

Report to the Board from Dr. Helm regarding Finances
March 2008 Board Meeting

Finance: The Board's Goal was to reduce expenditures and increase revenue (via growth), to balance the budget, restore the reserves and invest in growth.

Basically this has been a "good news, bad news" story. You will recall the Mangelsen Study of our finances, which resulted in an eight year projection – a plan that would cut costs (mostly management and inefficiencies) increase revenues (modest growth and new revenue streams), and invest approximately \$1.2 million in new programs and new growth.

The good news is that we grew in enrollment 23% in headcount and 14% in units this spring and increased in efficiency. In addition the reorganization of the management of the college, as recommended, represents a savings of \$1.03 million.

The bad news is that the Governor's Budget for '08-'09 is a ten percent cut for community colleges. For Hartnell that would be a \$3 million cut to the general fund.

And the final bit of good news is that the Chancellors Office was able to identify savings that avoided cuts to the current budget. That was initially set at \$40 million state wide. Cutting \$40 million from one quarter of the year would have been devastating – equal to cutting \$160 from a whole year.

If we can cut spending and hang onto any savings from this year, manage the \$1.03 million cut from administration, hold on any cost increases for next year, and continue to grow, I think we can get close to \$2 million of the cut. That other million will be really hard to find.

I would like to take this opportunity to thank the whole college community, the faculty, staff and students who have worked consistently and made hard decisions to move our financial goals forward. And, I want to thank the Board members for their leadership and support. It is good to be at a place where employees, students and the Board all "get it" in terms of the budget and our choices.