 2017 appropriation bills as of the writing of this book, and the federal government is currently operating under a third continuing resolution that will expire on May 5, 2017. The first continuing resolution, from October 1 to December 9, 2016 kept Gallaudet's appropriation flat to the prior year with a 0.496% reduction. The second continuing resolution, from December 10, 2016 to April 28, 2017 kept Gallaudet's appropriation flat with a 0.1901% reduction. Congress is working to pass the Consolidated Appropriations Act of 2017 before the expiration of the Continuing Resolution on Friday, May 5, 2017. The House of Representatives Consolidated Appropriations Act of 2017 (H.R. 244) includes a \$121.275 million appropriation for Gallaudet and passed the House of Representatives on May 3, 2017.<sup>7</sup>

There is a great deal of uncertainty around the FY 2018 budget process, as President Trump has not yet released a full 2018 budget proposal and the FY 2018 Budget Blueprint includes a reduction to Department of Education funding by \$9.2 billion<sup>8</sup>. However, there is no indication that this budget will be considered by Congress or that potential cuts will affect Gallaudet. As a result, the University's proposed FY 2018 budget is based on both the FY 2016 actual appropriation and the current continuing resolution levels for 2017. As in years past, Gallaudet uses its operating appropriation to offset Education of the Deaf Act allowable expenses that support the institution's primary mission.

*History of Federal Appropriated Funds*  
(dollars in thousands)

Fiscal Year	Total	Operations	Construction
2017*	\$121,275	\$121,275	\$0
2016	\$121,275	\$121,275	\$0
2015	\$120,275	\$120,275	\$0
2014	\$119,000	\$119,000	\$0
2013	\$118,951	\$111,393	\$7,558
2012	\$125,516	\$117,541	\$7,975

*\* As of the writing of this book, the federal government was acting under a continuing resolution, which kept the Gallaudet appropriation largely flat to the FY 2016 levels. The draft House of Representatives Appropriations bill includes \$121.275 million, which is included in this table. Actual appropriated funds are to be determined.*

<sup>6</sup> "President's FY 2017 Budget Request for the U.S. Department of Education." *President's FY 2017 Budget Request for the U.S. Department of Education*. N.p., n.d. Web. 02 May 2016.

<sup>7</sup> HR 244 Bill, <https://www.govtrack.us/congress/bills/115/hr244/text>

<sup>8</sup> "What Trump Cut in His Budget," *Washington Post*, [https://www.washingtonpost.com/graphics/politics/trump-presidential-budget-2018-proposal/?utm\\_term=.2bfeb6687f1d](https://www.washingtonpost.com/graphics/politics/trump-presidential-budget-2018-proposal/?utm_term=.2bfeb6687f1d) 16 March 2017.

Gallaudet remains committed to revenue diversification, and strives to rely less on the federal appropriation in future years.

### *Tuition and Fees*

*FY 2018 Proposed Tuition and Fees Revenue Budget with Recent History  
(dollars in thousands)*

	Proposed FY 2018	Budget FY 2017	Actual FY 2016	Actual FY 2015
Gross Tuition	\$29,575	\$27,995	\$27,369	25,469
<u>Scholarship Aid</u>	<u>(10,055)</u>	<u>(10,380)</u>	<u>(8,968)</u>	<u>(8,038)</u>
Net Tuition	\$19,520	\$17,615	\$18,401	\$17,431

The revenue from tuition and fees, as proposed above, reflects the Board-approved 3 percent increase for fall 2017 tuition.<sup>9</sup> The Executive Team has considered tuition trends of peer institutions, as well as the advice of a national consultant engaged to help the University on enrollment matters, and recommends a tuition increase in the range of two to four percent for fall 2018. The FY 2018 proposed budget assumed a three percent increase for fall 2018. A one percent increase in tuition would cost the average student approximately \$160 more per year, and would result in additional net tuition revenue of approximately \$160 thousand.

According to the College Board, between 2015-16 and 2016-17, average published tuition and fee prices increased by 2.4 percent for in-state students in the public four-year sector, and by 3.5 percent at private nonprofit four-year institutions.<sup>10</sup> Gallaudet's enrollment consultant indicated that between 2015-16 and 2016-17, they saw private four-year colleges increase tuition at 3.9 percent, while public four-year colleges increased tuition at 3.1 percent. Interestingly, private colleges in the "Middle States" region (including DC and Maryland) had the highest average tuition increases at 5.2 percent.<sup>11</sup> These rates remain consistent with the rate increases seen over the past several years.

While Gallaudet has seen great success in recruiting and enrolling new students, the ET recognizes that students and families still have a number of options and continue to face increased price sensitivity as well as high financial need. Keeping tuition increases modest, therefore, was a high priority for the ET in setting the FY 2018 budget. Gallaudet is very proud of its ranking as No. 1 Best Value School (Regional-North) by *US News and World Report* for 2017.

The overall projected enrollment for FY 2018, as determined by the Office of Institutional Research (OIR), is 4 percent higher than the FY 2017 budgeted enrollment. The undergraduate population, which has outperformed expectations for the past two years, is budgeted to have a 7 percent increase in enrollment, while the graduate school is budgeted to have a 2 percent increase in enrollment. These increases are offset by a projected decline in English Language Institute (ELI) enrollment, which is due to an overall uncertainty surrounding international students based on the current political climate.

<sup>9</sup> During the May 2016 Board of Trustees' meeting, the Board approved a three percent increase for academic year 2016-2017 tuition.

<sup>10</sup> *Trends in College Pricing*. Rep. The College Board, 2016. <https://trends.collegeboard.org/college-pricing/figures-tables/tuition-fees-room-and-board-over-time>

<sup>11</sup> 2017 *Discounting Report: Benchmarks for First-Year and Transfer Students* Ruffalo Noel Levitz, 2017. [http://learn.ruffalonl.com/ES-2017-03-Discounting-Report\\_Landing-Page.html?from=MegaNav](http://learn.ruffalonl.com/ES-2017-03-Discounting-Report_Landing-Page.html?from=MegaNav)

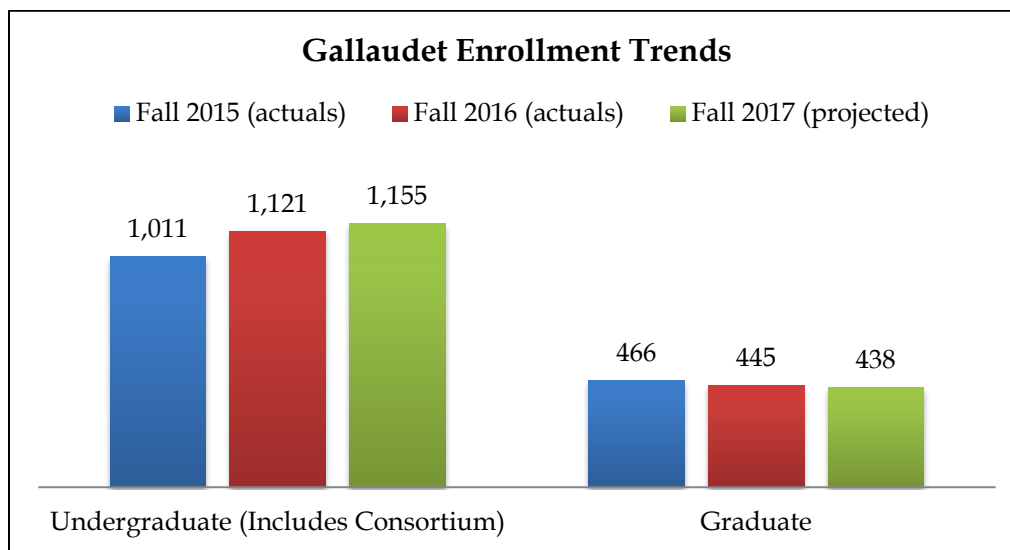
Over the past several years, Gallaudet has invested significant resources into strengthening and improving the recruiting process for undergraduate and graduate students. These efforts have been very successful at increasing undergraduate enrollment and are helping to get students who are interested in Gallaudet to apply and commit to Gallaudet earlier in the enrollment cycle, which helps improve University planning and resource allocation.

The proposed tuition and fees revenue is based on the enrollment shown in the table below.

#### *Enrollment Projection*

	Projected FY 2018						
	Fall 2017			Spring 2018			Summer 2018
	Total	Full-time	Part-time	Total	Full-time	Part-time	Total
Undergraduate (includes consortium)	1,155	1,115	40	1,084	1,010	74	190
Graduate	438	300	138	421	280	141	205
English Language Institute	46	46	0	40	40	0	15
<b>Total University Enrollment</b>	<b>1,639</b>	<b>1,461</b>	<b>178</b>	<b>1,545</b>	<b>1,330</b>	<b>215</b>	<b>410</b>

Enrollment changes over the past three years can be seen in more detail below.



Some of Gallaudet's actions to improve recruitment efforts over the past few years have been the following:

- Implementing a new brand for Gallaudet and incorporating that brand into a redesigned website and communications.

- Conducting outreach and communication to families on affordability and financial responsibility beginning in Admissions and continuing with the Financial Aid Office throughout the student's time at Gallaudet.
- Improving retention efforts focusing on coordinated communication, early intervention and customer service.
- Reviewing and coordinating efforts to systematically rebuild relationships with VR agencies.

These efforts have resulted in an improved understanding of the market; more targeted, efficient and effective recruitment strategies; improved and coordinated outreach to school counselors and Vocational Rehabilitation (VR) counselors; and strategies to improve retention and graduation rates.

### *Scholarship Aid*

*FY 2018 Proposed Scholarship Aid Budget with Recent History  
(dollars in thousands)*

	Proposed FY 2018	Budget FY 2017	Actual FY 2016	Actual FY 2015
Scholarship Aid	\$(10,055)	\$(10,380)	\$(8,968)	\$(8,038)

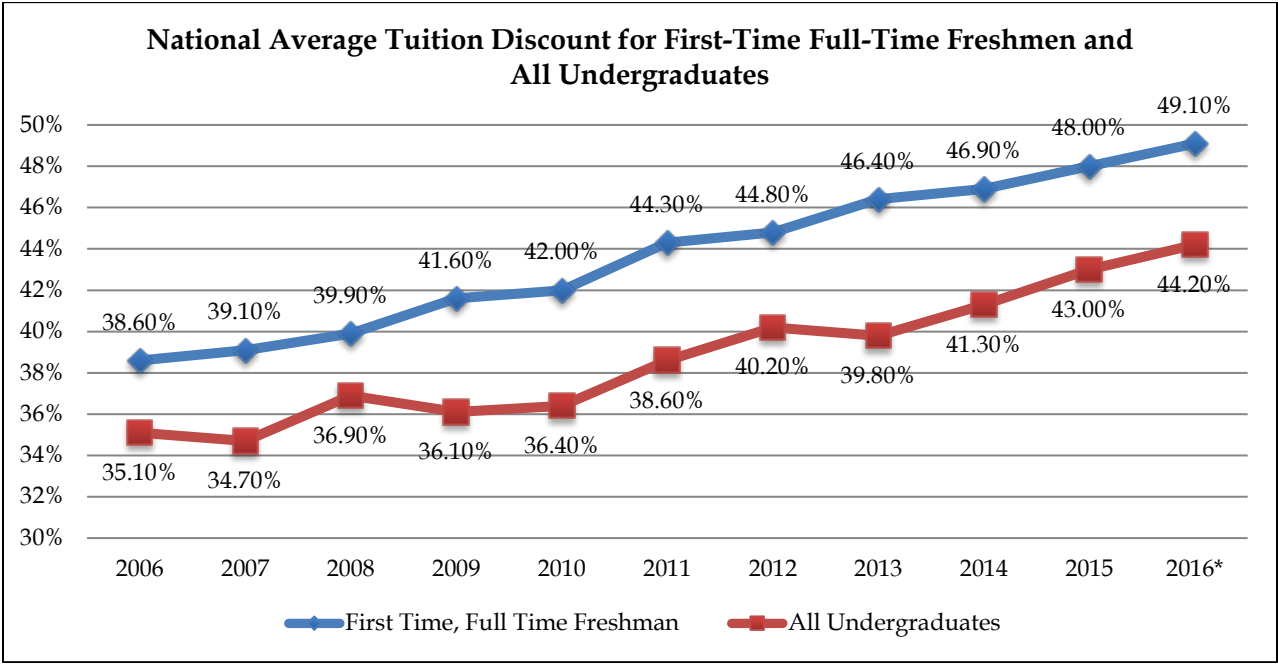
In FY 2013, Gallaudet began working with a nationally recognized financial aid consultant to assist with evaluating the effectiveness of the University's financial aid strategies and re-configuring its aid packages to optimize enrollment and net tuition. Extensive analysis of the past five years' financial aid awards has provided insights into students' and/or their family's ability and willingness to pay the necessary tuition and fees to attend Gallaudet. The pool of potential students was analyzed using several demographics. The analysis revealed the enrollment patterns for each demographic group depended on the institutional aid awarded, and showed that by reconfiguring its institutional aid award packages based on historical patterns, the University would consistently yield higher enrollments. In Fall 2015, the University enrolled 276 new undergraduate students. In Fall 2016, this number increased to 358 students.

Nationally, increased competition for students and price sensitivity among students and families is resulting in higher tuition discount rates for the first-time, full-time freshmen, which results in higher overall discount rates, as this group tends to have the largest discount rate on campus. This is especially true at Gallaudet, where the incoming class has been comprising a larger percentage of the overall student body. At Gallaudet, the consultant advised a discount rate of approximately 45 percent for first-time, full-time freshmen for academic-year 2014-2015, 48 percent for academic year 2015-2016, and 52 percent for academic year 2016-2017. However, the first-time full-time freshmen discount rate for the 2016-2017 year was actually 40 percent, due to the freshmen class having different economic demographics than assumed based on historical data. Based on evaluating the actual results from the previous three years, the consultant has recommended a discount rate of 42.5 percent for the academic year 2017-2018.

These recommendations are based on the consultant's evaluation of the incoming class's financial needs, ability and willingness to pay, and looking at the patterns associated with returning students and their requests for additional financial aid. The goal is to set a discount rate, where students and families do not make decisions based on the financial aid package received. Academic year 2015-2016

was the first time that the data indicated the financial aid package was not a factor in the decision for students to decide whether or not to come to Gallaudet.

According to NACUBO's 2016 Tuition Discounting Study, as competition and price sensitivity have increased, most schools, including Gallaudet, have increased their discount rates to help attract and enroll students, as seen in the graph below.<sup>12</sup>



\* 2016 is early-release information

Source: NACUBO Tuition Discounting Survey, 2017

As opposed to the national trend of increasing discount rates, Gallaudet is very fortunate to see that its financial aid strategies are projected to yield an overall discount rate of approximately 34 percent, as compared to 37 percent in the prior year. For this purpose, discount rate is calculated as total institutional aid divided by the billable tuition and fees. The University will continue to analyze whether institutional funds are being applied in the most strategic manner to optimize enrollment and net tuition revenue.

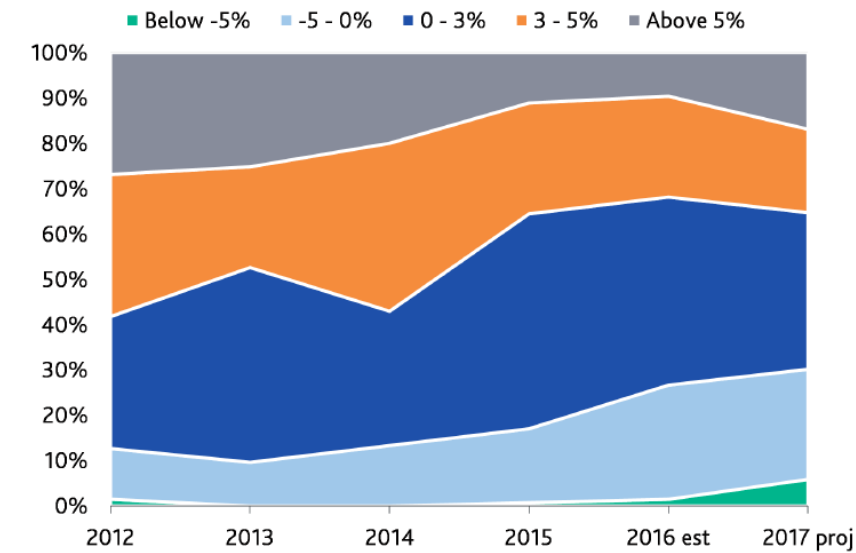
### Net Tuition Revenue

Universities need to increase net tuition revenue on an annual basis to help support expense growth. However, at many schools, it is becoming harder to see net tuition growth. Any combination of lower enrollment, a lower tuition increase than previous years, or a higher discount rate may result in a decrease of net tuition revenue. According to Moody's, over half of all private colleges are projecting net tuition revenue increases of less than 3 percent, and only 20 percent of private colleges are projecting net tuition revenue increases of above 5 percent<sup>13</sup> as is shown in the chart on the next page.

<sup>12</sup> NACUBO 2017 Tuition Discounting Study.

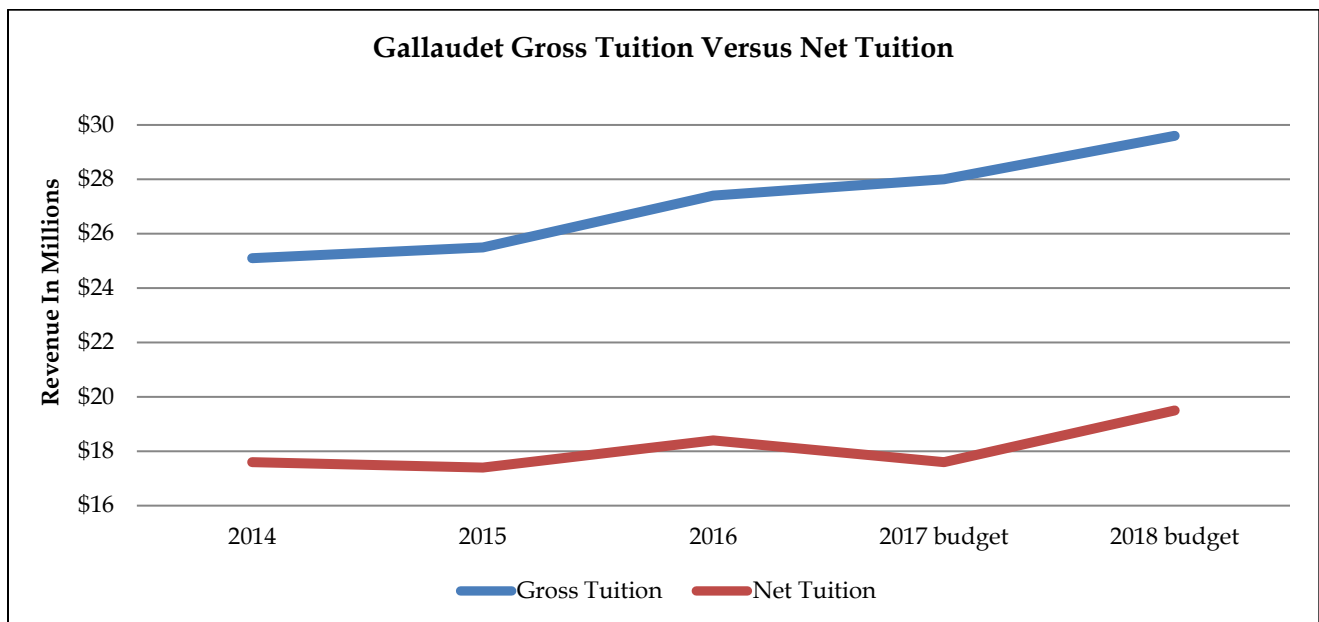
<sup>13</sup> "Universities Face Another Year of Low Net Tuition Revenue Growth, Survey Says", Moody's Investor Services. 29 November 2016, Accessed May 1, 2017. <http://www.chronicle.com/blogs/ticker/files/2016/11/2016-Tuition-Revenue-Survey-Shows-Another-Year-of-Low-Net-Tuition-Revenue-Growth.pdf>

### Percent of private universities by growth in net tuition per student



Source: Moody's Investors Service

As stated earlier, Gallaudet is projecting an 11 percent increase in net tuition revenue from its FY 2017 to FY 2018 budget. This increase is largely a function of the 3 percent reduction in the projected discount rate, combined with the significant increase in undergraduate students. This increase reverses a trend that Gallaudet has seen over several years, where Gallaudet's gross tuition would increase, but the net tuition has flattened. With the recent changes in actual and recommended discount rates for the 2016-2017 and 2017-2018 academic years, Gallaudet will be able to experience modest increases in its net tuition revenue.



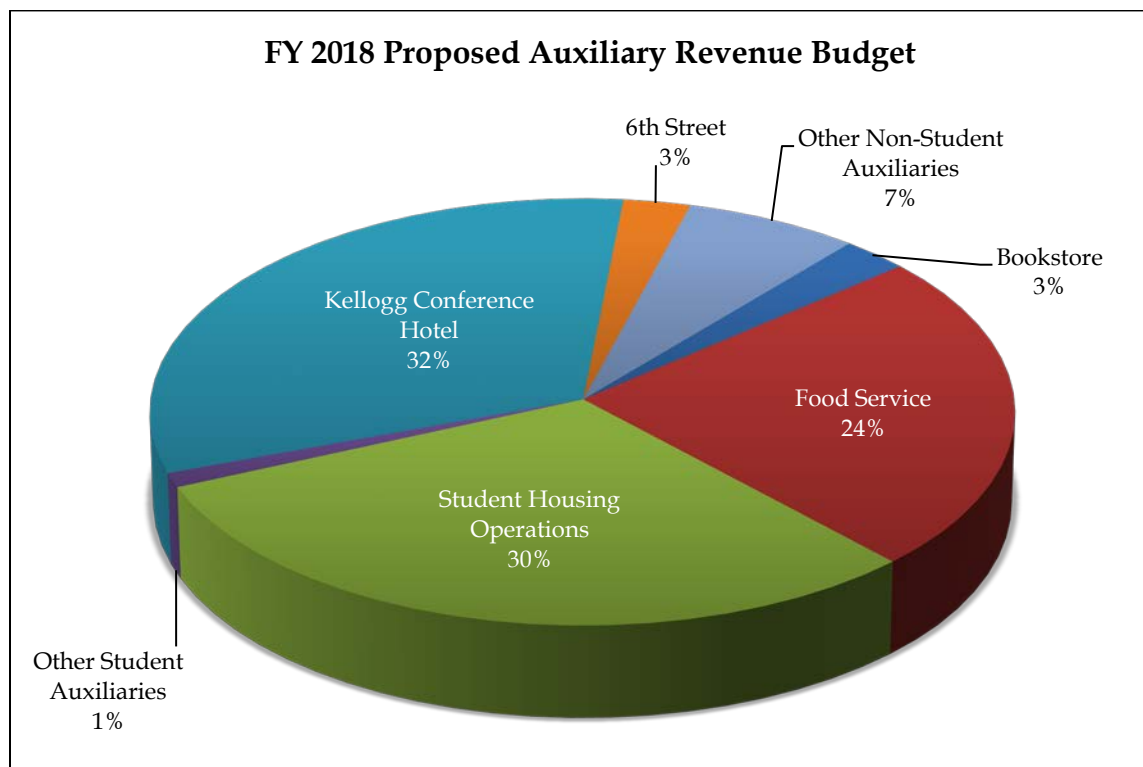
## Auxiliary Enterprises

*FY 2018 Proposed Auxiliary Enterprises Budget with Recent History  
(dollars in thousands)*

	Proposed FY 2018	Budget FY 2017	Actual FY 2016	Actual FY 2015
Auxiliary Enterprises	\$24,305	\$23,210	\$24,777	\$21,518

At Gallaudet, auxiliary revenues include the student residence halls, food service, Kellogg Conference Hotel, bookstore, Hearing and Speech Clinic, 6<sup>th</sup> Street, and Gallaudet University Press.

Approximately 60 percent of the auxiliary revenues are driven by student enrollment, with the remaining 40 percent being non-student related auxiliaries. As Gallaudet works to diversify its revenue streams, the University expects that non-student related auxiliaries will make up a greater percentage of this total. A breakdown of auxiliary revenues by individual auxiliary units is illustrated in the graph below.



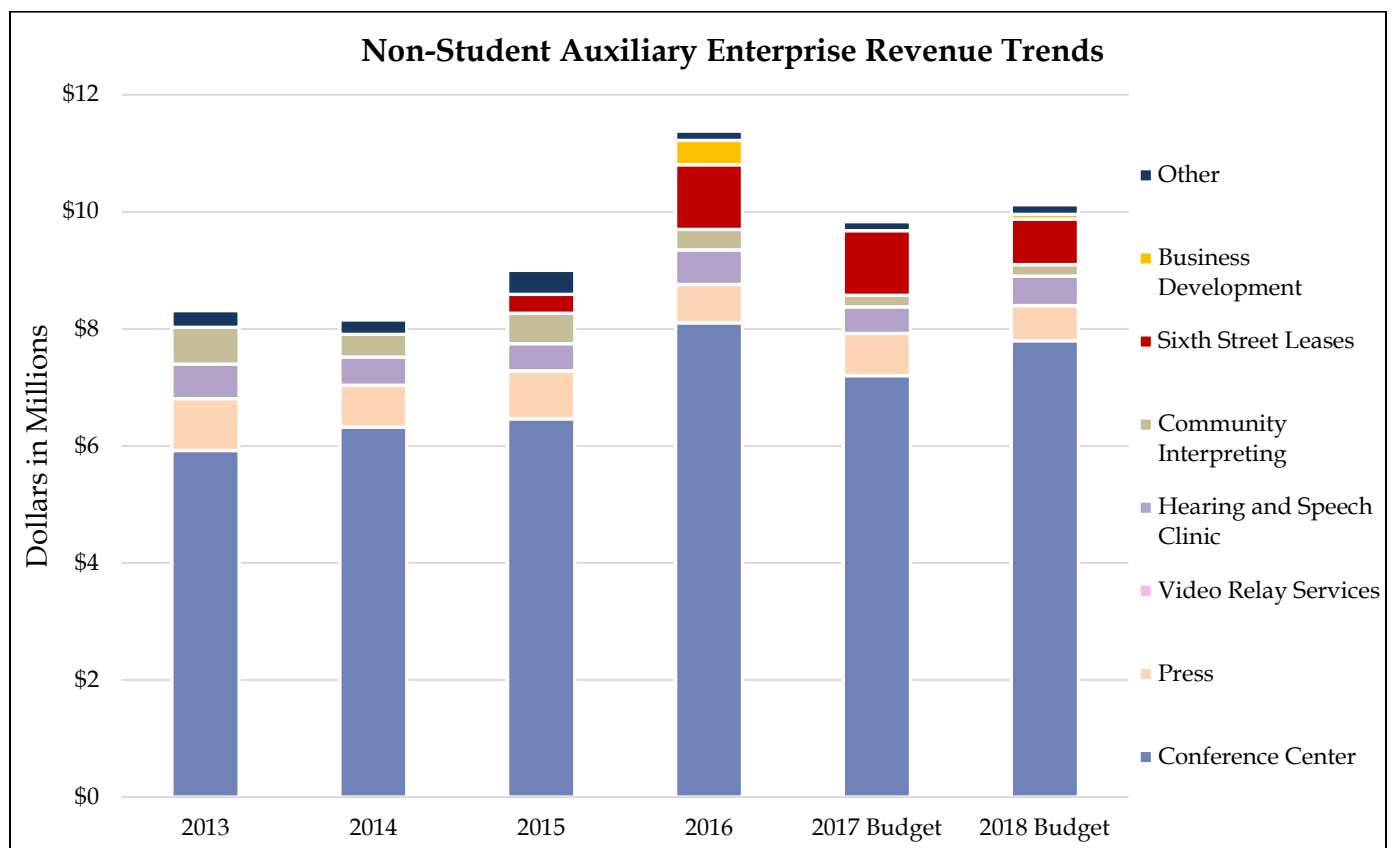
The largest student-related auxiliary enterprise is the University's residence hall operations. Revenues from the residence halls, not counting the incidental overnight and short-term visitors and apartments, are projected to be \$6.9 million. This is based on the assumption that Gallaudet will have 987 residents in the residence halls at the beginning of Academic Year 2017-2018, which is an increase of 8 percent from the prior year budget. There are a number of factors responsible for this increase. Several years ago, Gallaudet instituted a policy that all new freshmen and sophomore students are required to live on campus. As the total number of undergraduate students has increased, specifically with the two consecutive large incoming classes, the dorm occupancy rate has increased. Second, room rates are set using variable rates depending on amenities and demand, resulting in an aggregate price increase of



approximately three percent. This process allows for first-year and second-year students to have the most affordable options available for housing, while single rooms remain the most expensive. The number of students in Gallaudet's dorms has been increasing, with Fall 2016 being the highest number since Academic Year 2011-2012. The occupancy rate for Fall 2016 was at 98.5 percent.

All other student-related auxiliary revenue projections are based on the projected enrollment numbers.

Non-student auxiliary enterprises have been an area of growth for Gallaudet over the past several years, as seen in the chart below. Particular areas of growth have been the Gallaudet University Kellogg Conference Hotel (GUKCH) and the Sixth Street Leases. Prior to FY 2016, two large renovation projects were undertaken to make the GUKCH more attractive to a larger scale of conferences. These improvements were successful in increasing the GUKCH's business and profitability. In FY 2015, Gallaudet signed a Development Agreement with a Real Estate Developer to develop four University-owned commercial parcels of land located adjacent to the Gallaudet campus. The Development Agreement included a \$2.9 million irrevocable commitment fee from the Developer. The commitment fee is being amortized over 36 months and the FY 2018 budget includes approximately \$645 thousand related to this revenue source. It is expected that the related 85-year ground lease income will start to be recognized during FY 2019.





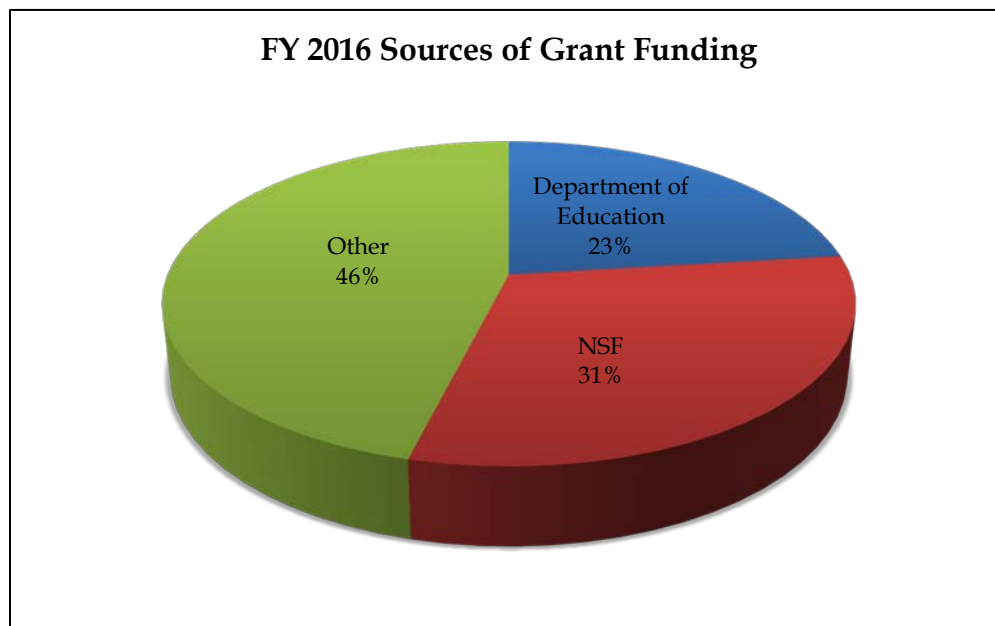
## Grants and Contracts

*FY 2018 Proposed Grants and Contracts Budget with Recent History  
(dollars in thousands)*

	Proposed FY 2018	Budget FY 2017	Actual FY 2016	Actual FY 2015
Grants and Contracts	\$3,000	\$3,000	\$3,039	\$3,474

In forecasting revenue from grants and contracts, the University considered the schedules for current grants, the prospects of renewing existing grants and contracts, and the possibility of generating new grants and contracts with current resources. In the current economic climate, the pool of federal funding is uncertain and competition among institutions remains high.

Moody's stated in their 2017 Higher Education Outlook that "In light of uncertainty around future federal funding priorities, we have incorporated grant and contract revenue growth of 2-3 percent into our forecast, which we based on the 2017 requested budget for the National Science Foundation (NSF) and the National Institutes of Health (NIH). Given the strategic importance of research to most research intensive universities, we anticipate that they will continue to fund additional growth from gift support and other internal resources. Universities will also continue to search for corporate and foundation research funding."<sup>14</sup> Gallaudet continues to focus on finding new sources of funding and is committed to supporting growing research efforts. The FY 2018 grants and contract revenue budget has been set conservatively to reflect the still unknown federal budget priorities.



<sup>14</sup> "Moody's 2017 Outlook - Stable With Clouds Forming on Horizon." The Financial and Strategic Outlook for Private Colleges. January 05, 2017. Accessed April 24, 2017. <https://www.cic.edu/p/2017-Presidents-Institute/ResourceLibrary/20170105-The%20Financial%20and%20Strategic%20Outlook%20for%20Private%20Colleges%202.pdf>.

The NSF/Gallaudet Center on Visual Language and Visual Learning (VL2), the Technology Access Program (TAP), and the Pettito Brain and Language Laboratory (BL2) continue to lead in research related to deaf and hard of hearing people. As institutionalization of VL2 has occurred, funding mechanisms have been put into place to continue to build upon the research and translation that has been conducted over the past ten years. BL2 will continue to make Gallaudet a leading resource for language, reading, and bilingualism in the United States and around the world. With funding from a National Science Foundation (NSF) INSPIRE grant and a Keck Foundation grant, Dr. Laura-Ann Pettito is leading an interdisciplinary team on the cutting edge of science to create a transformational learning tool that will impact the study of the human brain and behavior development vital for lifelong learning. VL2 and BL2 are also generating new and promising grant activity among Gallaudet faculty, staff and students.

Dr. Christian Vogler's work with the TAP and collaborations with several universities and organizations keeps Gallaudet at the forefront of communication accessibility research and engages in a range of activities including public presentations, advising advocacy organizations in lobbying regulatory agencies, and providing expert witnesses in legal proceedings. Dr. Vogler and his team were instrumental in influencing the Federal Communications Commission rulemaking phasing out TTYs and ushering in the internet-based, real-time text standard (RTT) which will be compatible with future smartphones. TAP anticipates receiving funding from the U.S. Department of Health and Human Services (DHHS) in support of improving the accessibility, usability, and performance of technology for individuals who are Deaf or Hard of Hearing in increments of \$950,000 over the next two years.

Gallaudet has shown its commitment to students by providing hands-on training and mentorship to the next generation of researchers. Through the mentorship of Dr. Pettito's BL2 Center, a second doctoral student in the Program in Educational Neuroscience (PEN) has received the prestigious National Institutes of Health (NIH) F31 fellowship to support his predoctoral studies. Another NIH F31 application is under review with Dr. Lorna Quandt as sponsor and mentor to a first-year PEN doctoral student. Under Dr. Dragana Barac- Cikoja's mentoring and sponsorship, two students in Hearing Speech and Language Sciences have submitted applications to the NIH F32 fellowship program to support their doctoral studies.

Dr. Poorna Kushalnagar, who joined Gallaudet in 2016, brought two NIH grants with her totaling more than \$500,000 and established the Deaf Health Communication and Quality of Life Center. Dr. Kushalnagar's work centers on improving human communication and reducing health disparities among Deaf populations by reducing language barriers. Results from her studies will provide a better understanding of the trends in using the Internet for health-related purposes among Deaf populations.

Gallaudet continues to apply for and receive funding for research, training and scholarships from the National Endowment for the Humanities, the U.S. Department of Education, and the National Science Foundation.

## Investment Income – Operations

*FY 2018 Proposed Investment Income (Operations) Budget with Recent History  
(dollars in thousands)*

	Proposed FY 2018	Budget FY 2017	Actual FY 2016	Actual FY 2015
Investment Income for Operations	\$7,200	\$7,500	\$7,854	\$8,036

The University's investment policy states it expects to annually spend 4.8 percent of the three-year average fair value of the endowment investments. Consequently, the annual endowment payout has a built-in delay in increasing or decreasing along with the financial markets. In February 2016, the University hired a new Investment Consultant to assist with revising the asset allocation in efforts to improve expected returns while reducing expected volatility and providing greater inflation protection. The portfolio transition was substantially complete in late Fall 2016. The original donor endowment gifts are to be held in perpetuity with the income to benefit the University today and in the future. As such, the endowment assets are invested with a long-term time horizon; however, they are not immune to short-term financial market volatility.

During extended periods of general market down cycles, an individual endowment "underwater" situation may occur. Underwater endowments are defined as those endowments in which the fair value of assets associated with individual donor-restricted endowment funds have fallen below the original value of the gift donated to the permanent endowment. At the end of FY 2016, the University had 139 endowments in this underwater situation. The University investment policy annual distribution practice has established the following scale to determine the annual payout for each individual endowment:

- An annual payout of 4.8 percent for endowments with fair market value (FMV) equal or exceeding the historic gift value (corpus amount) as measured each September 30<sup>th</sup>.
- An annual payout of 2 percent for endowments that have a FMV less than 100 percent of the corpus but greater than 80 percent as measured each September 30<sup>th</sup>.
- No annual payout to be made on endowments if the FMV has fallen under 80 percent of the corpus as measured each September 30<sup>th</sup>.

While it is not possible to accurately predict the financial markets, the following conservative assumptions were used to calculate the FY 2018 operating investment income:

- The Endowment fund pool has an approximate split of 94/6 unrestricted endowments to temporarily restricted endowments. The endowments designated as temporarily restricted have unique purposes and thus the related payout may not be used to offset division expenses.
- Additional donor contributions beyond those known as of April 2017 were not assumed.
- The Endowment fund pool investment return for the final seven months of FY 2017 will be 1 percent. The expected 10 year return based on the endowment's current asset allocation is 6.8 percent; however, considering the recent market volatility a more conservative approach was taken.
- The annual Endowment fund payout methodology will follow the policy noted above.
- Short-term investment vehicles for the University's excess cash will not produce a material return.

The table below illustrates the basis used to forecast FY 2018 investment income.

*Basis for Estimating Investment Income for Operations*

	FY 2016 Actuals	FY 2017 Actuals	FY 2018 Projected
<b>FY13 Ending Market Value of the Endowment Pool</b>	178,723,000	178,723,000	178,723,000
<b>FY14 Ending Market Value of the Endowment Pool</b>	191,280,000	191,280,000	191,280,000
<b>FY15 Ending Market Value of the Endowment Pool</b>	172,447,000	172,447,000	172,447,000
<b>FY16 Ending Market Value of the Endowment Pool</b>		170,567,000	170,567,000
<b>FY17 Ending Market Value of the Endowment Pool</b>			170,725,000
<b>Three Year Rolling Average</b>	180,816,700	178,098,000	171,246,000
<b>Net Unrestricted Payout Estimated *</b>	7,733,820	7,500,000	7,150,000
<b>Short Term Investment Income *</b>	120,600	50,000	50,000
<b>Net Temporarily Restricted</b>	458,700	420,000	470,000
<b>Total Investment Income Used for Operations *</b>	<b>7,854,420</b>	<b>7,550,000</b>	<b>7,200,000</b>

## Contributions

*FY 2018 Proposed Contributions with Recent History*  
(dollars in thousands)

	Proposed FY 2018	Budget FY 2017	Actual FY 2016	Actual FY 2015
Contributions	\$3,300	\$3,300	\$4,608	\$2,270

Contributions budgeted for operations are collected through fundraising efforts that support expenses incurred through the normal course of University operations such as research, scholarships and academic support. The division of Institutional Advancement works diligently throughout the year to engage alumni, friends, the Board of Associates, and the Board of Trustees to make gifts that advance the University's mission and pursuit of excellence.

In late FY 2014, Gallaudet hired a new Vice President of Institutional Advancement to rebuild fundraising efforts. Momentum continued to improve as Institutional Advancement was able to use President Cordano's new strategic priorities and the excitement of her start to initiate new donor relationships and strengthen existing ones. Throughout the President's first 16 months, she has had numerous opportunities to meet with potential donors to explain Gallaudet's strengths and priorities, which has resulted in an increase in the solicitation and receipt of new gifts. A goal was set a goal for Institutional Advancement to raise between \$4 and \$6 million during the 2017 calendar year. This goal has largely been met at the time of this writing, with significant gifts received to support the Risk

Management and Insurance Program, the Entrepreneurship Concentration, Research Centers, and scholarships.

In addition, during FY 2017, Gallaudet increased its efforts at building a strong planned giving program. Gallaudet fundraisers are working with donors to have them name Gallaudet as a beneficiary to their estate, retirement plan assets, or life insurance policies. Through the generous support of a donor, Gallaudet has created a matching fund where every planned giving commitment received over the next year will result in \$1,000 being contributed to a fund of the donor's choice at Gallaudet. Institutional Advancement expects that this program will increase the amount of planned gifts significantly at the University.

Most of the new gifts received over the past year are restricted for transformational projects or the endowment, while others are multi-year pledges or new planned giving instruments, as discussed above. All will eventually benefit Gallaudet's operations, but accounting conventions dictate that the impact will not occur until a later date. Therefore, while this remains a promising area for growth, the FY 2018 budget remains conservative, in recognition that it may take time to see an impact from new gifts into the operating budget, and that the current developing and strengthening of donor relationships may take some time to pay off.

## Other

*FY 2018 Proposed Other Income Budget with Recent History  
(dollars in thousands)*

	Proposed FY 2018	Budget FY 2017	Actual FY 2016	Actual FY 2015
Other Sources	\$700	\$800	\$1,305	\$1,187

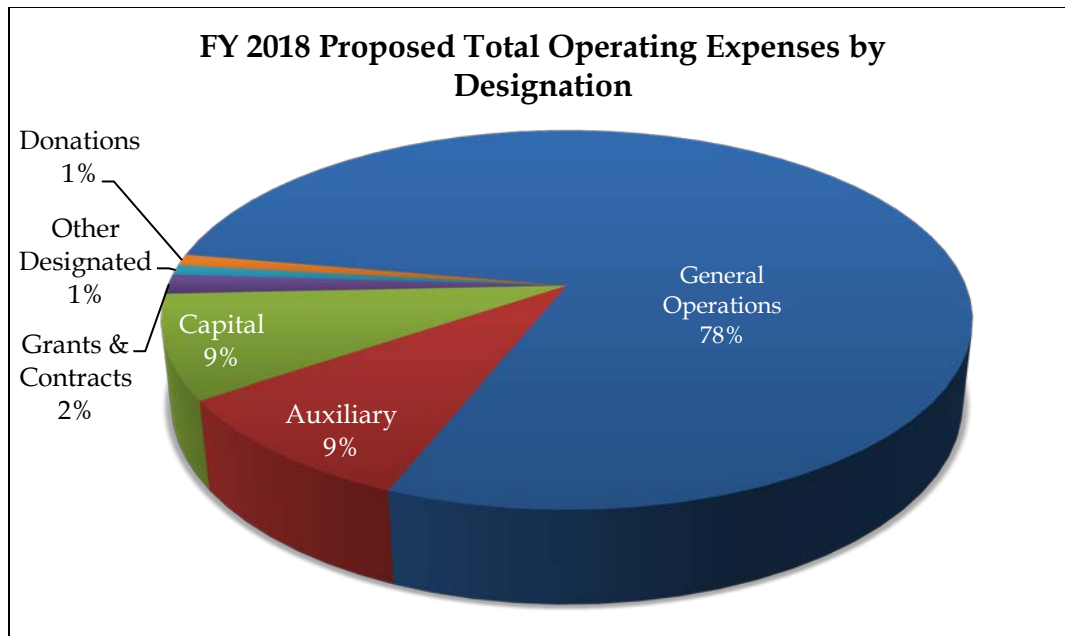
Other sources are comprised of a number of small activities such as ASL evaluations, outreach activities, theater ticket sales, use of athletic facilities, admission fees to athletics events, and summer activities.

## PROPOSED FY 2018 OPERATIONS EXPENSE BUDGET

The table below provides a breakdown of the recommended operating expense budget by source of funds. A description of the basis for forecasting each component follows.

OPERATING BUDGET BY NATURAL EXPENSE CATEGORIES (dollars in thousands)						
Natural Expense Category	FY 2018 Proposed Position Allocation	FY 2018 Proposed Budget	% of Total	FY 2017 Position Allocation	FY 2017 Budget	% of Total
Payroll (includes both centralized payroll and non-centralized payroll)	921	\$113,250	63%	921	\$111,360	63%
Utilities		\$5,750	3%		\$5,750	3%
Depreciation		\$15,800	9%		\$14,800	8%
Interest on Bonds		\$1,930	1%		\$1,950	1%
Auxiliary Service Contracts		\$12,130	7%		\$11,070	6%
Professional Fees and Contracts		\$8,270	5%		\$7,820	4%
Consultants and Advisors		\$3,290	2%		\$3,220	2%
General Office Expenses		\$7,170	4%		\$7,080	4%
Furniture and Equipment		\$1,460	1%		\$1,510	1%
Travel and Transportation		\$1,420	1%		\$1,280	1%
Auxiliary Cost of Goods		\$920	0%		\$1,130	1%
External Access Services		\$1,810	1%		\$1,810	1%
Special Projects		\$2,370	1%		\$4,190	3%
Other Non-Payroll		\$1,630	1%		\$1,630	1%
Contingency		\$2,100	1%		\$2,100	1%
<b>Total</b>		<b>\$179,300</b>			<b>\$176,700</b>	

Of the \$179.3 million in total operating costs, not all is available for operations. The chart on the next page shows the composition of the designated and undesignated breakdown of expenses. See Appendix B for additional details.



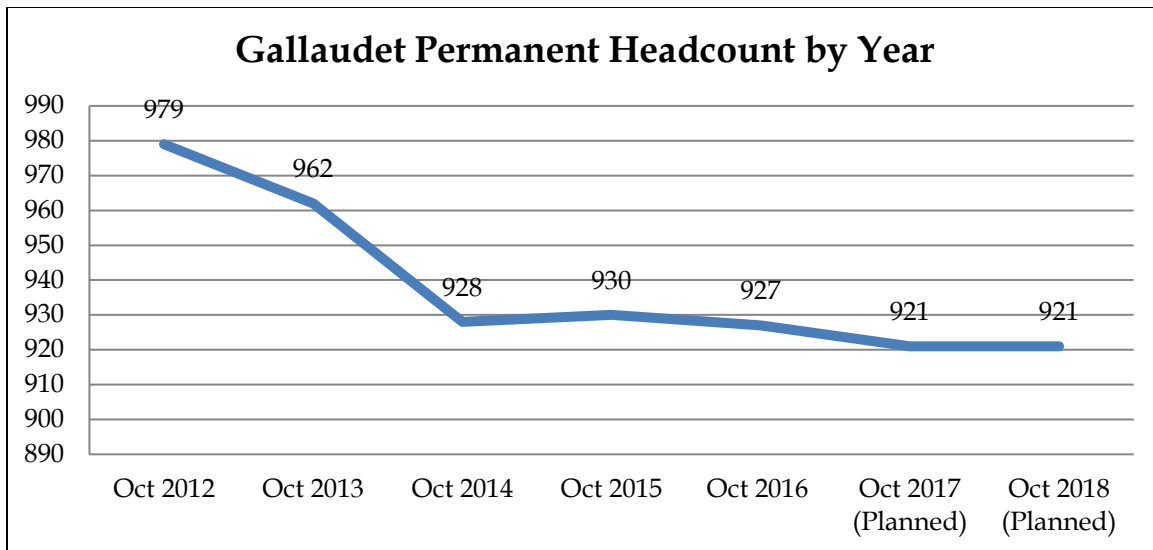
General operations make up \$140.4 million of Gallaudet’s total operating expenses, and are grouped according to program expenses and support activities. Approximately 60 percent of Gallaudet’s general operations goes to the divisions of Academic Affairs and the Clerc Center.

## Payroll

*FY 2018 Proposed Payroll Budget with Recent History  
(dollars in thousands)*

	Proposed FY 2018	Budgeted FY 2017	Actual FY 2016	Actual FY 2015
Payroll (includes both centralized payroll and non-centralized payroll)	\$112,800	\$111,360	\$113,153	\$109,734

In FY 2017 and FY 2018, the payroll budget represents the University’s largest operating expense at 63 percent of the total University operating expenses. In previous years, the employee count has intentionally trended downward, with the focus on right-sizing the faculty and staff. The proposed FY 2017 and FY 2018 budgets assume that the University will have 921 employees throughout both years. As stated earlier, this was done to provide the President with the most flexibility to implement the strategic priorities and align them with the right resources. The chart on the next page shows Gallaudet’s headcount over the past five years.



As of the writing of this book, Gallaudet had not yet awarded a general pay increase for FY 2017. For purposes of the FY 2018 budget, it was assumed that a one percent general pay increase was awarded during the second half of FY 2017. The budgeted dollar increase year-over-year includes an assumed one percent general pay increase for FY 2018, and an overall increase in benefit costs to the University.

Gallaudet participates in the federal benefit programs managed by the Office of Personnel Management (OPM). Two of the largest components of the federal benefit programs is the Federal Employee Retirement System (FERS) defined benefit retirement plan and the various Federal Employee Health Benefit plans (FEHB). On an annual basis, OPM informs the University of its required contribution percent for FERS and the new rates for each of the FEHB plans. Based on uncertainties regarding the potential for increases in both of these areas, the FY 2018 budget factored in conservative estimates about cost increases.

### *Peer Comparisons*

While the general pay increases over the past several years go a long way to make employees' salaries competitive with the University's peers, the University also evaluated employees' salaries through practicing the following three strategies –

- **University Faculty** - Annually, the University Faculty prepares an analysis of their salaries based on data published by the American Association of University Professors (AAUP). They compare Gallaudet faculty salaries by rank against an established group of comparative colleges. Historically, general pay increases coupled with merit increases have proven effective at maintaining the competitiveness of overall faculty pay. The review of the April 2016 AAUP survey results showed that faculty lagged behind the adjusted mean. The University Faculty Salaries and Benefits Committee will analyze the data further and make recommendations on how to narrow the gap of faculty ranks that are behind.
- **Clerc Center Teachers** – The Clerc Center performs an analysis every three years. They compare teachers' salaries against those at large schools for the deaf located in large urban cities, as well as local school districts in the tri-state area (Maryland, DC, and Virginia). This sampling of schools allows for both the comparison against schools of similar setting, as



well as teacher pay rates in the DC area. The Clerc Center also considers teacher contract requirements in other schools and the number of instructional and work days at those schools as compared to those at the Clerc Center. This triennial analysis was completed in Spring 2016 and shows Clerc Center teacher pay ranked last when compared to the pay schedules of all local DC/MD/VA school districts. Further analysis will be done to recommend pay schedule adjustments.

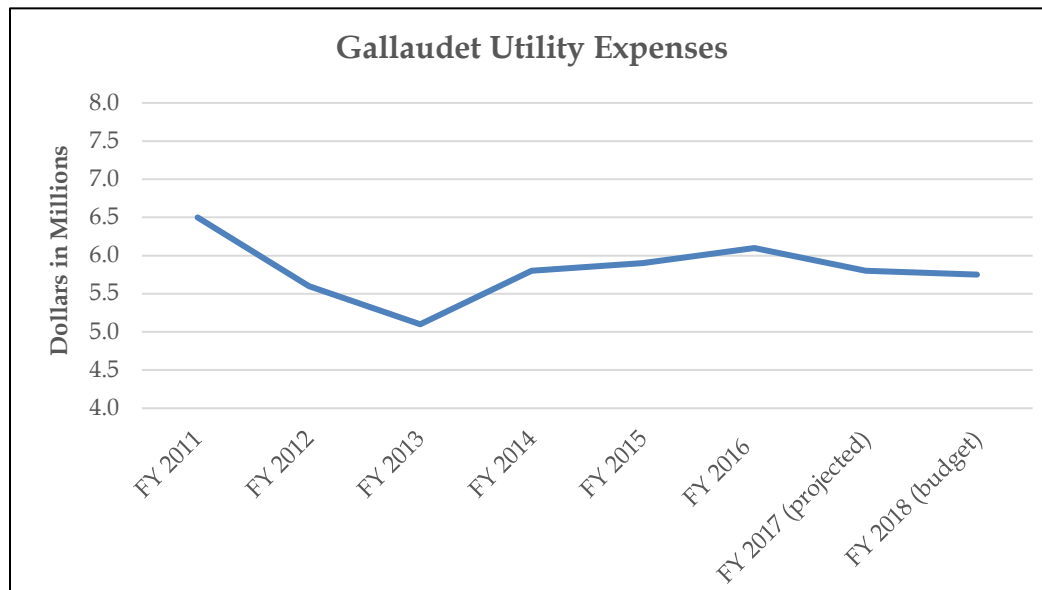
- **Staff** – Every three years the University collects competitive base salary information on more than 80 benchmarked positions. These positions are selected based on the following criteria: common with educational institutions, difficult to retain, market sensitive, representing all levels and functions within Gallaudet, and containing multiple incumbents. The competitive market used for the review is defined as education and non-profit institutions, 950 full-time employees with a similar operating budget, and local to the Washington, DC area. Because of the difficulty in recruiting employees with the appropriate skills required to work at Gallaudet, the midpoints of the salary structure grades are designed at the 50<sup>th</sup> percentile of the competitive market. Between the 3-year full benchmarking surveys, an abbreviated analysis is completed every year to determine the salary ranges for the next fiscal year. The next review will be conducted in Summer 2017.

## Utilities

*FY 2018 Proposed Utilities Budget with Recent History  
(dollars in thousands)*

	Proposed FY 2018	Budgeted FY 2017	Actual FY 2016	Actual FY 2015
Utilities	\$5,750	\$5,750	\$6,060	\$5,922

In October 2015, Gallaudet hired an Energy and Sustainability manager to identify opportunities to reduce utility costs and ensure that previous investments in resource efficiency continue to provide expected benefits. Based on collaboration between the new manager and Johnson Controls, Inc. (JCI), Gallaudet is expected to continue to realize savings during FY 2017 and FY 2018, as shown in the chart below.



The utilities budget for FY 2018 remains the same as the FY 2017 budget in spite of the increase in student enrollment and the added square footage from the MSSD Residence Hall, which was placed in service during FY 2017. Utility cost reduction will continue to come from a combination of operational improvements, campus education, and targeted capital projects. No major changes in utility rates are expected in FY 2018.

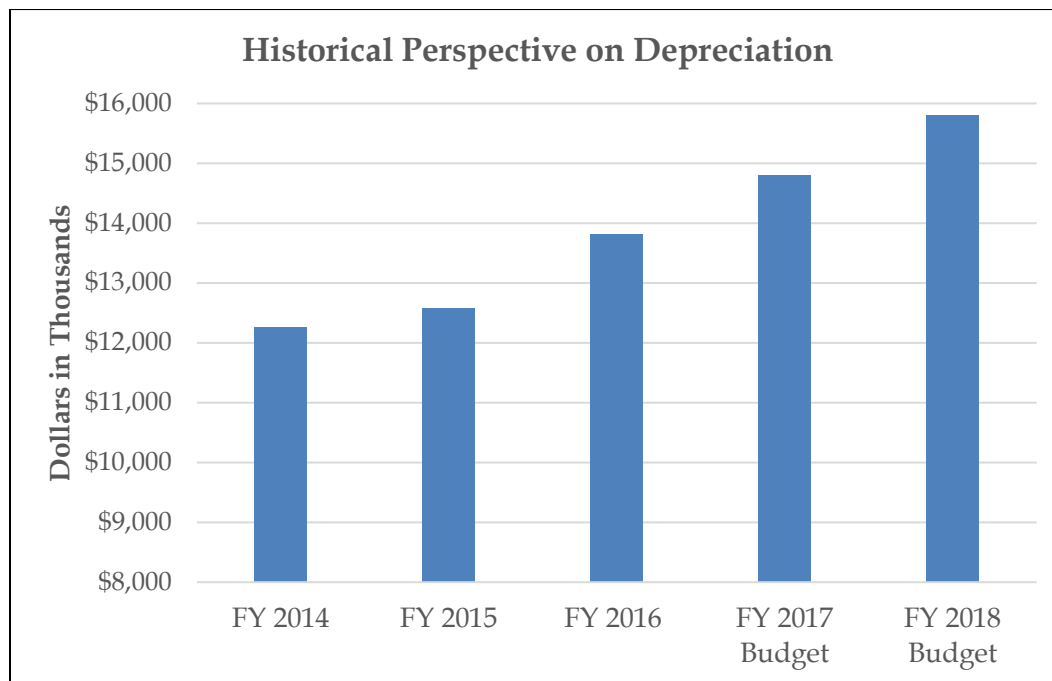
## Depreciation

*FY 2018 Proposed Depreciation Budget with Recent History  
(dollars in thousands)*

	Proposed FY 2018	Budgeted FY 2017	Actual FY 2016	Actual FY 2015
Depreciation	\$15,800	\$14,800	\$13,853	\$12,543

The \$1 million increase in depreciation for FY 2018 is largely related to several key capital projects that started in FY 2016, which were intended to improve the campus technology infrastructure and allow for better business efficiency and enhanced services for faculty, staff, and students. These investments, while necessary for Gallaudet's continued improvements, tend to be depreciated over a shorter period of time, which increases the overall depreciation expense.

The chart below shows depreciation expense over the past five years.



It is Gallaudet's practice to fund depreciation as part of its operating budget. Historically, the budgeted amount for depreciation was set as the base budget for its capital budget. However, given the large increase in budgeted depreciation in FY 2017 and FY 2018, the FY 2018 capital budget was set at \$12.5 million (see Capital Budget section for additional details).

Gallaudet capitalizes buildings, building improvements, outside improvements, software over \$25,000, and furniture and equipment over \$5,000 with depreciable lives greater than one year. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Asset Class	Estimated Lives (years)
Land improvements	60
Buildings	40 to 60
Building improvements	20 to 60
Outside improvements	10 to 20
Furniture and equipment	5
Software	3

### Interest on Bonds

In FY 2011, Gallaudet entered the capital markets with \$40 million tax-exempt bonds. The net proceeds of the bond sales, roughly \$39.5 million were used to cover the interest payments during the construction period, to pay a required fee to the District of Columbia Revenue Bond Program, and for a number of capital improvement projects such as the Living and Learning Residence Hall, energy conservation, and renovation of Fay and Ballard Houses. This 30-year bond issue requires semi-annual payments on October 1 and April 1 every year from FY 2013 through FY 2041. Bond interest payments will continue to decline as serial bonds mature. The FY 2018 interest expense will be \$1.9 million and will drop to \$1.8 million in FY 2020.

### Other Expenses in Division Operating Budgets

Other expenses include transportation and travel, general office expenses, consultants and advisors, professional fees, professional development, printing and publishing, bookstore and Press 'cost-of-goods-sold,' furniture and equipment, and access services. These categories amount to \$40.5 million or 23 percent of the expense budget and are generally division-controlled expenses, auxiliary enterprise expenses, or grant-, donation-, or endowment-supported expenses. See Appendix B for more details.

### Contingency/Planned Operating Surplus

It is considered best practice in higher education for the net operating surplus to be in the range of two to four percent. Two percent would be approximately \$3.6 million for FY 2018. While the University has been committed to increasing the planned surplus annually, with the goal of getting the contingency fund up to the minimum two percent operating surplus, the need to provide flexibility for the President's strategic priorities did not allow for that practice to continue in the FY 2017 or FY 2018 budgets. The contingency for the FY 2018 budget remained at \$2.1 million, or one percent of the operating budget, which was the same amount included in the FY 2017 budget.

## PROPOSED FY 2018 CAPITAL BUDGET

In the recent years, Gallaudet has intentionally invested significantly in the University's facilities to support a better student experience, lower long-term utility costs, improve critical information technology infrastructures, and maintain safety.

In FY 2016, the laboratories in Gallaudet's Science, Technology, and Mathematics (STM) program were dramatically renovated, redesigned, and furnished, providing both new learning, teaching, and research workspaces and safer, attractive, environmentally friendly facilities for students and faculty. In FY 2017, construction was completed on a new residence hall at the Model Secondary School for the Deaf (MSSD) using separately appropriated federal funds. The new residence hall is a vibrant residential community that offers its student residents with a home-away-from-home combined with a host of learning and social spaces that facilitate MSSD's rich mix of after-school programs. Both of these projects also included significant investments in furniture and equipment.

Between FY 2016 and FY 2018, the University is also undergoing a three-year project to replace aging network equipment in all campus buildings. During FY 2016, more than 140 network devices were deployed in 23 buildings. Through the upgrades and enhancement to the network infrastructure, Gallaudet was able to ensure 99 percent Internet up-time over the last year. In addition, the upgrades included an on-site caching service to enhance the user experience of video streaming and other large data files. Combined, all of the above are the main drivers in the increased depreciation expense projected in both the FY 2017 and FY 2018 budgets.

The general practice until FY 2016 has been to set the capital budget level to the projected level of depreciation. This practice was intended to assist with the objective to reinvest in or replace the institution's physical plant as it depreciates over time. However, given the large increase in budgeted depreciation in FY 2017 and FY 2018, the capital budget has been intentionally reduced from the FY 2017 level to counteract the growing depreciation expense.

The FY 2018 capital budget, like the operating budget, should align with University's strategic priorities as well as ensure safety is maintained and that critical information technology infrastructure supporting students, faculty and staff is kept updated. The commitment to improving the student experience continues under President Cordano's leadership and is reflected in the FY 2018 major capital improvement projects of the Visitors Center located in Edward Miner Gallaudet Memorial Building and the development of Gallaudet's Sixth Street properties as detailed below.

The table below shows the plan for subdividing the amount among the three main components:

**FY 2018 Capital Improvements Plan**  
(\$000s)

Description	Amount
<b>Deferred Maintenance</b>	<b>\$4,550</b>
Upkeep of existing buildings, outside pavements, campus infrastructure, etc.	\$3,550
Information technology network and phone system upgrade	\$1,000
<b>Annual Allocations</b>	<b>\$1,750</b>
<b>Major Capital Improvement Projects</b>	<b>\$6,200</b>
Funds available pending a review of the progress under the 2022 Campus Plan	\$6,200
<b>Budget for Capital Improvements</b>	<b>\$12,500</b>

**Deferred Maintenance:** The allocation for deferred maintenance projects is set at two percent of net *Land, buildings and other property* as reported in the University's annual audited financial statements. With the \$227.5 million that Gallaudet reported in the net *Land, buildings and other property* line of the FY 2016 balance sheet, the allocation will be \$4.55 million.

The University generally uses this fund for the upkeep of its existing physical plant and infrastructure, such as parking garage rehabilitation, roof replacement, pavement and sidewalk resurfacing, boilers and heating and cooling distribution systems, institution-wide information technology cables, network, and associated equipment and replacement of pipelines. Some of the largest projects in this component in FY 2018 will consist of:

1. The last year of a three-year, \$3 million upgrade to Gallaudet's network and phone systems and equipment
2. Upgrades to the campus electric feeders and system over a period of 6 years at a total cost of \$2.4 million
3. Support for the institution's sustainability efforts

**Annual Allocations:** The University intends to continue allocating \$1.75 million toward the replacement and upgrades of the institution's furniture and equipment in the shared or general use spaces across the campus. In the next one to two years Gallaudet plans to focus on technology, furniture and equipment for classrooms, general use spaces, athletic facilities, residence halls, and vehicle replacements.

**Major Capital Improvements Projects:** As stated previously, the university will focus on two major projects during FY 2018: development of Gallaudet's 6th Street properties and the Visitors Center located in Edward Miner Gallaudet Memorial Building.

Having selected Hall McKnight, an award-winning architectural practice from Belfast, Ireland, as the winner of the Gallaudet University International Design Competition on November 15, 2016, Gallaudet is gearing up for a redefinition of the University's urban edge as a vibrant, mixed-use, creative and cultural district. Hall McKnight's approach proceeded from reflections on "meeting, communing,

engaging" - the foundations of human communication - and proposed dynamic new spaces, both within the University and between the campus and the city. They seek to create a building that would endure and develop, acting as a "vessel" to be filled with the experiences of its occupants.

The project will feature "DeafSpace" design principles, showcasing solutions that deaf people have brought to the built environment, largely constructed by and for hearing individuals, throughout the history. While examples of DeafSpace can be found on the Gallaudet campus in several buildings, this project is the first time these design principles will be incorporated into a public space off the Gallaudet campus. Hall McKnight’s Gallaudet team consists of Ian McKnight, Alastair Hall, and deaf architect Richard Dougherty.

For many years the Visitors Center has served as the first stop on the campus for visitors, parents, and prospective students. It houses several old teletypewriters that deaf people used to communicate through the telephone in the past as well as other information exhibitions about the history of Gallaudet University and deaf people. Under the new Gallaudet President’s leadership and focus on the recruitment and retention efforts, the Visitors Center is due for a substantial revitalization. At the time of this writing, the scope and extent of the renovation project are still being worked out, and details will be made available to the campus community as they become available.

The table below illustrates the impact on depreciation expense of expending every \$1 million of the capital budget on different types of construction projects and capital assets.

Type of construction project or capital asset	Useful life for depreciation expense	Increase in depreciation expense
A contemporary building	40 years	\$25,000
Outside improvements, e.g., parking lots, garages, athletic fields	20 years	\$50,000
Furniture and equipment	5 years	\$200,000
Major software development or upgrade	3 years	\$333,333

## APPENDIX A

### Managerial and Fiscal Accountability

Gallaudet employs a number of strategies to assure accountability in all of its activities. The following paragraphs provide a brief overview of some of the strategies employed by the University.

A key factor in providing for accountability is the integrity and ethical values maintained and demonstrated by management and staff. Gallaudet University's administration maintains an environment that reflects a positive and supportive attitude towards internal control and conscientious management. Assuring a strong foundation for internal controls are the University's Administration and Operations Manual (A&O Manual) and the University Faculty By-laws and Guidelines. These documents help, although not exclusively, to provide assurance that the University complies with laws and regulations, maintains reliable financial reporting, and is effective and efficient. Among other things, the A&O Manual –

- Assigns responsibility for budget management and control to administrative officers, and
- Specifies restrictions imposed under the Education of the Deaf Act of the use of appropriated funds.

Additionally, the administration routinely monitors performance through such activities as standing meetings, standard and periodic reports, and supervision. The Gallaudet University Priorities and the Clerc Center Strategic Plan (CCSP) provide key mechanisms for managerial and fiscal accountability. Periodic reports to the administration and to the Board on progress towards University Priorities and CCSP strategic goals and objectives represent a means for the administration to assure that resources are being deployed to fulfill strategic goals. Finally, the annual independent audit of the University's financial statement provides stakeholders with reasonable assurance that the University's financial statements fairly present its financial position, conform to accounting principles, and are free of material misstatement.

## APPENDIX B

FY 2018 Proposed Expense Budgets by Designation								
Description	Fund 101	Fund 102	Fund 103	Fund 104	Fund 106	Fund 107	Fund 108	Grand Total
	General	Auxiliary	Capital	Grants & Contracts	Student Organization	Endowment	Donation	
Total Centralized Payroll	\$93,169,300	\$2,630,700	\$0	\$350,000	\$0	\$100,000	\$100,000	\$96,350,000
Total Non-centralized Payroll	\$15,408,877	\$644,000	\$0	\$560,000	\$161,000	\$45,000	\$78,000	\$16,896,877
Total Payroll	\$108,578,177	\$3,274,700	\$0	\$910,000	\$161,000	\$145,000	\$178,000	\$113,246,877
Utilities	\$5,750,000	\$0	\$0	\$0	\$0	\$0	\$0	\$5,750,000
Depreciation	\$0	\$0	\$15,800,000	\$0	\$0	\$0	\$0	\$15,800,000
Interest on Bonds	\$1,930,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,930,000
Professional Fees/Service Contracts	\$8,257,993	\$12,125,456	\$0	\$10,973	\$0	\$0	\$0	\$20,394,422
Consultants and Advisors	\$2,236,561	\$120,000	\$0	\$932,625	\$0	\$0	\$0	\$3,289,186
General Office Expenses	\$6,158,859	\$609,143	\$0	\$73,664	\$327,048	\$0	\$0	\$7,168,714
Furniture and Equipment	\$1,009,843	\$434,999	\$0	\$14,568	\$0	\$0	\$0	\$1,459,410
Travel and Transportation	\$1,190,908	\$17,500	\$0	\$76,748	\$140,164	\$0	\$0	\$1,425,320
Auxiliary Cost of Goods Sold		\$925,500	\$0	\$0	\$0	\$0	\$0	\$925,500
External Access Services	\$1,609,666	\$178,602	\$0	\$17,182	\$0	\$0	\$0	\$1,805,450
Special Projects	\$115,455	\$73,000	\$0	\$2	\$100,000	\$543,782	\$1,542,000	\$2,374,239
Other Non-Payroll	\$1,436,644	-\$870,000	\$0	\$964,238	\$0	\$100,000	\$0	\$1,630,882
Contingency Fund	\$2,100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,100,000
Total Non-payroll expenses	\$31,795,929	\$13,614,200	\$15,800,000	\$2,090,000	\$567,212	\$643,782	\$1,542,000	\$66,053,123
TOTAL EXPENSES	\$140,374,106	\$16,888,900	\$15,800,000	\$3,000,000	\$728,212	\$788,782	\$1,720,000	\$179,300,000



## APPENDIX C

FY 2018 Congressional Appropriation Requests	
Request Amount	Purpose
\$2,000,000	Gallaudet requests \$2 million to work with federal and state agencies as well as school systems to assure that the University is able to identify and track deaf, hard of hearing, and deafblind children and people throughout the nation. Currently, nationwide educational achievement data as well as employment data are unavailable for people who are deaf, hard of hearing, or deafblind. Gallaudet must play a leadership role at the national level to ensure that decisions affecting policy and practice are evidence based. The \$2 million will support Gallaudet's efforts to build human and technological capacity to collect and analyze this data (including identifying regulatory barriers required for success) and to make the data available nationwide. Researchers, policy makers, parents, educators, employers, and people who are deaf, hard of hearing, and deafblind are some of the important constituencies that need access to information in order to support successful childrearing, student learning and educational attainment, and career pathways.
\$5,000,000	<p>Gallaudet requests \$5 million to expand the capacity of Visual Language and Visual Learning Center (VL2) to be a national Center of Excellence for Early Language Acquisition and Learning for Children ages 0-5. This funding will build on Gallaudet's research and translational work supporting children, parents, and educators throughout the country to optimize cognitive development and ensure language acquisition during this critical window of brain development. Most deaf children begin preschool without having had access to visual language and therefore are unable to optimize visual opportunities for brain development and learning and the negative impact is lifelong. Unfortunately, while the research evidence is clear, this critical information has not permeated the medical, educational, and policy arenas. The additional funding will help to accomplish the following:</p> <ul style="list-style-type: none"> <li>○ Increased national outreach and partnerships with P-12 educational programs, universities, and medical schools to disseminate information, resources, and learning materials based on the brain and language research produced by VL2.</li> <li>○ A Child Bilingual Creativity and Culture Center in Gallaudet's new 6<sup>th</sup> Street development, which will be a creative and entrepreneurial zone in Northeast Washington.</li> </ul>
\$3,000,000	Gallaudet requests \$3 million to increase its capacity for 21 <sup>st</sup> century learning by implementing adaptive learning and hybrid course design, two instructional approaches that have been shown to increase student success, especially for first generation college students and diverse learners. These funds will enable the University and the Clerc Center to enhance their academic technology infrastructure and software, including the purchase of tablets for all students, and to invest in faculty and teacher development in both adaptive learning and hybrid course design.

Request Amount	Purpose
\$4,000,000	<p>Gallaudet requests \$4M to enhance career pathways for Gallaudet University students, who must be ready for 21<sup>st</sup> century careers. The University takes seriously its work in surveying the economic landscape for new employment opportunities for our students. Several examples include two newer programs on Risk Management and Entrepreneurship &amp; Small Business Development, along with a new Public Health program starting this fall. Gallaudet has expanded its internship program in recent years, but more must be done to better train our students for the workforce. The funds would be used to:</p> <ul style="list-style-type: none"> <li>• Expand Career Center services to include cooperative education programs (co-ops) between Gallaudet and employers, providing students with more in-depth and sustained work experience than internships alone. Employers are looking for college graduates that have a year's worth of full-time work experience (approximately 1000 hours) when they are hired into their first position. It is critical for Gallaudet students to receive this on the job training and mentorship so they have the experience and skills necessary to succeed in the workforce.</li> <li>• Restart the Educational Leadership Program which will produce educational leaders to fill current and growing gaps in our nation's deaf education governance and infrastructure. This program will train qualified leaders in deaf education to serve throughout the United States in well-paid jobs that are vital to the education of deaf children. Gallaudet must be at the forefront of this effort to integrate 21<sup>st</sup> century leadership education with cutting edge advances in knowledge and translational science to produce student success for deaf students across the nation.</li> <li>• Redesign curriculum to meet the demands of the economy and create the best possible job opportunities for our students.</li> </ul>

## APPENDIX D

FY 2018 Requests from Divisions		
Academic Affairs (Carried Over from FY 2017)		
Request Name	Request Amount	Purpose
ASL Connect	\$825,000	To further develop the infrastructure of Gallaudet's online presence, with ASL Connect as the flagship program. The infrastructure will include an online placement exam center and an online tutoring service for Gallaudet students, and possibly later for non-Gallaudet students. And to support hybrid/online courses not necessarily related to ASL and Deaf Studies in the future.
Office of Students With Disabilities	\$80,000	Because of a 60 percent growth in the number of students served by the Office for Students with Disabilities (OSWD) since 2008-2009, funds are requested for alternative-print materials (i.e., eBook large print, and Braille-format materials to students), library and lab aides, and readers/proctors to assist students with scholarly research, laboratory courses, examinations, and other academic activities. Also, support is needed for specialized equipment (e.g., adaptive furniture in the classroom such as electric, height-adjustable tables, etc.)
ODES – Life Coach Program	\$56,700	To re-establish a Life Coach mentoring and coaching program for Gallaudet students of color in pursuing various college success strategies and high impact practices. This is intended to improve the retention and graduation rates of students of color, encouraging participation in critical high-impact practices that lead to success, and to have a close relationship or non-classroom interactions with at least one faculty member.
Youth Programs for Student Recruitment	\$163,000	To further develop programs that generate interest in Gallaudet University through Summer Youth Programs, Academic Bowl, Battle of the Books, and a new National Literary Competition. As more and more students are thinking about their college choices earlier, we want to expand the number of summer camps we have for high school and middle school students, as well as expand the maximum number of campers we can accept every year.
Title IX Student Center Programs and Services	\$81,500	To replace an expired 3-year, \$300,000 grant from The Office on Violence Against Women, ensuring that the University remains in compliance with Title IX, the Clery Act, and the Campus Sexual Violence Elimination Act. Implementation of these laws mandates preparation of educational programs and online training materials for the required annual training of administrators, faculty and staff with related responsibilities.
Athletics	\$105,000	To cover escalating costs of operating Athletics programs, e.g., annual increase in insurance costs, contractual athletic trainers, transportation, officiating fees, and student workers.
Registrar's Student Records Conversion	\$150,000	To convert student records for years prior to 1999 from paper to digital format so they can be protected from inherent risks and for ease of retrieval. If these records are damaged, lost, or compromised, the University will not be able to fulfill its mandated responsibilities.

Administration & Finance		
Request Name	Request Amount	Purpose
Gallaudet Technology Services	\$745,000	For several IT initiatives: a) a robust off-campus or cloud-based backup and disaster recovery program. b) implementation of a centralized contact records management (CRM) system for undergraduate and graduate enrollment, the Clerc Center, and university marketing efforts. c) video storage repository for web use and for academic needs. d) Blackboard Analytics for Learn to help students gauge their performance in courses and instructors monitor student progress. e) centralized printing capability to print from mobile devices and from any "connected" university printers.
6th Street Development	\$225,000	For the substantial ongoing costs of developing and managing Gallaudet's 6th Street property with the advice and guidance of outside consulting firms. This is a very promising investment of funds as the property is expected to lead to significant ground lease revenue for Gallaudet and opportunities for employment, internship, training and collaborations for our students in the long term.
Clerc Center		
Request Name	Request Amount	Purpose
Clerc Center Operations	\$224,964	For increasing operating costs of food service, transportation, interpreting/translators, and IEP service providers who are currently on contract due to position cuts at the Clerc Center. The continued increase in costs can no longer be absorbed by the Clerc Center's budget, especially in light of annual cuts resulting from revenue decreases due to University enrollment.
Clerc Center Academic Programs	\$250,000	To support research and innovation in the classroom including the investigation of emerging trends in the field, research to practice, and the building or enhancement of programs to develop the skills needed for today's world of work, including entrepreneurial skills, project based learning, and innovative program solving/invention (Maker's Lab)
Institutional Advancement		
Request Name	Request Amount	Purpose
Development	\$25,000	Preparations are underway for a public kickoff of a comprehensive fundraising campaign. Funds are needed for three new one-time activities data analytics of the prospective donor pool by a prospect research firm, special marketing materials, and a Campaign Kickoff event.

## Appendix E

### *Gallaudet University Priorities*

A strategic plan provides focus and guidance on areas of critical importance to an organization. The University's prior strategic plan, Gallaudet Strategic Plan 2010-2015, had been extended an additional year to allow the new administration the time to identify updated priorities and develop a plan of implementation. A strategic plan provides focus and guidance on areas of critical importance to an organization. The process that occurred at Gallaudet beginning in January 2016, while not traditional, effectively guided the University's leadership and engaged the campus as a whole in considering the priorities and needs of Gallaudet.

The six priorities emerged from this process. The Gallaudet University priorities were approved by the Board of Trustees in November 2016. They reflect an understanding of the University's internal and external environments and opportunities in the context of the Gallaudet Strategic Plan 2010-2016. The Priorities evolved from months of dialogue — with members of the Gallaudet community on Kendall Green and alumni and supporters across the country — about areas of opportunity that were not a part of or adequately emphasized in Gallaudet's previous strategic plan as well as potential opportunities based on its current strengths.

The six priorities are evidenced in key initiatives and actions in each area that commenced in FY 2017 and will continue throughout FY 2018.

The Gallaudet University Priorities are:

1. A New Framework for Bilingualism: Creating the vision, values, and practices for our bilingual community which includes working, research, learning, innovation, and engagement
  - This priority directly reflects the mission of Gallaudet University. Development of the University's framework is being led by a task force. The work will continue throughout FY 2018.
2. Campus Climate - Diversity, Equity, and Inclusion: Creating a campus climate and experience that welcomes all and is owned by everyone
  - A Diversity Strategies Team was established in FY 2017 to directly support the work of the Chief Diversity Officer who is anticipated to assume the role by fall 2017. A plan to guide future diversity work is anticipated in FY 2018.
3. Institutional Leadership and Planning: Supporting the growth of leaders and focusing our efforts and resources to strengthen Gallaudet for today and the future
  - Key initiatives for this priority include developing clarity and capacity for the University's shared governance practices, reviewing and enhancing Gallaudet's planning infrastructure, and strengthening Gallaudet's leadership offerings.
4. Student Success: Recruiting, retaining, and engaging our students to create leaders, innovators, and change-makers
  - Enrollment, retention, and graduation efforts are central to this priority as are efforts to assess and strengthen Gallaudet's work-force readiness preparation strategies.

5. Academic Vitality: Influencing the world by sharing research, expertise, and knowledge that uniquely come from Gallaudet
  - A key initiative for this priority is the comprehensive review of the General Studies Requirement (GSR) courses which began in FY 2017 and will conclude in FY 2018.
6. Strengthen and Diversify Revenue Streams: Supporting Gallaudet's priorities by creating revenue-generating opportunities and finding a myriad of resources to assure our long-term financial well-being
  - The 6<sup>th</sup> Street development project, the Gallaudet Innovation and Entrepreneurship Initiative, and several fundraising efforts are central to supporting this priority.

A formal strategic plan, including goals, objectives, and metrics will be developed based on the Gallaudet University six priorities and work that has transpired during FY 2017. The proposed strategic plan will be presented to the Board of Trustees for approval at their October 2017 board meeting.

## APPENDIX F

### *Clerc Center Strategic Plan*

#### **Clerc Center Mission Statement**

The Clerc Center, a federally funded national deaf education center, ensures that the diverse population of deaf and hard of hearing students (birth through age 21) in the nation are educated and empowered and have the linguistic competence to maximize their potential as productive and contributing members of society. This is accomplished through early access to and acquisition of language, excellence in teaching, family involvement, research, identification and implementation of best practices, collaboration, and information sharing among schools and programs across the nation.

#### **Development of the Clerc Center Strategic Plan**

The Clerc Center Strategic Plan 2020 (CCSP 2020) focuses on its national service and demonstration school activities for the upcoming five-year period.

The national service portion of the plan supports professionals and parents of students (birth through high school) who are deaf or hard of hearing in accordance with the Education of the Deaf Act (EDA), the Clerc Center's guiding federal legislation. The national service goal focuses on three priority areas identified during the Clerc Center's National Priority Setting Meeting which took place in February of 2013 on the Gallaudet University campus in Washington, D.C.

A diverse group of 23 professionals and parents from across the country participated in the two-day co-laboratory for democracy. (For more information on the co-laboratory for democracy, please see the work of Dr. Alexander "Aleco" Christakis at [www.globalagoras.org/publications/co-laboratories-of-democracy/](http://www.globalagoras.org/publications/co-laboratories-of-democracy/).) During this process participants discussed challenges that, if addressed by the Clerc Center, would have a positive impact on the success of current and future generations of children who are deaf or hard of hearing. From this meeting, three priority areas emerged: professional development, family-school/agency partnerships, and collaboration. These areas serve as the foundation for the national service section of the strategic plan.

The process to focus each priority area, develop the objectives, and select the strategies that the Clerc Center will undertake over the next five years was based on input and information from a number of national sources. These included dialogue during the National Priority Setting Meeting; collection and analysis of public input from 2010-2012, a summary of which can be found at [www.gallaudet.edu/clerc\\_center/public\\_input\\_summary\\_published.html](http://www.gallaudet.edu/clerc_center/public_input_summary_published.html); evaluation feedback on select trainings and products; and current research, practices, and resources in the priority areas. The strategies were carefully selected based on their potential impact on each priority area as well as on the Clerc Center's ability to complete them with the limited human and fiscal resources available. The completed strategic plan was carefully reviewed to ensure alignment among the Clerc Center mission, the national service goal and related objectives, the strategies, and compliance with the EDA.

The EDA mandates the Clerc Center to:

- provide technical assistance and outreach throughout the nation to meet the training and information needs of parents of infants and children who are deaf or hard of hearing;
- provide technical assistance and training to personnel for use in teaching students who are deaf or hard of hearing in various educational environments who have a broad spectrum of needs; and
- establish and publish priorities for research, development, and demonstration through a process that allows for public input.

To the extent possible, the Clerc Center must provide the services required in an equitable manner based on the national distribution of students who are deaf or hard of hearing in educational environments, including regular classes; resource rooms; separate classes; separate, public, or private nonresidential schools; separate, public, or private residential schools; and homebound or hospital environments.

Along with its national service responsibilities, the Clerc Center supports two demonstration schools: Kendall Demonstration Elementary School (KDES) and the Model Secondary School for the Deaf (MSSD). These schools have joint accreditation by the Middle States Association (MSA) and the Conference of Educational Administrators of Schools and Programs for the Deaf (CEASD). In 2010, as part of the process to commence the reaccreditation cycle, the schools began an 18-month self-study process. Excellence by Design (EBD), a strategic planning accreditation protocol, was chosen for its focus on student achievement as well as for the organizational capacity to support that achievement. Through the EBD process, the schools identified two student achievement and one organizational capacity goal with related objectives and measurable annual targets. Action plans were developed for each goal area, and work on the strategies in those plans began in 2012.

In 2014, the school leadership team began a mid-cycle review of efforts to date in all goal areas. They reviewed the data, identifying strategies, progress made, and resources in the context of changes that have occurred within the schools and the Clerc Center since the action plans were established. The intent of the mid-cycle review was to focus efforts on those strategies believed to have the greatest potential impact on achieving the goals within the time and resources available. The EBD goals, objectives, and revised strategies were then incorporated into the CCSP 2020, creating a single institutional strategic plan that reflects both national service and demonstration school priority work.

### **National Service Goal**

The Clerc Center supports professionals and families through the dissemination of resources, training, and evidence-based information in the areas of professional development, family-school partnerships, and national collaborations to meet the linguistic, educational, and social-emotional needs of children (birth through high school) who are deaf or hard of hearing.



### **A. Professional Development**

The Clerc Center will support the needs of professionals by addressing gaps in their knowledge and facilitating the growth of necessary skills to meet the linguistic, academic, and social-emotional development and achievement of children (birth through high school) who are deaf or hard of hearing.

<b>Objective 1</b>	<b>Objective 2</b>	<b>Objective 3</b>
Increase the understanding and awareness of teachers and professionals with limited knowledge or experience in teaching and/or working with children who are deaf or hard of hearing about how to foster student success and enrich their educational experiences through current teaching and professional practices.	Increase knowledge and strengthen effective teaching and professional practices of educators and other professionals who are knowledgeable and experienced in working with children who are deaf or hard of hearing.	Adopt a comprehensive plan for improving the awareness of professionals with limited knowledge or experience in working with children who are deaf or hard of hearing as well as parents of those children across the United States about the resources, support, and activities of the Clerc Center.

### **B. Family-School/Agency Partnerships**

The Clerc Center will promote the development of knowledge necessary for effective partnerships between families and professionals with schools or service agencies to effectively meet the linguistic, educational, and social-emotional needs of children (birth through high school) who are deaf or hard of hearing.

<b>Objective 1</b>	<b>Objective 2</b>
Disseminate resources and information to parents and caregivers to increase their knowledge to effectively advocate for the needs of their children who are deaf or hard of hearing when interacting with school or agency professionals.	Disseminate resources and information to increase the awareness and understanding of school personnel and administrators with limited prior knowledge of or experience with children who are deaf or hard of hearing about how to foster home-school/agency partnerships that value the parent and caregiver advocate role.

### **C. Collaboration**

The Clerc Center will facilitate the recognition that productive collaborations among organizations at the national level are essential in meeting the linguistic, educational, and social-emotional needs of children (birth through high school) who are deaf or hard of hearing.

<b>Objective 1 (Years One and Two)</b>
Increase the internal capacity of the Clerc Center professionals to identify and carry out activities that will promote meaningful dialogues to identify areas for potential partnerships among agencies at the national level that will foster/enhance the educational experiences of all children who are deaf or hard of hearing and their families.

## Demonstration Schools Goal

Implement teaching and learning practices and promote a school climate that maximizes the academic potential of students who are deaf or hard of hearing in preparation for graduation and transition to postsecondary education and/or the workplace.<sup>15</sup>

Reading and Writing	
KDES	MSSD
<b>Objective 1</b>	
By 2018, KDES students will improve their reading skills as measured by increasing the percentage of students who attain performance levels of “Meets Standards” or “Exceeds Standards” on the Ohio Achievement Assessments (OAA) reading subtest. The 2010 baseline was 11 percent (N=38) for grades three through eight. The seven-year target is 75 percent.	By 2018, MSSD students will improve their reading skills as measured by increasing the percentage of students who attain performance levels of “Meets Standards” or “Exceeds Standards” on the Ohio Graduation Tests (OGT) reading subtest. The 2010 baseline was <10 percent (N=80) for grades 11 and 12. The seven-year target is 75 percent.
<b>Objective 2</b>	
By 2018, KDES students will improve their reading skills as measured by increasing the percentage of kindergarten through grade five students whose independent reading level is at grade level or above on the Developmental Reading Assessment 2 (DRA2). The 2011 baseline is 17 percent of students (N=42). The seven-year target is 75 percent.	By 2018, MSSD students will demonstrate improved use of higher order thinking skills in reading as measured by increasing the percentage of grade 11 and 12 students who earn at least half of the available points on constructed response items on the OGT reading subtest. The 2010 baseline is <10 percent of students (N=80). The seven-year target is that 60 percent of students will earn at least half of the available points.
<b>Objective 3</b>	
By 2018, KDES students will improve their writing skills as measured by increasing the percentage of students who attain a score of 3 or above on the holistic scale of 1 to 5 on the Writing Assessment. The 2011 baseline was <10 percent for grades three through eight (N=40). The seven-year target is 70 percent.	By 2018, MSSD students will improve their writing skills as measured by increasing the percentage of students who attain a score of 3 or above on the holistic scale of 1 to 5 on the Writing Assessment. The 2011 baseline was 34 percent for grades nine through 12 (N=137). The seven-year target is 80 percent.

<sup>15</sup> Goals will be adjusted in FY 2018 to reflect changeover to Common Core State Standards, the PARCC assessment, and a partnership with the State of Maryland.

Math	
KDES	MSSD
<b>Objective 1</b>	
By 2018, KDES students will improve their mathematics skills as measured by increasing the percentage of students who attain performance levels of “Meets Standards” or “Exceeds Standards” on the OAA mathematics subtest. The 2010 baseline was <10 percent (N=40) for grades three through eight. The seven-year target is 75 percent.	By 2018, MSSD students will improve their mathematics skills as measured by increasing the percentage of students who attain performance levels of “Meets Standards” or “Exceeds Standards” on the OGT mathematics subtest. The 2010 baseline was 14 percent (N=80) for grades 11 and 12. The seven-year target is 75 percent.
<b>Objective 2</b>	
By 2018, KDES students will improve their mathematics skills as measured by increasing the percentage of students who attain performance levels of “Meets Standards” or “Exceeds Standards” on the OAA number, number sense, and operations standard. The 2010 baseline was 13 percent (N=40) for grades three through eight. The seven-year target is 75 percent.	By 2018, MSSD students will improve their mathematics skills as measured by increasing the percentage of students who attain a score of 14 or above on the mathematics subtest of the ACT (Gallaudet’s freshman admissions criterion). The 2010 baseline was 68 percent (N=47) for grade 11. The seven-year target is 90 percent.
School Climate	
<b>Objective 1: Professional Engagement</b>	
By 2018, Clerc Center school personnel will express positive feelings about school morale and involvement in decision making as measured by increasing the percentage of responses in the positive range on the Leadership and Professional Relationships dimensions of the Comprehensive School Climate Inventory (CSCI) to at least 85 percent on each dimension.	
<b>Objective 2: School Safety</b>	
By 2018, MSSD students will express positive perceptions about school safety as measured by increasing the percentage of responses in the positive range on the Rules and Norms and Sense of Physical Security dimensions of the CSCI to at least 85 percent on each dimension and on the Sense of Social-Emotional Security dimension to at least 75 percent.	
<b>Objective 3: School Environment</b>	
By 2018, the Clerc Center community will perceive the school environment as welcoming and physically appealing as measured by obtaining at least 75 percent of responses in the positive range from all stakeholder groups (i.e., students, parents, school personnel) on both the School Connectedness/Engagement and Physical Surroundings dimensions of the CSCI.	

