



**Fiscal Year 2016
Budget Recommendations**

As of May 8, 2015

Contributions from
**University Planning and Budget Committee,
Budget Oversight Group, and Administration &
Finance**

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OFFICE OF THE PRESIDENT

May 8, 2015

MEMORANDUM

TO: Gallaudet University Board of Trustees
FROM: T. Alan Hurwitz, President 
SUBJECT: Fiscal Year 2016 Budget Recommendations

Attached please find the Fiscal Year 2016 budget proposal.

The University Planning and Budget Committee (UPBC) and the Budget Oversight Group (BOG) recommend a FY 2016 operating budget of \$173.0 million, including a capital budget of \$12.7 million.

We appreciate the hard work of the UPBC and the BOG in their efforts to address the challenges in higher education today and to present a balanced budget for FY 2016.

Please know that I have reviewed the attachment and recommend adoption of this budget for FY 2016. We know the board will exercise its due diligence in its review of these budget recommendations.

cc: President's Cabinet

ATTACHMENT

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Gallaudet University Planning and Budget Committee (UPBC) Membership

Gallaudet University Planning and Budget Committee (UPBC)

UPBC Co-Chairs

Reed Gershwind, Assistant Professor, Business Department, Academic Affairs Budget Director
Nicole Sutcliffe, Executive Director, Administration and Operations, Clerc Center

Isaac Agboola, Interim Dean, School of Education, Business, and Human Services

Kojo Amissah, Career Consultant, Career Center, Gallaudet Staff Council Chair

Kathryn Baldrige, Associate Professor/Faculty Athletic Liaison

Albert Benedict, Dean, Student Affairs and Academic Support

Teresa Burke, Assistant Professor, History, Philosophy, Religion and Sociology Department

Jean Cibuzar, Executive Director, Finance

Hollie Fallstone, Human Resources Coordinator, Clerc Center

Genie Gertz, Dean, College of Arts and Sciences

William Hughes, Assistant Treasurer, Vice President for Administration and Finance

Patricia Hulsebosch, Associate Provost, Planning/Academic Quality/Institutional Research

Susan Jacoby, Executive Director, Planning, Development, and Dissemination, Clerc Center

Mary Keane, Director, Campus Activities and Commuter Programs, Gallaudet Staff Council Vice-Chair

Susan King, Associate Dean, Graduate Admissions and Center for Continuing Studies, Graduate School

Gaurav Mathur, Interim Dean, Graduate and Continuing Studies

Earl Parks, Executive Director, Gallaudet Technology Services

Fred Weiner, Assistant Vice President, Administration, Program Development

Additional support provided by:

Tracy Berman-Kagan, Controller, Finance

Monika Wells, Program and Budget Analyst, Office of the President

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INTRODUCTION

The University Planning and Budget Committee (UPBC) recommends to the President a fiscal year 2016 operating budget of \$173.0 million. The table below summarizes the proposed FY 2016 operating budget compared to the FY 2015 operating budget—

| OPERATING BUDGET BY SOURCE OF FUNDS (dollars in thousands) | | | | | | |
|--|--------------------------------------|-------------------------|------------------|-----------------------------|------------------|------------|
| Source of Revenue | FY 2016 Proposed Budget | % of Total | FY 2015 Budget | % of Total | | |
| Federal Appropriations – Operations | \$120,275 | 69% | \$118,000 | 68% | | |
| Tuition and Fees | 25,875 | | 26,456 | | | |
| Less: Scholarship Aid | (9,057) | | (8,995) | | | |
| Net Tuition and Fees | 16,818 | 10% | 17,461 | 10% | | |
| Grants and Contracts | 3,000 | 2% | 4,000 | 2% | | |
| Investment Income – Operations | 8,416 | 4% | 7,376 | 4% | | |
| Auxiliary Enterprises | 20,612 | 12% | 21,887 | 13% | | |
| Contributions | 3,000 | 2% | 3,000 | 2% | | |
| Other | 879 | 1% | 864 | 1% | | |
| Total | \$173,000 | | \$172,588 | | | |
| OPERATING BUDGET BY NATURAL EXPENSE CATEGORIES (dollars in thousands) | | | | | | |
| Natural Expense Category | FY 2016 Proposed Position Allocation | FY 2016 Proposed Budget | % of Total | FY 2015 Position Allocation | FY 2015 Budget | % of Total |
| Payroll (includes both centralized payroll and non-centralized payroll) | 910 | \$109,800 | 63% | 930 | \$107,861 | 62% |
| Utilities | | \$6,000 | 3% | | \$6,300 | 4% |
| Depreciation | | \$12,700 | 7% | | \$12,700 | 7% |
| Interest on Bonds | | \$2,064 | 1% | | \$2,064 | 1% |
| Auxiliary Service Contracts | | \$10,098 | 6% | | \$9,483 | 6% |
| Professional Fees and Contracts | | \$7,862 | 5% | | \$8,426 | 5% |
| Consultants and Advisors | | \$3,231 | 2% | | \$3,445 | 2% |
| General Office Expenses | | \$6,936 | 4% | | \$6,940 | 4% |
| Furniture and Equipment | | \$1,499 | 1% | | \$1,514 | 1% |
| Travel and Transportation | | \$1,311 | 1% | | \$1,522 | 1% |
| Auxiliary Cost of Goods | | \$1,488 | 1% | | \$1,446 | 1% |
| External Access Services | | \$1,829 | 1% | | \$1,248 | 1% |
| Special Projects | | \$3,903 | 2% | | \$5,723 | 3% |
| Other Non-Payroll | | \$1,679 | 1% | | \$1,616 | 1% |
| Contingency | | \$2,600 | 2% | | \$2,300 | 1% |
| Total | 910 | \$173,000 | | 930 | \$172,588 | |

Over the past several years, Gallaudet University has successfully navigated significant funding challenges from unknown federal appropriation amounts well into the fiscal year, to significant cuts due to the *Budget Control Act of 2011* and resulting sequestration. The University has practiced flexible and prudent financial management as demonstrated by recent years' net operating results while at the same time focusing efforts to reduce headcount, diversify revenue and direct efforts to new programs designed to attract new students. Financial indicators, such as the Composite Financial Index, which is discussed further on page 14, prove that these efforts have succeeded and show that Gallaudet is a financially healthy institution that can direct its resources toward transformation.

While financial decisions for the University always have an eye toward the long-term fiscal health of the Institution, reductions to headcount and operating budgets have been designed to have an immediate impact to address what was assumed to be a short dip in appropriation funding. The long-time support from Congress had largely kept the University insulated from enrollment issues facing other colleges and universities. However, Gallaudet is now facing some of the same enrollment challenges that other schools have been dealing with for several years. According to KPMG's 2014 Higher Education Industry Outlook Survey, 85 percent of respondents said that they were very concerned or concerned about maintaining current enrollment at their college or university.¹ Moody's November 2014 Sector In-Depth Report on Higher Education noted that 45 percent of private universities project that their enrollment will decline in fiscal 2015. In addition, 40 percent of public and private universities reported fewer matriculants in fall 2014 than in fall 2013, and expect this trend to continue. Both of these factors are expected to lead to ongoing tuition revenue pressure over the next several years.² While Gallaudet has several significant efforts underway to address the enrollment downturn, it is yet to be determined if Gallaudet's projected enrollment level for FY 2016 should be considered the new normal.

The nationwide trend of declining enrollment is requiring an unprecedented focus on university finances. Fewer than one in four business officers strongly express confidence about sustainability of his or her institution's financial model over the next five years.³ While Gallaudet has a proven record of successfully managing short-term funding challenges, the University's past methods may not be successful in countering the potentially longer-term enrollment trends. Research has shown that across the board cuts and non-strategic reductions do not lead to effective institutional change and evolution. According to the Government Finance Officers Association, across the board cuts "are often the symptom of a budget process that does not provide a good means for precisely targeted reductions in spending."⁴ This reality requires Gallaudet to consider a more systematic review of programs and services to strategically reduce headcount and fund priority programs at sustainable levels for long-term viability. Regardless of the federal landscape, actions are needed to reduce operations to levels commensurate with the current and projected student base.

In the President's 2014 State of the University address, Dr. Hurwitz again encouraged innovation and creative thinking as the University looks forward to Gallaudet's future and re-envision its campus and programs. He directed the entire community to use every opportunity to think about transformation and the criticality of enrollment to ensure the long-term viability of Gallaudet in the changing landscape of higher education. In FY 2015, the UPBC supported this directive from the President to re-envision Gallaudet and position the University for the future.

¹ KPMG, 2014 Higher Education Industry Outlook Survey, 2014.

² Moody's Investors Service, "Tuition Revenue and Enrollment Pressure Remain Acute for Many US Universities," https://m.moodys.com/mt/www.moodys.com/research/Not-for-Profit-Higher-Education-United-States-Tuition-Revenue-and--PBM_1001088, 17 November 2014.

³ Rivard, Ry. "Sustainability, Divestment and Debt: A Survey of Business Officers, Inside Higher Ed, 18 July 2014, <http://www.insidehighered.com/news/survey/sustainability-divestment-and-debt-survey-business-officers>.

⁴ Behn, Bob. "Across-the-Board Cuts Punish the Efficient." October 2013, <http://www.hks.harvard.edu/thebehnreport/All%20Issues/BehnReportOct2013.pdf>

UPBC Recommendations

In FY 2016, the UPBC strongly recommends an expedited program review that would determine 1) The University's flagship programs and services, and 2) Determine the true cost of programs and services, to assist with efforts to evaluate which programs are sustainable in the broad financial picture of the University. The program and service review should be conducted to focus Gallaudet's efforts on its areas of expertise and marketability and reduce its scope to appropriate and sustainable levels.

A program review should:

- Prioritize academic offerings and student support services that relate to the Institution's mission, expertise, demand and fiscal viability. Consideration should also be given to donor interest.
- Determine current and future program demand and identify direct and fully burdened program and course costs.
- Reassess non-academic administrative programs and offerings to maximize efficiency and cost reductions.
- Include data from other institutions of similar size and right-sized services to Gallaudet's current and projected student body. Benchmarking against peer institutions is a critical component of this review. While justification for deviation from a benchmark could and should be considered, reviewing the data from peer institutions will provide critical data for decision making.
- Expedite and phase, if possible, to realize a cost savings in early quarters of FY 2016.

The information collected through the program review should be used to align priorities with current economic realities.

Positions and funds saved through this process should be used to:

- Sufficiently staff and fund remaining programs (following benchmarks at similarly sized institutions and considering the unique needs of Gallaudet's student population),
- Support annual pay raises for employees to maintain competitive salaries and continue to recruit highly qualified personnel,
- Fund institutional cost increases (such as increasing cost of regulatory compliance) year over year, and,
- Fund new initiatives aligned with Gallaudet's future.

The University's approach to budgeting continues to evolve with a focus on integrating planning, budgeting, and assessment, as well as a focus on reviewing the true cost of legally required and non-negotiable expenses projected over multiple years. Using a thoughtful and rational process of self-examination and planning will enable the University to meet its purposes while supporting the opportunity for change and renewal.

The period of renewal and reinvention is an exciting time, yet it presents the challenge of directing resources appropriately to take Gallaudet into the future. Costs for goods and services have continued to increase, while Gallaudet's revenue has remained flat or faced cuts due to the federal appropriation. The University must, therefore, look at every opportunity to increase revenue, reserve resources and redirect them towards transformative efforts.

The UPBC also submits the following recommendations:

- The UPBC recommends establishing the operating budget for FY 2016 at \$173.0 million. This budget assumes a flat federal appropriation over the FY 2015 level and enrollment projections as prepared and presented by the Office of Institutional Research. Per the Board of Trustees' and the administration's direction, the proposed operating budget yields an operating surplus. The planned surplus for FY 2016 is \$300 thousand more than in FY 2015 and is recommended at \$2.6 million or 1.5 percent.
- The UPBC recommends Gallaudet's operating expense budget for FY 2016 be established at \$173.0 million. This operating budget includes the UPBC's recommendations to –
 - Increase the contingency/ planned surplus by \$300 thousand,

- Monitor the centralized payroll through careful consideration of filling each vacated position, with the goal of reducing the University's headcount from 925 at the start of the fiscal year to 910 at the end of the fiscal year,
- Fund depreciation at \$12.7 million,
- Recognize the vital role of employees in achieving the University's mission by acknowledging their continued commitment and contributions, by reserving \$2 million for an increase to employee base pay.

Division Requests

The UPBC also agreed that additional initiatives, as requested by the divisions and prioritized by the UPBC, be considered for funding should additional funds become available. In FY 2014, the UPBC 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 FY 2016 budget formulation. The UPBC received seventeen (17) requests for additional funding from divisions in FY 2016. Requests were evaluated by the UPBC using the following criteria, the first four comprising the President's priorities for FY 2016:

- 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 Gallaudet Strategic Plan (GSP) 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, as prioritized by the UPBC are included as **Appendix C**. The UPBC recommends that these requests be considered for funding only if additional funds become available.

Salary Treatment for Employees

The UPBC recognizes the challenge faced by the University of maintaining the competitiveness of salaries, while striving to reward employees who are performing at the highest levels. The economic need to remain competitive demands that \$2 million be reserved for salary treatment, at the discretion of the President.

- Actions to reduce operational costs through efficiency measures, prioritization of programs, and a corresponding strategic reduction of headcount should be expedited.
- The UPBC recommends a review of the evaluation system of all University employees to ensure an equitable process and timely completion of all evaluations.
- The UPBC feels strongly that the return of Merit Increase awards (to reward high performers) be a high priority for the University and be implemented next fiscal year, FY 2017.

Additional Expense Recommendations

Student related communication access interpreting expenses have been named as an area of significant consumption increases for the last several budget cycles, due in part to the increase in academic program demands. The UPBC strongly recommends additional analysis be conducted to review the data available on the increase of demand for services, and to identify solutions that will result in cost controls.

The UPBC also recommends that a review be conducted to determine whether raising the Institutional Advancement Office's goals for fundraising to help supplement operating costs, scholarships, and focused areas following University priorities would be beneficial. The goals in these areas have been flat for many years, and innovative ideas are needed to increase donations to offset costs. Funds raised could be used to support the funding of division requests that are currently not funded.

Proposed FY 2016 Capital Budget

Gallaudet recommends that the FY2016 capital budget amount be set at \$12.7 million, equal to the projected depreciation expense. As discussed more fully in the FY2016 Capital Budget section later in the document, this fund will be allocated toward three areas of focus:

- \$3.8 million for the deferred maintenance needs of the University's existing physical plant and infrastructure,
- \$1.5 million for the furniture, equipment, and technology needs of Gallaudet's classrooms, residence halls and public spaces, and,
- \$7.4 million for major capital projects including completing the Science, Technology and Mathematics laboratory in Hall Memorial Building, constructing a "campus gateway" at the 6th Street and Florida Avenue corner of the campus, and other projects.

Composite Financial Index

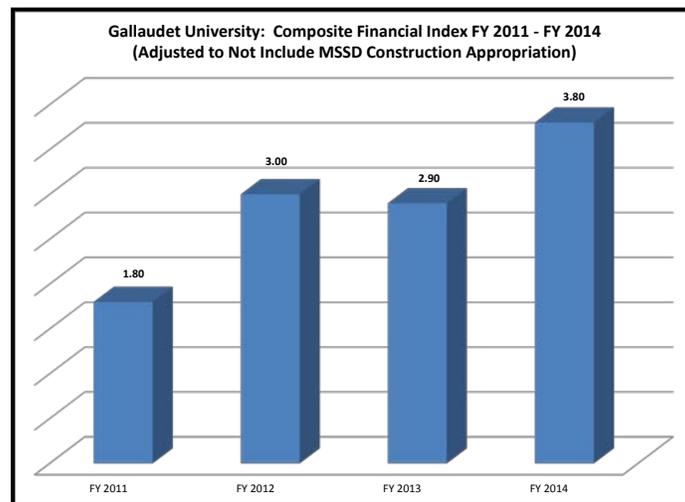
As stated above, Gallaudet faces somewhat challenging times, which are also being felt across the entire industry. In Grant Thornton's "The State of Higher Education in 2015" publication⁵, to respond to flat net tuition and enrollment challenges, institutions must be more strategic in their revenue practices, which include refining fundraising strategies, monetizing campus tangible and intangible assets, modifying admission and academic strategies, and putting a "laser focus on student retention." As Gallaudet's need to think strategically increases, it will be helpful for the Board of Trustees and senior administrators 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 University management 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 two tables below, Gallaudet's CFI 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 of less than 3 indicates a need for serious attention to the institution's financial condition, while a score greater than 3 indicates an opportunity for strategic investment of institutional resources to optimize the achievement of the institutional mission.

As shown below, Gallaudet's FY 2014 CFI is a 3.80, which puts the University in a prime position to be able to re-engineer the Institution and to direct institutional resources to allow transformation.



⁵ Grant Thornton, "The State of Higher Education in 2015," https://www.grantthornton.com/~media/content-page-files/nfp/pdfs/2015/150303_NFP_State%20of%20higher%20ed_whitepaper_no%20bleeds_150326_0331.ashx, 22 April 2015.

CFI SCORING SCALE

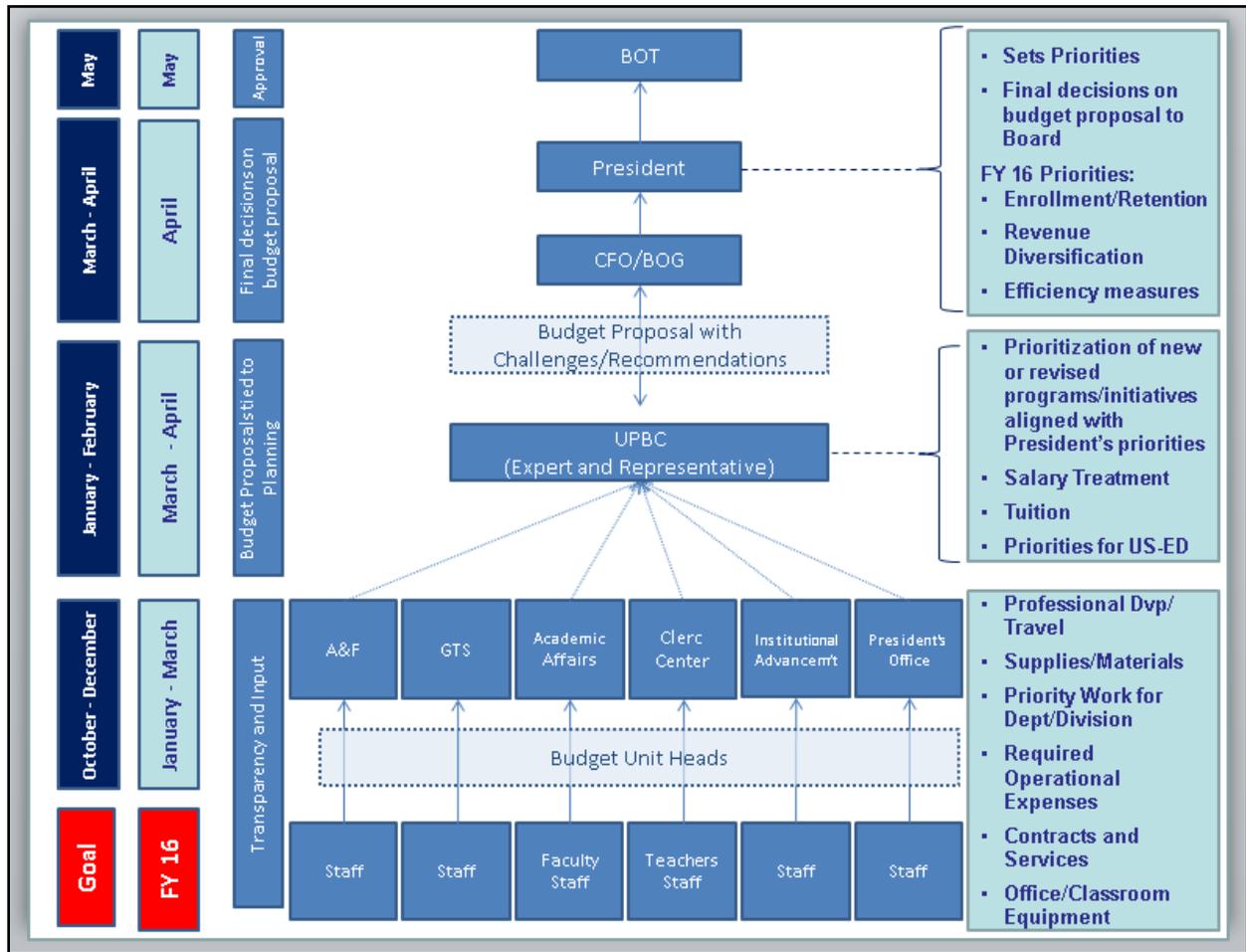
| -4 | -3 | -2 | -1 | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|--|--|----|------------------------------------|---|---|---|---|---|---|---|---|---|----|
| <i>Consider whether financial exigency is appropriate</i> | | | | | | | | | | | | | | |
| | <i>With likely large liquidity and debt compliance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

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

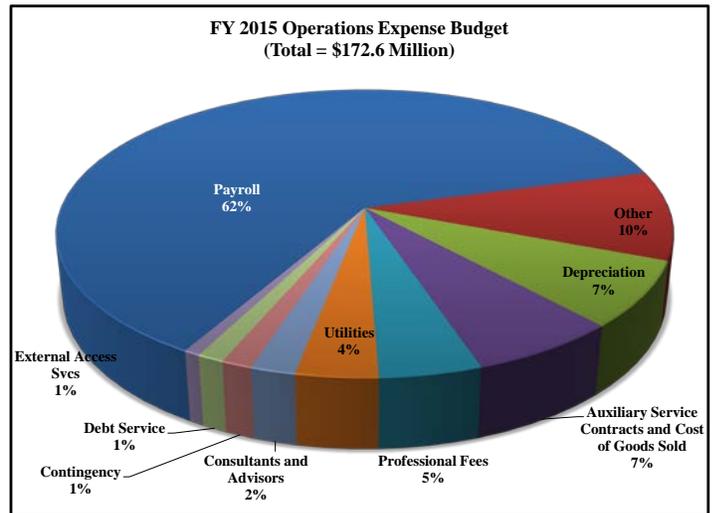
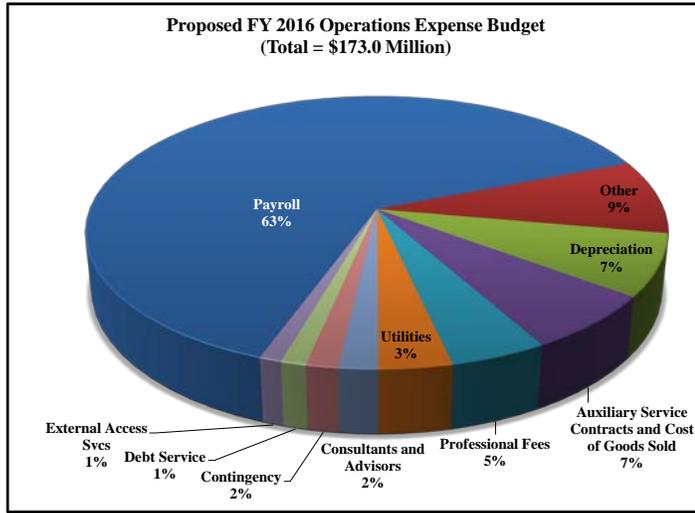
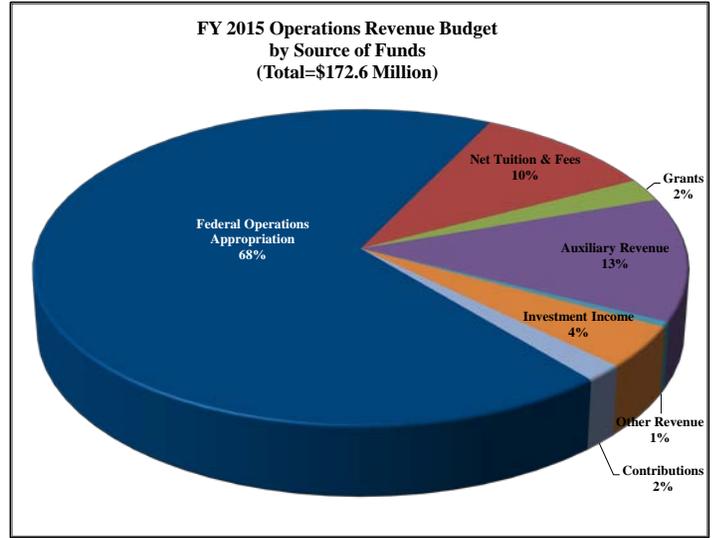
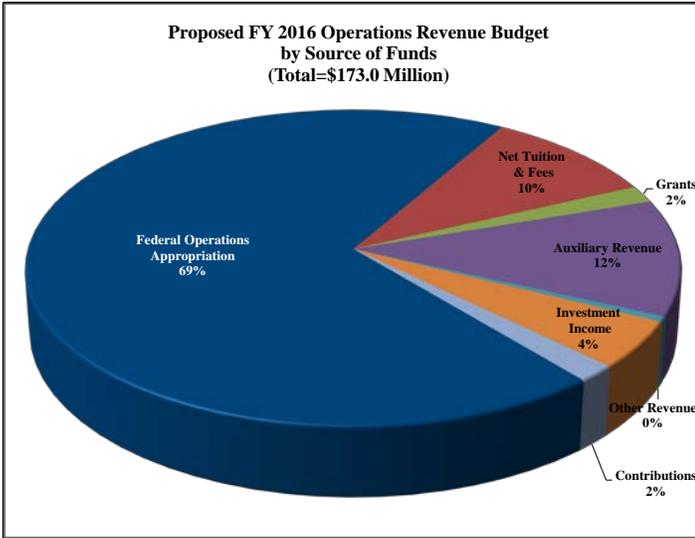
FY 2016 PROPOSED BUDGET FORMULATION PROCESS

The UPBC was established in the fall 2011. The UPBC comprises faculty, staff, and administrators from across the Institution. According to President Hurwitz, the UPBC is “responsible for facilitating the University's annual budget development process, including proposing the annual operating and capital budgets, and making recommendations for federal appropriation, salary treatment, and tuition.”

Below is a list of key FY 2016 proposed budget formulation activities.



GALLAUDET UNIVERSITY PROPOSED FY 2016 AND FY 2015 REVENUE AND EXPENSE BUDGET COMPARISON



PROPOSED FY 2016 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 2016 Proposed Budget | % of Total | FY 2015 Budget | % of Total |
| Federal Appropriations – Operations | \$120,275 | 69% | \$118,000 | 68% |
| Tuition and Fees | 25,875 | | 26,456 | |
| Less: Scholarship Aid | (9,057) | | (8,995) | |
| Net Tuition and Fees | 16,818 | 10% | 17,461 | 10% |
| Grants and Contracts | 3,000 | 2% | 4,000 | 2% |
| Investment Income – Operations | 8,416 | 4% | 7,376 | 4% |
| Auxiliary Enterprises | 20,612 | 12% | 21,887 | 13% |
| Contributions | 3,000 | 2% | 3,000 | 2% |
| Other | 879 | 1% | 864 | 1% |
| Total | \$173,000 | | \$172,588 | |

Federal appropriation

FY 2016 Projected Federal Appropriation with Recent History (dollars in thousands)

| | Proposed FY 2016 | Budgeted FY 2015 | Actual FY 2014 | Actual FY 2013 |
|--------------------------------------|---------------------|---------------------|-------------------|-------------------|
| Federal appropriation for operations | \$120,275 | \$118,000 | \$119,000 | \$111,393 |

On March 1, 2013, amidst great public attention to reduce the federal deficit, the *Budget Control Act of 2011* was executed resulting in sequestration that translated into a 5.23 percent (\$6.1 million) appropriation cut in FY 2013. Gallaudet is still operating under the sequestration; however, in FY 2014, Congress passed legislation that suspended the sequestration for FYs 2014 and 2015 and funding was restored, and increased, to \$119 million. The University built its 2015 budget at the \$118 million level to allow for across the board cuts, but this did not materialize; in fact, the FY 2015 appropriation was increased to \$120.275 million. President Obama’s FY 2016 budget proposes that Gallaudet receive \$120.3 million in FY 2016.⁶ Gallaudet’s proposed FY 2016 budget is based on both the FY 2015 actual appropriation and the President’s FY 2016 budget presented to Congress. 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 |
|-------------|-----------|------------|--------------|
| 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 |
| 2011 | \$121,764 | \$117,764 | \$4,990 |
| 2010 | \$123,000 | \$118,000 | \$5,000 |
| 2009 | \$124,000 | \$118,000 | \$6,000 |

⁶ <http://www2.ed.gov/about/overview/budget/budget16/summary/16summary.pdf>

Tuition and Fees

FY 2016 Proposed Tuition and Fees Revenue Budget with Recent History (dollars in thousands)

| | Proposed FY 2016 | Budget FY 2015 | Actual FY 2014 | Actual FY 2013 |
|-----------------|---------------------|-------------------|-------------------|-------------------|
| Gross Tuition | \$25,875 | \$26,456 | \$25,123 | \$23,935 |
| Scholarship Aid | (9,057) | (8,995) | (7,541) | (7,241) |
| Net Tuition | \$16,818 | \$17,461 | \$17,582 | \$16,694 |

The revenue from tuition and fees, as proposed above, reflects the Board-approved 4 percent increase for fall 2015 tuition.⁷ The UPBC has considered tuition trends of peer institutions, as well as the professional advice of a national consultant engaged to help the University on enrollment matters, and recommends a tuition increase in the range of two to five percent for fall 2016. The proposed budget assumed a three percent increase for fall 2016. A 1 percent increase in tuition would cost the average student approximately \$150 more per year, and would result in additional net revenue of approximately \$150 thousand.

According to the College Board, between 2013-14 and 2014-15, average published tuition and fee prices increased by 2.9 percent for in-state students in the public four-year sector, and by 3.7 percent at private nonprofit four-year institutions.⁸ These are the lowest average annual increases in the past 10 years. Given the increased competition and price sensitivity that students and their families face as well as the high need levels of Gallaudet's families, keeping the tuition increases modest was a high priority for the UPBC.

The projected enrollment for FY 2016 is expected to decrease by 118 students from the actual number of students in Fall 2014. The undergraduate and graduate declines are projected at 5.5 percent and 12.5 percent from the Fall 2014 actuals, respectively. Most of the declines are expected in terms of the projected new students, as overall retention has been improving. The decreased number of students is consistent with what other universities are experiencing. Close to half of private institutions are worried that their enrollments will decline.⁹

While the FY 2016 budget assumes a projected lower enrollment for Fall 2015, Gallaudet has taken significant actions to build a stronger foundation for future recruitment efforts. The University is optimistic that these steps will result in 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. Some of the steps already taken to support this effort include the following:

- Engaged a national enrollment consultant to assess current recruitment practices, provide recommendations for best practices, and develop a comprehensive recruitment plan.
- Hired and trained Admissions staff on value messaging to all target populations.
- Developed a coordinated outreach campaign with target schools and communities involving Admissions travel, Gallaudet University Regional Center (GURC) contacts, and an enhanced communication flow to target audiences.
- Hired a new Financial Aid Director with expertise in customer service and technology.

In addition, Gallaudet is actively engaged in the following efforts:

- 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 throughout the student's time at Gallaudet.

⁷ Note: During the May 2014 Board of Trustees' meeting, the Board approved a four percent increase for academic year 2014-2015 tuition.

⁸ College Board, "Trends in College Pricing 2014," <https://secure-media.collegeboard.org/digitalServices/misc/trends/2014-trends-college-pricing-report-final.pdf>

⁹ Marcus, Jon. "Colleges and universities charge more, keep less, new report finds," The Hechinger Report, 17 November 2014. http://hechingerreport.org/content/colleges-universities-charge-keep-less-new-report-finds_18068/

- Improving retention efforts focusing on coordinated communication, early intervention and customer service.
- Reviewing and coordinating efforts to systematically rebuild relationships with state VR agencies.

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

Enrollment Projection

| | Projected FY 2016 | | | | | | |
|-------------------------------------|-------------------|--------------|------------|--------------|--------------|------------|-------------|
| | Fall 2015 | | | Spring 2016 | | | Summer 2016 |
| | Total | Full-time | Part-time | Total | Full-time | Part-time | Total |
| Undergraduate (includes consortium) | 974 | 918 | 56 | 920 | 881 | 39 | 196 |
| Graduate | 400 | 291 | 109 | 436 | 306 | 130 | 204 |
| English Language Institute | 80 | 80 | 0 | 88 | 88 | 0 | 25 |
| Total University Enrollment | 1,454 | 1,289 | 165 | 1,444 | 1,275 | 169 | 425 |

Enrollment Trends

| | Fall 2012 (actual) | Fall 2013 (actual) | Fall 2014 (actual) | Fall 2015 (projected) |
|-------------------------------------|--------------------|--------------------|--------------------|-----------------------|
| Undergraduate (includes consortium) | 1,121 | 1,084 | 1,034 | 974 |
| Graduate | 463 | 484 | 457 | 400 |
| English Language Institute | 90 | 63 | 81 | 80 |
| Total University Enrollment | 1,674 | 1,631 | 1,572 | 1,454 |

Scholarship Aid

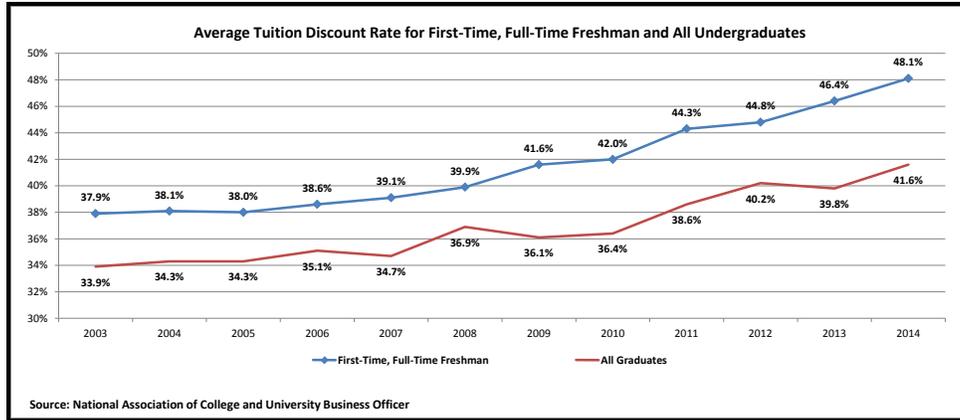
*FY 2016 Proposed Scholarship Aid Budget with Recent History
(dollars in thousands)*

| | Proposed FY 2016 | Budget FY 2015 | Actual FY 2014 | Actual FY 2013 |
|-----------------|---------------------|-------------------|-------------------|-------------------|
| Scholarship Aid | \$(9,057) | \$(8,995) | \$(7,541) | \$(7,241) |

In FY 2013, Gallaudet began working with a nationally recognized financial aid consultant to assist with evaluating the effectiveness of the University’s current financial aid strategies and re-configuring its aid packages to optimize enrollment and net tuition. Extensive analysis of the past three 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, suggesting that if Gallaudet reconfigures institutional aid award packages based on historical patterns, the University could yield a higher enrollment. While the consultant’s findings give us reason to be cautiously optimistic, for budget purposes, Gallaudet chose to keep the enrollment assumptions conservative for fall 2015, as the University is still working collaboratively with the consultant to adjust these strategies and work through significant staffing transitions in Admissions and Financial Aid.

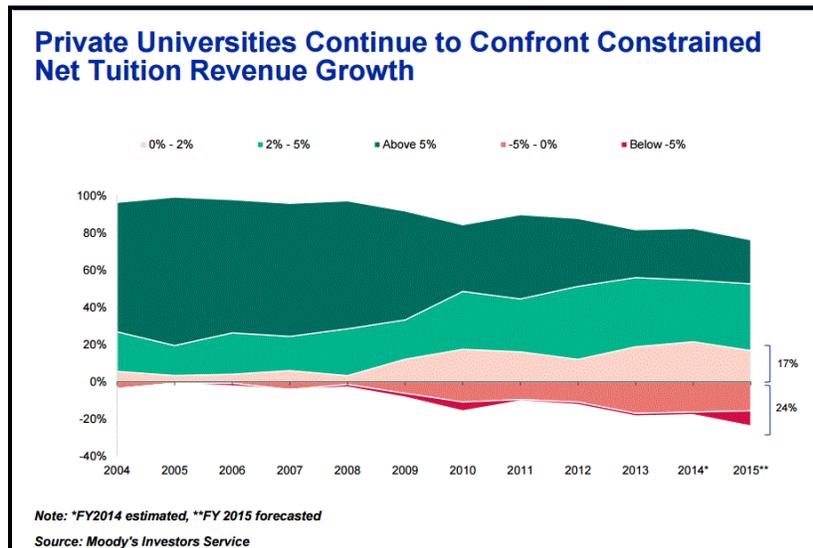
Nationally, increased competition for students and price sensitivity among students and families is resulting in a higher discount rate for incoming classes. According to NACUBO’s 2014 Tuition Discounting Study, as competition and price sensitivity have increased, most schools have increased their discount rates to help attract and enroll students, as seen in the graph on the following page.¹⁰

¹⁰ NACUBO 2014 Tuition Discounting Study.



Based on the consultant’s advice regarding the incoming class’s discount rate and reviewing returning students’ ability and willingness to pay, the FY 2016 financial aid strategies are projected to yield an overall discount rate of approximately 35 percent, as compared to 34 percent in the prior year. For this purpose, discount rate is calculated as total institutional aid divided by the billable tuition and fees. Like at Gallaudet, the discount rate for first-time students, as shown above, is higher at most private universities. The Gallaudet first-time freshmen discount rate was 38 percent in 2013-2014, 45 percent in 2014-2015, and forecasted to be 48.40 percent for 2015-2016. Note the discount rates at Gallaudet are below other private institutions in part due to the significant support received by students in various state VR grants. In FY 2014, University students received approximately \$10.9 million in VR grants. These grants can be used to offset the cost of tuition, room, board, books and supplies and are not included in the University’s institutional discount rate. The University will continue to analyze whether institutional funds are being applied in the most strategic manner to optimize enrollment.

It is important to note that the combination of lower enrollment, a lower tuition increase than previous years, and a higher discount rate will result in a decrease of net tuition revenue for FY 2016. According to Moody’s, 24 percent of private colleges are projecting net tuition revenue declines in fiscal year 2015, and this is expected to continue in FY 2016, as shown below.

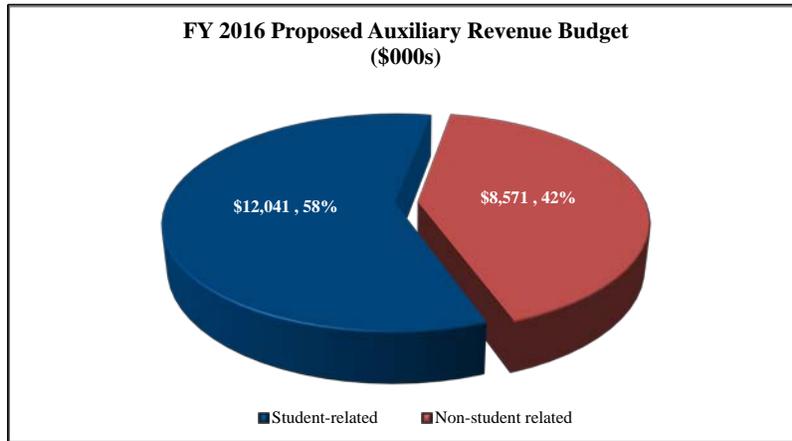


Auxiliary Enterprises

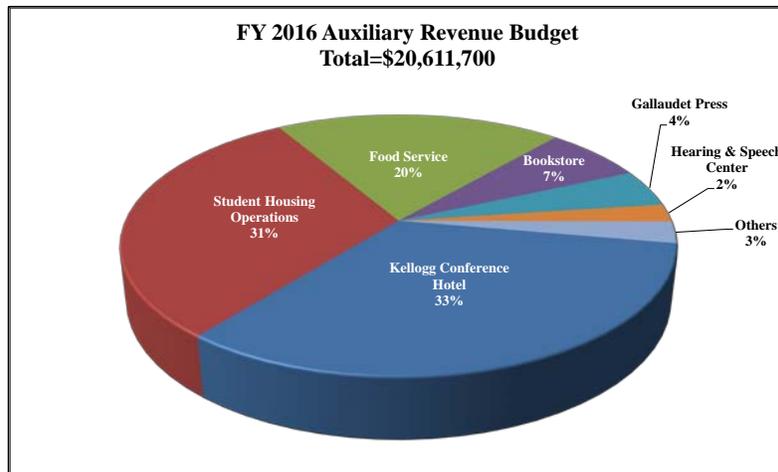
*FY 2016 Proposed Auxiliary Enterprises Budget with Recent History
(dollars in thousands)*

| | Proposed FY 2016 | Budget FY 2015 | Actual FY 2014 | Actual FY 2013 |
|-----------------------|---------------------|-------------------|-------------------|-------------------|
| Auxiliary Enterprises | \$20,612 | \$21,887 | \$20,762 | \$21,016 |

At Gallaudet, auxiliary revenues come from primarily revenue-generating or self-supporting activities such as the student residence halls, food service, Kellogg Conference Hotel, bookstore, 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. While not budgeted for in FY 2016, the University expects that future lease income from the 6th Street Development project will be recorded here.



A full 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 \$6.3 million. This is based on the assumption that Gallaudet will have 827 residents in the residence halls at the beginning of Academic Year 2015-2016. Following the enrollment trend noted above, this is a projected decline of

approximately 7.5 percent from the actual number of residents in Fall 2014. At the May 2014 Board of Trustees meeting, the Trustees agreed to allow the administration to set room rates starting in 2015-2016. The room rate for Academic Year 2015-2016 will stay the same as the rate for Academic Year 2014-2015. For Academic Year 2016-2017, the UPBC recommends that the variable rates be set depending on amenities and demand, resulting in an aggregate increase of approximately two percent. Other student-related auxiliary revenue projections are based on the projected enrollment numbers.

The largest non-student auxiliary enterprise is the Kellogg Conference Hotel. During FY 2014 and FY 2015, two large renovation projects were undertaken to make the Conference Hotel more attractive to a large scale of conferences. The first was to redesign the public space and café on the first and second floors, which improved the setup and flow for large conferences and participants. The second was to design and build additional guest rooms on the third floor which allowed for more conference participants to stay onsite. Both were completed in March 2015, and the University expects to see annual revenues increase to \$6.8 million for FY 2016.

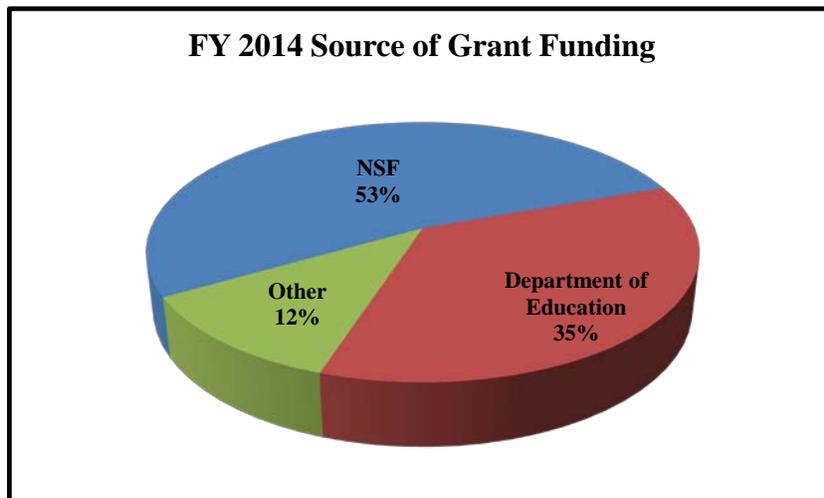
Non-student related revenue projections are based on assumptions about the near-future economic conditions and projected demand for the products and services. Moreover, non-student auxiliary enterprises help the University diversify its revenue sources, securing a sustainable resource base called for in Goal C of the Gallaudet Strategic Plan.

As noted above, the University has been working to leverage existing University off-campus/campus-edge parcels. An agreement was signed in Spring 2015 with a major real-estate group to redevelop and monetize four parcels along the Sixth Street corridor. It is expected that recurring lease revenue streams will begin by FY 2018.

Grants and Contracts

*FY 2016 Proposed Grants and Contracts Budget with Recent History
(dollars in thousands)*

| | Proposed FY 2016 | Budget FY 2015 | Actual FY 2014 | Actual FY 2013 |
|----------------------|---------------------|-------------------|-------------------|-------------------|
| Grants and Contracts | \$3,000 | \$4,000 | \$4,241 | \$5,825 |



In forecasting revenue from grants, the University considered the schedules for current grants, the prospects of renewing existing grants, and the possibility of generating new grants with current resources. In the current economic climate and after sequestration, grant funding at most higher education institutions has declined. Moody’s stated in their 2015 Higher Education Outlook that “Research funding for universities will decline on an inflation-

adjusted basis as a result of federal budget pressures.”¹¹ Gallaudet has also experienced the effect of the recent federal funding disruptions through delayed awards, a reduction in the number of awards being made, and a reduction in the amount of actual funding.

Despite the murky outlook for federal funding, Gallaudet is committed to supporting growing research efforts as noted in the Strategic Plan Goal E. There are three areas of research (Visual Language Visual Learning (VL2), Technology Access, and Brain and Language Laboratory (BL2)) where Gallaudet is leading the field, allowing for new and exciting opportunities to find funding partners.

Gallaudet’s largest award is from the National Science Foundation (NSF) for the VL2 project which began at \$4 million in project year 1 with a gradual decrease to a final year 10 amount of \$500 thousand. The expectation was that as VL2 was institutionalized by Gallaudet, the NSF awards would reduce. Gallaudet has built on the VL2 project leading to the creation of BL2 and several opportunities for additional funding from NSF and National Institutes of Health (NIH), as well as private sources. Gallaudet has seen an increase in private gifts related to these purposes during FY 2015. Most notably, the prestigious W.M. Keck Foundation awarded Gallaudet \$900 thousand to support continued research on the early learning needs of children impacted by delayed language exposure, particularly in deaf children. Gallaudet also received a \$50 thousand Technology Access Program Grant from AT&T. Both of these grants are recorded as temporarily restricted contributions in Gallaudet’s financial statements, meaning that while work is being funded on these research projects, it does not directly impact Gallaudet’s operating revenue.

The University’s second largest grant has been the U.S. Department of Education’s Rehabilitation, Engineering Research Centers Information and Technology Access Grant, which was up for renewal in 2013. After enjoying 15 successful years at Gallaudet, a competitive proposal was submitted for a renewal. Gallaudet’s Technology Access team was awarded a multi-year grant totaling \$950 thousand each year for five years.

The opening of the BL2 is also generating new and promising grant activity among its faculty and students. A Major Research Instrumentation proposal to the NSF in the amount of \$2.1 million over three years has been submitted. Receiving this award would advance Gallaudet’s contribution to the fields of cognitive and educational neuroscience. Under the mentorship of BL2 faculty, additional student fellowship grants have been submitted and are under review by NIH. Although in its infancy, BL2 is cultivating cutting-edge science and producing future scientists who will contribute to the field of educational neuroscience.

Investment Income – Operations

*FY 2016 Proposed Investment Income (Operations) Budget with Recent History
(dollars in thousands)*

| | Proposed FY 2016 | Budget FY 2015 | Actual FY 2014 | Actual FY 2013 |
|----------------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| Investment Income for Operations | \$8,416 | \$7,376 | \$6,900 | \$7,222 |

The University’s investment policy states it will spend annually 5 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. While it is not possible to accurately predict the financial markets, the following conservative assumptions were used to calculate the operating investment income:

- The Endowment fund pool investment return will be 7.6 percent annually. This is the expected 10 year return based on the endowment’s current asset allocation.
- Additional donor contributions were not assumed.

¹¹ Moody’s Investors Service. “Slow Tuition Growth Supports Continued Negative Outlook for US Higher Education in 2015,” https://www.moodys.com/research/Moodys-Slow-tuition-growth-supports-continued-negative-outlook-for-US--PR_314106?WT.mc_id=AM~RmluYW56ZW4ubmV0X1JTOI9SYXRpbmdzX05ld3NfTm9fVHJhbnNsYXRpb25z~20141201_PR_314106, 01 December 2014.

- The annual Endowment fund payout percentage will be reduced by .25 percent to 4.75 percent. This assumption provides flexibility if the University decides to gradually reduce its spending rate.
- The Endowment fund pool has an approximate split of 93/7 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.
- 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 2016 investment income.

Basis for Estimating Investment Income for Operations

| | FY2014 ACTUALS | FY2015 ACTUALS | FY2016 PROJECTED |
|--|-------------------|-------------------|---------------------|
| FY11 Ending Market Value of the Endowment Pool | 137,733,000 | 137,733,000 | 137,733,000 |
| FY12 Ending Market Value of the Endowment Pool | 153,468,000 | 153,468,000 | 153,468,000 |
| FY13 Ending Market Value of the Endowment Pool | 178,723,000 | 178,723,000 | 178,723,000 |
| FY14 Ending Market Value of the Endowment Pool | | 191,280,000 | 191,280,000 |
| FY15 Ending Market Value of the Endowment Pool | | | 199,010,000 |
| Three Year Rolling Average | 156,642,000 | 174,490,000 | 189,671,000 |
| Net UR Payout Estimated (5% FY14 & 15, and 4.75% FY16) | 6,900,000 | 8,036,000 | 8,416,000 |
| Net TR Payout Estimated (5% FY14 & 15, and 4.75% FY16) | 400,000 | 567,000 | 594,000 |
| Total Investment Income Used for Operations | 6,900,000 | 8,036,000 | 8,416,000 |

Contributions

*FY 2016 Proposed Contributions with Recent History
(dollars in thousands)*

| | Proposed FY 2016 | Budget FY 2015 | Actual FY 2014 | Actual FY 2013 |
|---------------|---------------------|-------------------|-------------------|-------------------|
| Contributions | \$3,000 | \$3,000 | \$3,008 | \$4,597 |

Revenue 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, who has already been successful in generating additional special gifts for big ideas, although these may not be contributions for operations. Some of these gifts include a \$900 thousand gift from the W.M. Keck Foundation discussed in the grant section above, a \$500 thousand gift from the Maguire Foundation to support the creation of a Risk Management and Insurance (RMI) Concentration within the Business Program, and a \$250 thousand gift from the Cafritz Foundation to support ASL Connect. However, based on the trend of giving at Gallaudet over the past several years, the University chose to remain conservative in budgeting for contributions for FY 2016.

Other

*FY 2016 Proposed Other Income Budget with Recent History
(dollars in thousands)*

| | Proposed FY 2016 | Budget FY 2015 | Actual FY 2014 | Actual FY 2013 |
|---------------|---------------------|-------------------|-------------------|-------------------|
| Other Sources | \$879 | \$864 | \$1,557 | \$1,179 |

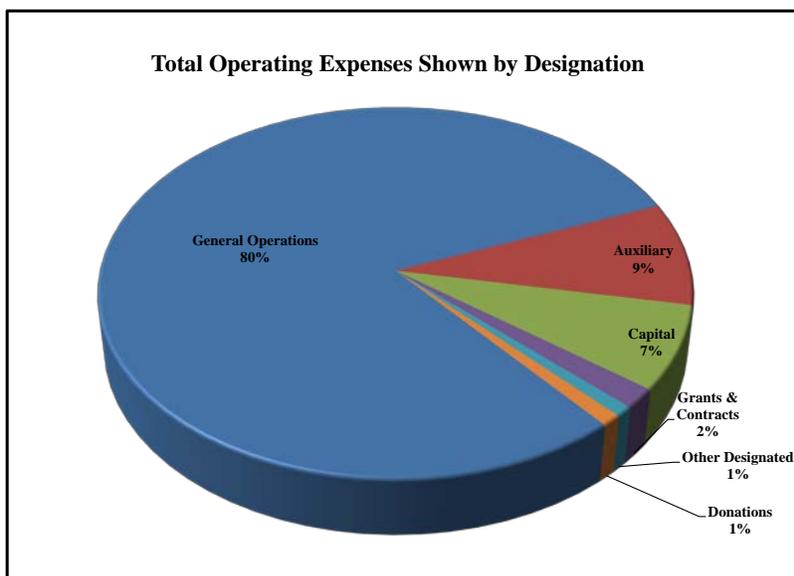
Other sources are comprised of a number of small activities such as ASL evaluations, outreach activities, theater ticket sales, use of athletic facilities, admission fees to athletics events, and summer activities.

PROPOSED FY 2016 OPERATIONS EXPENSE BUDGET

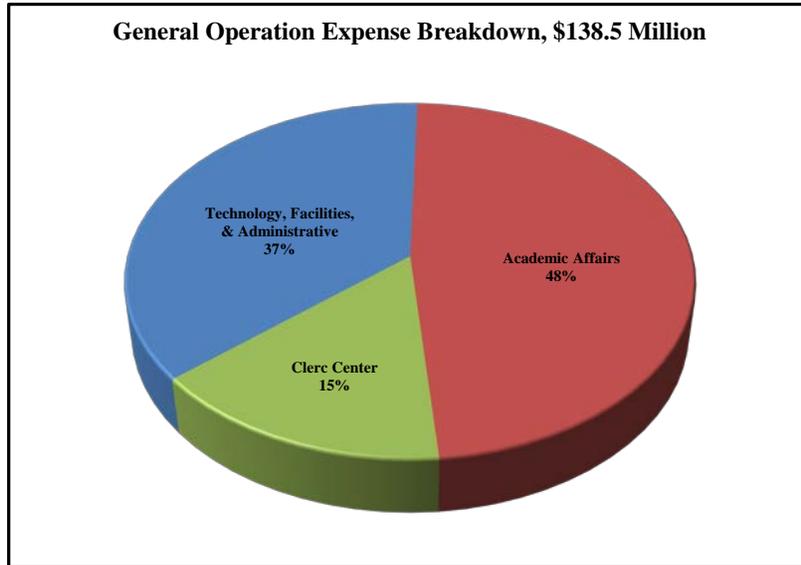
The table below provides a breakdown of the recommended operating expense budget by source of funds. A description of the basis for forecasting each component follows..

| OPERATING BUDGET BY NATURAL EXPENSE CATEGORIES (dollars in thousands) | | | | | | |
|--|---|-------------------------------|---------------|-----------------------------------|-------------------|---------------|
| Natural Expense Category | FY 2016 Proposed Position Allocation | FY 2016 Proposed Budget | % of Total | FY 2015 Position Allocation | FY 2015 Budget | % of Total |
| Payroll (includes both centralized payroll and non-centralized payroll) | 910 | \$109,800 | 63% | 930 | \$107,861 | 62% |
| Utilities | | \$6,000 | 3% | | \$6,300 | 4% |
| Depreciation | | \$12,700 | 7% | | \$12,700 | 7% |
| Interest on Bonds | | \$2,064 | 1% | | \$2,064 | 1% |
| Auxiliary Service Contracts | | \$10,098 | 6% | | \$9,483 | 6% |
| Professional Fees and Contracts | | \$7,862 | 5% | | \$8,426 | 5% |
| Consultants and Advisors | | \$3,231 | 2% | | \$3,445 | 2% |
| General Office Expenses | | \$6,936 | 4% | | \$6,940 | 4% |
| Furniture and Equipment | | \$1,499 | 1% | | \$1,514 | 1% |
| Travel and Transportation | | \$1,311 | 1% | | \$1,522 | 1% |
| Auxiliary Cost of Goods | | \$1,488 | 1% | | \$1,446 | 1% |
| External Access Services | | \$1,829 | 1% | | \$1,248 | 1% |
| Special Projects | | \$3,903 | 2% | | \$5,723 | 3% |
| Other Non-Payroll | | \$1,679 | 1% | | \$1,616 | 1% |
| Contingency | | \$2,600 | 2% | | \$2,300 | 1% |
| Total | 910 | \$173,000 | | 930 | \$172,588 | |

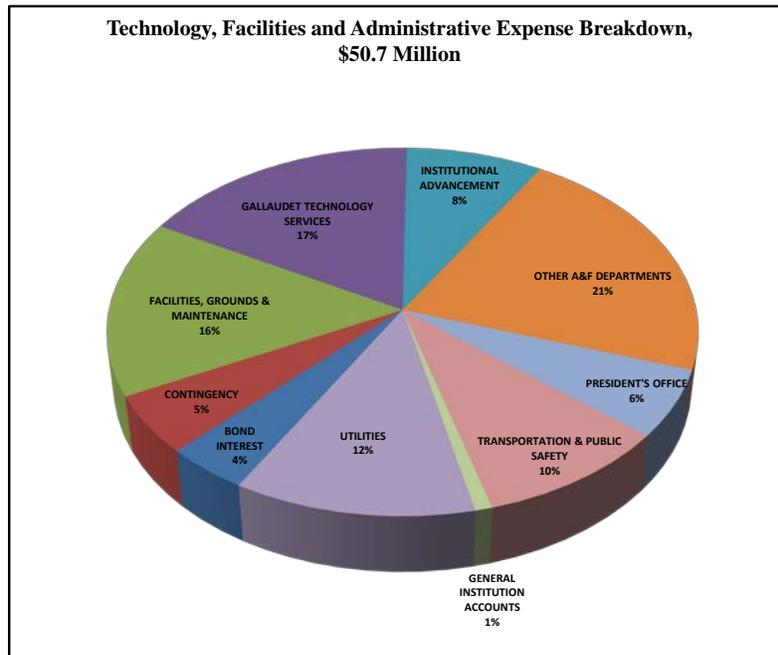
Of the \$173.0 million in total operating costs, not all is available for operations. The chart below shows the composition of the designated and undesignated breakdown of expenses. See Appendix B for additional details.



Since the general operations area is the largest area, and the most within Gallaudet’s control, this area of expense warrants additional explanation and analysis. The majority of Gallaudet’s operational expenses are related to instructional activities, which is consistent with what one would see at educational institutions. Between Academic Affairs and Clerc Center, these expenses make up 63 percent of the total general operating expense budget, as shown below.



The Technology, Facilities and Administrative expenses referred to above include most other departments, as shown below.

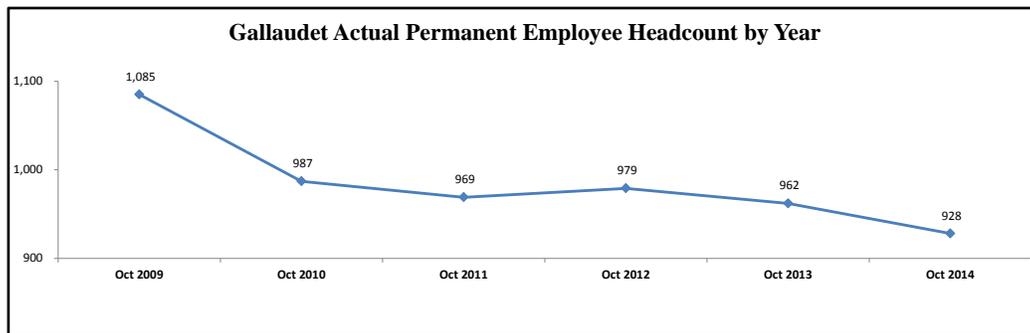


Payroll

FY 2016 Proposed Payroll Budget with Recent History (dollars in thousands)

| | Proposed FY 2016 | Budgeted FY 2015 | Actual FY 2014 | Actual FY 2013 |
|---|---------------------|---------------------|-------------------|-------------------|
| Payroll (includes both centralized payroll and non-centralized payroll) | \$109,800 | \$107,861 | \$107,810 | \$107,214 |

In FY 2015 and FY 2016, the payroll budget represented the University's largest operating expense at 62 percent and 63 percent of the total University operating expenses, respectively. As in previous years, the employee count has intentionally trended downward, with the focus on right-sizing the faculty and staff. The proposed FY 2016 payroll budget assumes that the University will start with 925 positions, and will end the year at 910 positions through natural attrition and through the right-sizing of Gallaudet's workforce. The chart below shows Gallaudet's headcount over the past five years.



The budgeted dollar increase year-over-year is attributable to the three percent general pay increase in FY 2015, an assumed two percent general pay increase for FY 2016, 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). One of the largest components of the federal benefit programs is the Federal Employee Retirement System (FERS) defined benefit retirement plan. On an annual basis, OPM informs the University of the required employer contribution percent. During FY 2015, there was a 15 percent increase in the percentage that Gallaudet is required to contribute.

Peer Comparisons

While the increases in FY 2015 and FY 2016 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 2014 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. Clerc Center teachers' salaries are currently comparable to the comparison districts in this study. A further analysis will be completed in FY 2017.

- **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, 1,200 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 50th 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.

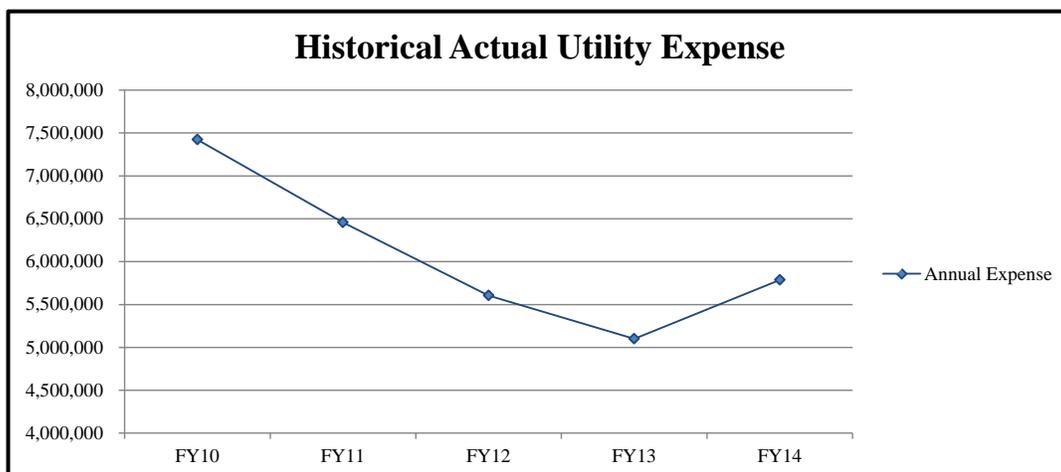
Utilities

*FY 2016 Proposed Utilities Budget with Recent History
(dollars in thousands)*

| | Proposed FY 2016 | Budgeted FY 2015 | Actual FY 2014 | Actual FY 2013 |
|-----------|---------------------|---------------------|-------------------|-------------------|
| Utilities | \$6,000 | \$6,300 | \$5,800 | \$5,100 |

In FY 2011, the University contracted with nationally recognized Johnson Controls, Inc. (JCI) for a multi-year energy service performance contract. The goals of the project were to cut energy costs, provide capital upgrades, increase efficiency and reliability of the University's mechanical and electrical systems, and to maintain or improve occupant comfort and well-being. The installation period was completed in September 2014 with the measurement and verification (M&V) period starting in FY 2015. If the cost avoidance measures are not achieved, JCI will be responsible for remedying the issue.

As noted in the chart below, over the last five years, the University has experienced a steady reduction of utility costs with a small uptick in FY 2014 due to increased consumption. The University has taken several steps in collaboration with the JCI M&V work to continue to improve its energy use. A new management team has been assigned and recruiting for a new Energy and Sustainability manager is underway. These combined efforts are expected to achieve more predictable and sustainable future energy costs.



Depreciation

FY 2016 Proposed Depreciation Budget with Recent History (dollars in thousands)

| | Proposed FY 2016 | Budgeted FY 2015 | Actual FY 2014 | Actual FY 2013 |
|--------------|---------------------|---------------------|-------------------|-------------------|
| Depreciation | \$12,700 | \$12,700 | \$12,266 | \$12,321 |

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 |
| Library books | 10 |
| Furniture and equipment | 5 |
| Software | 3 |

It is Gallaudet's practice to fund depreciation and to adopt the budgeted amount for depreciation as the base budget for its capital budget (see Capital Budget section for additional details).

Interest on Bonds

The FY 2016 proposed budget for interest on bonds is \$2.064 million. 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 are estimated to be approximately \$2 million across the next five years.

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 \$40.6 million or 23.5 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 \$3.5 million for FY 2016. In FY 2015, the University budgeted \$2.3 million, and the UPBC is committed to increasing the planned surplus annually, with the goal of getting the contingency fund up to the minimum two percent operating surplus. Based on factors addressed above related to revenue, the UPBC recommends increasing the planned surplus to \$2.6 million for FY 2016.

PROPOSED FY 2016 CAPITAL BUDGET

In FY 2016, Gallaudet plans to continue using the same approach toward budgeting for its capital improvement needs that it has used in the past. This approach involves setting aside an amount equal to the projected depreciation expense for the University’s capital improvement needs. Given the rate of capital improvements and fixed asset retirements over the past few years, Gallaudet administrators estimate that the depreciation expense in FY 2016 will be \$12.7 million. The table below shows the plan for subdividing the amount among the three main components.

FY 2016 Capital Improvements Plan
(\$000s)

| Description | Amount |
|---|-----------------|
| Deferred Maintenance | \$3,800 |
| Annual Allocations | \$1,500 |
| Major Capital Improvement Projects | |
| Science, Technology & Mathematics Lab in Hall Memorial Building | \$3,600 |
| Appleby/6th Street & Florida | \$1,150 |
| MSSD School Building & Athletic Fields | \$600 |
| Peet Hall Phase II | \$300 |
| Audio/Visual & Academic Technology Improvements | \$150 |
| Tutoring/Office for Students with Disabilities Expansion | \$50 |
| Other Small Projects, Combined | \$1,050 |
| Reserved for Contingencies | \$500 |
| Subtotal New Construction/Major Renovation Projects | \$7,400 |
| Budget for Capital Improvements | \$12,700 |

This plan generally reflects the following principles which govern Gallaudet’s approach to funding capital improvements:

- The projected depreciation expense establishes the minimum amount of funds to set aside for capital improvements to prevent operating deficits and to provide for long-term and systematic reinvestment in the physical plant.
- The federal appropriations should finance large Clerc Center improvement projects. Gallaudet, however, will maintain the physical plant at the Clerc Center site to ensure reliable and safe operations of the program.
- The University will leverage fundraising opportunities to supplement the capital improvement budget.

Gallaudet will review the practice of continually matching the capital budget amount with the projected depreciation expense. As historically documented, Gallaudet is constructing a new \$28 million dormitory at the Model Secondary School for the Deaf (MSSD) site using separate federally appropriated funds, not included in Gallaudet’s budget. When the building is completed in FY 2016, it is expected to add approximately \$700,000 to \$800,000 to the annual depreciation expense in FY 2017 and beyond.

Deferred Maintenance

Gallaudet recommends that the allocation for deferred maintenance projects be set at \$3.8 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, and replacement of pipelines. Under an approach that was described in the FY 2012 budget, Gallaudet will increase the deferred maintenance portion of its capital budget gradually until it reaches an amount equal to two percent of net land, buildings and other property as reported in the University's annual audited financial statements.

With the \$189 million that Gallaudet reported in the net land, buildings and other property line of FY 2014 financial statements, the allocation should be approximately \$3.8 million, or \$400 thousand more than the FY 2015 deferred maintenance budget of \$3.4 million.

Annual Allocations

The University intends to continue allocating \$1.5 million toward replacement of the University's furniture and equipment in the shared or general use spaces across the campus in a systematic and gradual manner. In the next one to two years, Gallaudet plans to focus on technology for classrooms, and furniture and equipment for classrooms, general use spaces and residence halls, and the Clerc Center.

Major Capital Improvements Projects

The largest capital improvement project in FY 2016 will be completing a major remodeling of the third and fourth floors of Hall Memorial Building for a new Science, Technology & Mathematics laboratory. With a projected three-year cost of approximately \$17 million, this project is intended to replace the aging space and equipment with new equipment and configurations to support the vision for a safe, open, spacious, adaptable, and functional workspace.

The new configurations of the lab and classroom space are intended to transform the current science courses from primarily lecture-based to activity-based, bringing current best practices in science education to the University. For example, the planned "flex-tables" in biology are intended to maximize problem-based, group learning lab work. The new lab space also will have centralized chemical storage to increase efficiency and maximize the use of resources. This is intended to bring the University into compliance with current safety standards.

This project supports all five goals of the GSP:

- Goals A and B – Recruitment and Retention: State-of-the-art laboratories are essential to maintaining or increasing recruitment of academically talented students in the sciences. The configurations of the lab space are also designed to support program expansions.
- Goal C – Expanding the Resource Base: Availability of adequate faculty research space in several fields, particularly Chemistry and Physics, will support the University's efforts to compete for external grant funding.
- Goal D – Institutional Mission and Vision: State-of-the-art laboratory facilities will strengthen students' preparation for internships and employment.
- Goal E – Research: Research spaces are needed. Chemistry and Physics, for example, currently have no dedicated faculty laboratory research spaces.

Another major project is the transformation of the 6th Street & Florida Avenue corner of the campus to become a gateway between Gallaudet and the surrounding neighborhood. Included in the plan for the 6th Street development is an Innovation Lab to serve as an anchor at the corner of 6th Street and Florida Avenue. The Innovation Lab will be a multidisciplinary research and cultural center that is expected to create opportunities for Gallaudet students, staff, and faculty in terms of employment, internships, training, and collaborations. During the late part of FY 2015, Gallaudet will hold a design competition for the look and feel of the area. The winning design will lay the groundwork for the future landscape and buildings on this part of the campus. This project supports Goals A, B, and C of the GSP regarding enrollment, retention, and securing a sustainable resource base.

The remaining projects, such as upgrades to the MSSD School Building & Athletic Fields, Peet Hall Phase II, and other projects in the FY 2016 Capital Improvements Plan chart above, all were selected to support all five goals of the GSP with varying emphasis on the individual goals. As FY 2016 progresses, the pace of construction activities will provide clear guidance for capital planning for FY 2017 and later years.

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 GSP and the CCSP provide key mechanisms for managerial and fiscal accountability. Periodic reports to the administration and to the Board on progress towards GSP 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 with accounting principles, and are free of material misstatement.

APPENDIX B

| FY 2016 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 | \$90,783,880 | \$2,630,700 | \$0 | \$350,000 | \$0 | \$100,000 | \$100,000 | \$93,964,580 |
| Total Non-centralized Payroll | \$14,103,420 | \$888,000 | \$0 | \$560,000 | \$161,000 | \$45,000 | \$78,000 | \$15,835,420 |
| Payroll (Includes both Centralized and Non-Centralized Payroll) | \$104,887,300 | \$3,518,700 | \$0 | \$910,000 | \$161,000 | \$145,000 | \$178,000 | \$109,800,000 |
| Utilities | \$6,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$6,000,000 |
| Depreciation | \$0 | \$0 | \$12,700,000 | \$0 | \$0 | \$0 | \$0 | \$12,700,000 |
| Interest on Bonds | \$2,064,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,064,000 |
| Professional Fees/Service Contracts | \$7,851,256 | \$10,097,815 | \$0 | \$10,973 | \$0 | \$0 | \$0 | \$17,960,044 |
| Consultants and Advisors | \$2,178,387 | \$120,000 | \$0 | \$932,625 | \$0 | \$0 | \$0 | \$3,231,012 |
| General Office Expenses | \$6,048,836 | \$486,643 | \$0 | \$73,664 | \$327,048 | \$0 | \$0 | \$6,936,191 |
| Furniture and Equipment | \$1,086,853 | \$397,100 | \$0 | \$14,568 | \$0 | \$0 | \$0 | \$1,498,521 |
| Travel and Transportation | \$1,076,688 | \$17,500 | \$0 | \$76,748 | \$140,164 | \$0 | \$0 | \$1,311,100 |
| Auxiliary Cost of Goods Sold | \$0 | \$1,488,353 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,488,353 |
| External Access Services | \$1,659,667 | \$152,101 | \$0 | \$17,182 | \$0 | \$0 | \$0 | \$1,828,950 |
| Special Projects | \$1,644,317 | \$73,000 | \$0 | \$2 | \$100,000 | \$543,782 | \$1,542,000 | \$3,903,101 |
| Other Non-Payroll | \$1,424,490 | -\$810,000 | \$0 | \$964,238 | \$0 | \$100,000 | \$0 | \$1,678,728 |
| Contingency Fund | \$2,600,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,600,000 |
| Total Non-payroll expenses | \$33,634,494 | \$12,022,512 | \$12,700,000 | \$2,090,000 | \$567,212 | \$643,782 | \$1,542,000 | \$63,200,000 |
| TOTAL EXPENSES | \$138,521,794 | \$15,541,212 | \$12,700,000 | \$3,000,000 | \$728,212 | \$788,782 | \$1,720,000 | \$173,000,000 |

APPENDIX C

FY 2016 UPBC Division Budget Requests

| Rank (1-17) | Purpose | Justification | Funds Requested |
|---|--|---|----------------------------|
| <i>Academic Affairs</i> | | | |
| 1 | Expand distance education opportunities for all students | Cover cost of contracts that will enhance content development for current and new online and hybrid programs | 250,000 |
| 7 | Summer 2016 Math Support Program | To improve retention and accelerate students' time to degree and graduation for newly admitted students scheduled for developmental (non-credit) courses in Fall 2016 | 300,000 |
| 3 | ASL Connect and Charting the Future of Deaf Studies | Ensure Gallaudet's Department of ASL and Deaf Studies is the world's undisputed leader in American Sign Language and Deaf Studies through continued development of ASL Connect and raising the professionalization and sophistication of scholarship and creativity | 361,000 |
| 16 | Men's Volleyball | Interest by current and potential students deemed sufficient to increase enrollment | 52,000 |
| 5 | Public Health program (2nd year) | Second year funding to support the launch of this new undergraduate program in Fall 2017 | 98,000 |
| 12 | Doctoral student support | Provide living stipends to first year Ph.D. students to remain competitive | 160,000 |
| Total amount requested by Academic Affairs | | | \$1,221,000 |
| <i>Administration and Finance</i> | | | |
| 9 | 6th Street Development | Operating expense to be paid to a consulting firm to advise and support Gallaudet in its real estate and economic development efforts | 170,000 |
| 6 | Campus SaVE Act, Title IX compliance efforts | Consulting assistance in setting up and streamlining processes, assistance with setting up Sexual Assault Response Team, professional development and travel expenses, development of Title IX training videos in ASL, access services, general office expenses | 70,000 |
| Total amount requested by Administration and Finance | | | \$240,000 |
| <i>Gallaudet Technology Services</i> | | | |
| 2 | Off-site Data Center | Back-up for essential campus systems in the event where the on-site data center was to be inaccessible. This back-up would provide a continuity of business systems and be crucial in recovering lost or corrupted data | 100,000 |
| 4 | Implementation of Hobsons Radius | To centralize the Contact Records Management (CRM) system within GTS as an enterprise system to provide greater flexibility and sharing resources among key stakeholders, especially for undergraduate and graduate enrollment, the Clerc Center, and university marketing | 125,000 |
| 10 | Video storage solution | To provide a repository for storing video files for web use and for academic needs. This will be vital to support the web rebranding efforts by integrating the process of uploading and publishing video content on our website and avoiding branding of external services such as YouTube | 50,000 |
| 11 | Blackboard Analytics for Learn | This service will help students gauge their performance in courses, help instructors monitor student progress in order to provide early support, and enables GTS to evaluate the usage and effectiveness of the tools available within Blackboard | 65,000 |

| Rank (1-17) | Purpose | Justification | Funds Requested |
|--|---|--|---------------------------|
| <i>Gallaudet Technology Services, continued</i> | | | |
| 17 | Centralized Printing | Will implement capability to print from mobile devices and from any "connected" University printers. It is expected that this shift will allow the University to reduce overall expense on department level printing | 105,000 |
| Total amount requested by Gallaudet Technology Services | | | \$445,000 |
| <i>Institutional Advancement</i> | | | |
| 13 | Institutional Advancement fundraising campaign | The campaign requires three one-time activities: 1. Data analytics of the prospective donor pool by a prospect research firm, 2. The creation of special marketing materials, and 3. Campaign Kick-off Event | 60,000 |
| 15 | Introduction of the new President to Gallaudet's constituents | One-time request to fund communication training, events, broadcasts, nationwide travel, gifts and materials for the first months of the Presidency to inform the Gallaudet community about intended progress, plans and priorities | 80,000 |
| 14 | Video Services and Bison TV 4K camera | 4K camera is desired to remain competitive by Video Services that will be used by current students but also be featured in future Gallaudet campus tours and promotional material | 55,000 |
| 8 | Update Video Services studio camera system equipment | The current Video Services studio camera system is so old that its images appear to be poor quality on HD smartphones, tablets, and monitors. By providing better video quality for the new GU brand initiative and video content to the upcoming redesigned website, the recruitment of students will be improved. The Noel Levitz audit specifically cited the need for more ASL content on our website; this could be achieved with a new camera system | 300,000 |
| Total amount requested by Institutional Advancement | | | \$495,000 |
| <i>FY 2016 Budget Request Amount</i> | | | <i>\$2,401,000</i> |

APPENDIX D

Gallaudet University Strategic Plan

The Gallaudet Strategic Plan 2010-2015 (GSP) provides the university community a roadmap for the next five years. This strategic plan re-affirms our core values in its mission statement, sets forth a bold new vision with clearly articulated guiding principles, and sets forth five critical goals for ensuring a university of excellence for future generations of students.

Guiding Principles

Gallaudet is committed to academic excellence, leadership, and remaining relevant in tomorrow's higher education landscape.

It is vital to the university's continued survival and relevance that enrollment grow to meet and/or exceed previously-funded levels:

1. To meet this enrollment goal, Gallaudet will accept all qualified students, including a diverse pool of students from varied educational backgrounds and communication modalities, and support them so they can realize the full academic and personal benefits of a Gallaudet education
2. Gallaudet will aggressively recruit and support students from traditionally-underrepresented groups (TUGs)

Gallaudet will adjust its own programs and support services as necessary to meet the needs of a changing student population – rather than expecting students to adapt to Gallaudet's construct of the ideal student/methodologies.

Gallaudet will engage and embrace the larger world beyond our walls through partnerships and outreach on all levels, encouraging our students, faculty and staff to be fully engaged participants in their local, national and global communities.

Gallaudet is committed to the development and success of the whole student.

Gallaudet will capitalize upon the advantages of its small size to ensure personal attention and care for each student, not only academically, but also in personal development and career exploration:

1. Every student will be offered a faculty or staff mentor/advocate to guide them to the completion of their educational experience.
2. Gallaudet will differentiate itself by a high level of student access and involvement with faculty/staff in their academic and non-academic experiences.

Gallaudet will make real the connection between a liberal arts education and professional career success, through relevant majors/programs that meet the demands of the employment market, challenging internships, and a robust career center focused on lifelong support for our students and graduates.

Gallaudet will foster an environment of respect for the full diversity of people and ideas, and be known as a community that practices zero tolerance for discriminatory and/or disrespectful behavior of any kind towards any one for any reason—including but not limited to gender, race, sexual orientation, ethnicity, religion, background, hearing status, or communication preferences.

Gallaudet is committed to managerial and fiscal accountability and delivering value to our stakeholders.

Until enrollment, retention and graduation targets are met, these areas, along with teaching and learning, will be the accountable strategic priorities for all administrators, faculty and staff.

Gallaudet takes seriously its role as a responsible steward of the funding provided by the federal government, our students, and other stakeholders, constantly creating the case for continued support through achievement of value-added outcomes.

University resources, including financial and human capital, will be examined annually and re-allocated as needed to support strategic priorities. All programs will face ongoing assessment of their cost/benefit to the university, and decisions about continuation, expansion or closure will be made annually as part of the budget process.

Goals and Strategies

Goal A: Grow Gallaudet's enrollment of full-time undergraduate students, full- and part-time graduate students, and continuing education students to 3,000 by 2015.

- Expand all undergraduate recruiting to become "top of mind" for all deaf and hard of hearing, and hearing students seeking deaf/HH-related careers.
- Expand all graduate recruitment to become top of mind for all deaf, hard of hearing, and hearing students seeking deaf or hard of hearing-related careers.
- Expand the ELI program by reaching out to all constituents that support ESL learning.
- The Center for Continuing Studies will increase enrollment of students in professional studies courses and programs.

Goal B: By 2015, increase Gallaudet's six-year undergraduate graduation rate to 50 percent

- Create environment and support systems to encourage retention and successful completion.
- Institutionalize clear Path to Graduation for all undergraduates.
- Increase acceptance of undergraduate students into majors.
- Increase and broaden accountability for student retention and graduation.

Goal C: By 2015, secure a sustainable resource base through expanded and diversified funding partnerships and increased efficiency of operations.

- Increase breadth and depth of local and federal government relations.
- Grow revenue from grants, auxiliary enterprises, and private fundraising.
- Increase student-related income through enrollment growth.
- Improve efficiency and effectiveness of all programs and services.

Goal D: By 2015, refine a core set of undergraduate and graduate programs that are aligned with the institutional mission and vision, leverage Gallaudet's many strengths, and best position students for career success.

- Optimize undergraduate majors and graduate programs to justify costs and outcomes.
- Develop five new comprehensive academic partnerships.
- Strengthen students' preparation for employment and career success.
- Increase faculty accountability for student learning and development.

Goal E: Establish Gallaudet as the epicenter of research, development and outreach leading to advancements in knowledge and practice for deaf & hard of hearing people and all humanity.

- Establish Gallaudet's research agenda and set targets for externally-funded research proposal submission, funding, and completion by 2015 and beyond.
- Create the infrastructure needed to support a world-class research enterprise.
- Enhance outreach integrating research and its evidence-based and ethical translation, particularly to benefit deaf and hard of hearing PK-12 students and visual learners across the lifespan.

APPENDIX E

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/.) 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; 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. | | |
| Objective 1 | Objective 2 | Objective 3 |
| 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. | |
| Objective 1 | Objective 2 |
| 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. |
| Objective 1 (Years One and Two) |
| 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.

| Reading and Writing | |
|---|--|
| KDES | MSSD |
| Objective 1 | |
| 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. |
| Objective 2 | |
| 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. |
| Objective 3 | |
| 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. |
| Math | |
| KDES | MSSD |
| Objective 1 | |
| 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. |

| | |
|--|---|
| Objective 2 | |
| 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 | |
| Objective 1: Professional Engagement | |
| 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. | |
| Objective 2: School Safety | |
| 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. | |
| Objective 3: School Environment | |
| 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. | |

