

**Adopted**

HARTNELL COMMUNITY COLLEGE DISTRICT

MINUTES

Budget Workshop – Board of Trustees  
CALL 208, Training Room  
411 Central Avenue  
Salinas, California

September 7, 2011

**OPEN SESSION** The Budget Workshop was called to order at 5:31 p.m. by Trustee Padilla-Chavez.

**PLEDGE OF ALLEGIANCE** Student Trustee Gutierrez led the Pledge of Allegiance.

**ROLL CALL** Erica Padilla Chavez, President  
Candi DePauw  
Patricia Donohue  
Bill Freeman (arrived at 6:05 p.m.)  
Elia Gonzalez-Castro  
Ray Montemayor  
Juan M. Gutierrez, Student Trustee – (advisory vote per Board Policy 1030)

Dr. Phoebe K. Helm, Superintendent/President

**ABSENT** Kevin Healy, Vice President

**PUBLIC COMMENTS** There were no public comments.

**2011-2011 ANNUAL BUDGET** The purpose of this workshop is to allow the board and the public to review the budget before the Board takes action to consider adopting the budget at their regular meeting of September 13, 2011. At this same meeting, the board will conduct a public hearing on the budget.

Dr. Helm recognized Al Munoz, Controller, and his staff for all of the work they did to prepare the budget and she introduced Grace Gast, Interim Vice President of Support Operations.

Mr. Munoz stated the budget was built based on the same principles as last year's budget and the tentative budget for FY 11-12 presented in May. He then gave a power point presentation developed by Kent Stephens called, "Building a Sustainable Budget (Appendix A)". The presentation focused on using sound budgeting practices such as maximizing revenues, controlling expenses, and maintaining adequate reserves. Throughout his presentation, Mr. Munoz shared how the college works to apply these principles.

Much discussion focused on the graph that projected revenues as flat, and added the increase in fixed costs of certain annual expenses from 2011-12 through 2015-16 and demonstrated that, under this scenario, the fund balance would dip below the five

percent (5%) required by Accreditation. It was pointed out that the Board would be asked to invest in energy savings efforts through facilities and technology changes. Staff are working to reduce software costs, as well as monitoring insurance costs.

Further, Mr. Munoz noted that the FY 11-12 budget for Hartnell was conservative and built on the assumption that the State would cut \$520 million from community colleges. Thus, as long as the State's anticipated mid-year cut stays below the \$520 million level, Hartnell should not need to make any additional cuts this year.

Following the presentation, the Board reviewed and discussed pages from the final budget. Trustee Padilla-Chavez asked, "Mr. Munoz, is there anything about this budget or the finances of this college that this Board or I should be worried about?" Mr. Munoz responded, "Absolutely not! The College's finances are in good shape." Trustee Padilla-Chavez stated that, frankly, she had heard rumblings that there may be concerns with the budget because Mr. Munoz had decided to resign so shortly after Kent Stephens, Vice President, Support Operations, had accepted a new position in the Sacramento area. Mr. Munoz reported that he plans to continue his relationship with the College Foundation and The Western Stage.

The Board thanked Mr. Munoz for his presentation and wished him well in his future endeavors.

## **ADJOURNMENT**

On a motion by Trustee Gonzales-Castro, seconded by Trustee Donohue, and unanimously carried, the Board moved to adjourn the meeting at 7:50 p.m. in memory of Byran Zamudio, nephew of Emeritus Trustee, Berna Maya.

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Erica Padilla-Chavez  
Board of Trustees President


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Phoebe K. Helm  
Board Secretary

Appendix A

**Hartnell Community College District**  
**Budget Presentation**  
September 7, 2011

*Building a Sustainable Budget*



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**How to Gain Fiscal Stability and Reduce Budget Swings**  
*Using Sound Budgeting Practices*

- Maximize Revenue
- Control Expenses
- Balance Revenue and Expenses
- Establish Clear Budget Controls
- Maintain Adequate Reserves



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**Maximize Revenue**

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General Fund (11) revenue is primarily generated by Full-time Equivalent Students (FTES) through the State Apportionment

State Apportionment is funded by:

- Local Property Taxes
- Student Fees
- State General Fund

Budget for FTES growth only after it is realized  
Maximize classroom space utilization, increase class size

- State assumes average class size of 35



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### Control Expenses

- Control inflationary growth of expenditures
- Accurately forecast long-term obligations
- Don't budget anticipated savings until realized
- Tie compensation adjustments to state apportionment revenue (income)



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### Balance Revenue and Expenses

- Use on-going revenue for on-going expenses
- Use one-time revenue for one-time investments



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### Establish Clear Budget Controls

- Provide timely, accurate information for budget monitoring
- Make mid-year adjustments when necessary
- Adopt sound cash management policies (borrowing is costly)



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### Maintain Adequate Reserves

- Cash Flow – During July-November expenses exceed revenue
- Available for unforeseen obligations
- Acts as “shock absorber” during times of funding uncertainty
- Demonstrates sound fiscal management (favorable in bond ratings)
- Used to smooth budgets for variable spending patterns
- **Required by state (3%), accreditation (5%) (2 weeks of expenditures), and suggested by business professionals (7-10%)**




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### 2011-12 Budget Outlook

#### UNRESTRICTED GENERAL FUND BALANCE

TOTAL FUND BALANCE 6/30/2011 (Unaudited) **\$ 7,920,058**

**Assigned:**

Balance 2011-12 Budget 374,241  
 Meet the 5% Reserve as required by accreditation 1,769,075  
 Economic uncertainty (2 weeks) 1,415,260

**Subtotal: \$ 3,558,576**

Nursing – possible future loss of grant 400,000  
 Staffing shift from Restricted to Unrestricted 200,000  
 Possible one-time compensation 400,000

**TOTAL ASSIGNED: \$ 4,558,576**

**TOTAL UNASSIGNED: \$ 3,361,482**




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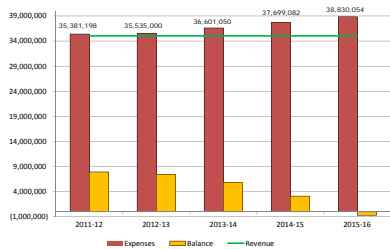
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### 2011-12 Budget Outlook

Revenue, Expense, and Fund Balance, 2011-12 through 2015-16




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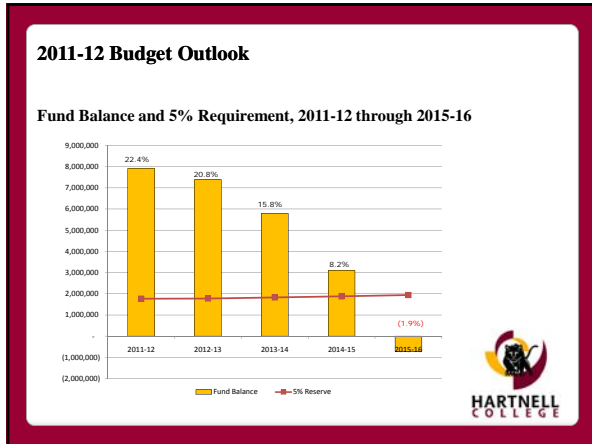
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### 2011-12 Budget Outlook

#### Budget Supports Mid-Year Cuts

**ASSUMPTION**

**TENTATIVE:** \$900 million cut

**FINAL:** \$520 million cut (state \$400 million)

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