

Adopted

**HARTNELL COMMUNITY COLLEGE DISTRICT
SPECIAL MEETING OF THE BOARD OF TRUSTEES**

October 9, 2007

- CALL TO ORDER** The Special Meeting of the Board of Trustees of Hartnell Community College District was called to order in the Board Room at 7:16 p.m., by Board President Aaron Johnson.
- PRESENT** Board of Trustees: Aaron Johnson, President; Berna Maya, Vice-President; Bill Freeman; John Martinez; Brad Rice; Dr. Phoebe Helm, Interim Superintendent/President and Board of Trustees Secretary.
- ABSENT** Kari Lee Valdés
- ALSO PRESENT** Lorena Moreno, Student Trustee
- ADOPT AGENDA** On a motion by Berna Maya, seconded by, John Martinez and unanimously carried, the Board moved to adopt the agenda.
- PUBLIC COMMENT** Ann Wright, Hartnell College Faculty Association President applauded the fact that the budget process is now open and transparent, and that is it critical to remain so for the good of the College. To set budget priorities, the questions have to include, "Who is affected?" and "Who has the expertise?" for wise and appropriate planning. She stated the budget must be integrated with planning and resource allocation and hopes to see dedication to this goal and is working to establish procedures to make sure this happens. In addition, she stated that it was critical that we all have the same numbers and that those numbers be accurate.
- PRESENT** In addition to those present were:
- Management Staff: Celia Barberena, Vice President, Student Services; Larry Carrier, Vice President, Administrative Services, Allan Hoffman, Vice President, Instruction; Tamberly Petrovich, Director, Human Resources/Equal Employment Opportunity
- Academic Senate: Jennifer Lagier Fellguth, President
- Hartnell College Faculty Association: Ann Wright, President
- Classified Senate: Tammy Avalos, President
- C.S.E.A: Margie Wiebusch, President
- Student Senate: Lorena Moreno, President
- ACTION ITEM** Dr. Helm introduced Larry Carrier, Vice President, Administrative Services, Barbara Yesnosky, Controller, and Steve Mangelsen, Consultant who has been contracted to perform a forensic analysis on the College's finances that will be completed in December. Dr. Helm presented the FY 08 recommended budget. She stated the College receives its revenue as follows: 1) 39% from local funding; 2) 47% from state funding and; 3) 14% from federal funding. She stated the College does well in grants and that there is a large number of students who qualify for financial aid, which is the largest share of the 14%. She further stated that 25% of

the College's revenues is restricted and 75% is unrestricted. Unrestricted funds can be moved around; however, much of that is dedicated to wages, benefits, heating, lighting and other expenses to which the College is obligated.

Dr. Helm stated that a significant portion of the grant funds is dedicated to wages and benefits, also. And, grant funding allows the College to provide extra work, programs, and services, it does make the College vulnerable in that if the funding goes away, the College does not have the surplus in the general, unrestricted funds to sustain programs and services.

Dr. Helm stated that the recommended FY 08 budget has a \$1.3 million deficit, which is a little better than the \$1.5 million deficit presented in the tentative budget on June 26, 2007. Four factors were primarily responsible for the differences in the tentative budget and the final budget. They were: 1) salary savings from FY 07 were greater than anticipated—thus the year ended with a better balance; 2) a 1% increase in projected revenue was added to the budget for FY 08—summer enrollments increased 3%; thus we felt safe in projecting an overall increase in revenue; 3) new, one-time expenditures were added to the budget for FY 08 to support faculty in recognition of the extraordinary workload required to catch up and complete all of the accreditation requirements with regard to curriculum, program review and course outlines, and student learning outcomes; 4) administrative work-around to support accreditation included (a) establishment of an Office of Academic Affairs to support the faculty and the planning processes; (b) hiring consultants Steve Mangelsen (finances); Leon Baradet (shared governance); and Stephen Collins (Board workshops). Esteban Soriano was hired to conduct a district-wide needs assessment to guide the development of the Educational Master Plan and the Facilities Master Plan, but his fees are covered by a combination of private funding (business and government partners) and bond funds.

Furthermore, Dr. Helm stated that she wanted to point out that the real financial issues facing the district were greater than a \$1.3 million deficit. She then pointed out that, on page 15—budget summary—the real difference in the projected revenues and expenses in FY 08 is \$2.3 million. The reason the deficit is less is because of the net increase in the fund balance at the end of FY 07 that resulted from the deferred income of \$2 million (\$2 million generated income in FY 06 was not received until FY 07). Additionally, she stated that the \$2.6 million difference between projected revenue and expenses did not address the dollars being spent that perhaps should not be; but even more importantly—it did not address the monies not being spent that should be spent. For example, the College needs to be spending on the development of new programs and on infrastructure in order to grow. Thus, the real deficit is estimated closer to \$5-6 million. Dr. Helm further stated that she felt the College had failed to take advantage of the ability to provide non-credit programs by building and un-building existing courses and programs and building new ones. Legislation in 2002 changed the financing of non-credit programs such that it made it advisable for Colleges to grow those programs. In addition, she pointed out that the College's organizational structure is very similar to those colleges with 25,000-35,000 students rather than the 8,000 currently enrolled at Hartnell.

In the Board's discussion of these issues, Chairman Johnson directed Dr. Helm to pursue the reorganization of the college and the development of new programs, stating that the college had to grow its way out of the budget problems. He pointed to the "complete turnaround" and significant accomplishments represented in the Accreditation Report and asked the members of the Board, the leadership of the employee groups, the senates, and the administration to raise their hands and pledge to address the budget with the same level of commitment, energy, and cooperation

that they demonstrated with the accreditation issues. Dr. Wright stated that she definitely wanted to do this, but in order to do so, two things would be required: 1) good data—the numbers would have to be accurate and all had to use the same numbers, and 2) that she had to maintain the integrity of the processes and procedures of the group she represented. With that said, all of the individuals raised their hands in response to Chairman’s Johnson’s request. Dr. Helm concluded by pointing out that she anticipated conducting at least two budget workshops for the college and the new Board in December and January. She reminded the Board that all of three labor contracts were up for negotiation and agreed with Dr. Wright that we all had to have the same understanding of the numbers and confidence in their accuracy before we could chart our course out of the deficit, building the reserves, and grow new programs.

On a motion by Brad Rice, seconded by Berna Maya, and unanimously carried, the Board moved to adopt the 2007-08 recommended budget.

ADJOURNMENT

On motion by Bill Freeman, seconded by Berna Maya, and unanimously carried, the meeting was adjourned at 8:16 p.m.

Aaron P. Johnson
Board of Trustees President

Dr. Phoebe K. Helm
Interim Superintendent/President; Secretary
Board of Trustees