I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

IV. PUBLIC COMMENTS
Fifteen minutes (three minute maximum per person) set aside to receive public comments on items on the published agenda.

V. BUDGET PRESENTATION
The Board will receive a presentation on the budget for fiscal year 2012-13.

VI. CONTINUED DISCUSSION ABOUT STRATEGIC PRIORITIES
The Board will continue its discussion on the strategic priorities for Hartnell College.

VII. ADJOURNMENT

MISSION STATEMENT: Hartnell College provides the leadership and resources to ensure that all students shall have equal access to a quality education and the opportunity to pursue and achieve their goals. We are responsive to the learning needs of our community and dedicated to a diverse educational and cultural campus environment that prepares our students for productive participation in a changing world.

ACCOMMODATIONS: All meeting locations are wheelchair accessible. The following services are available when requests are made by 4:00 p.m. of the Thursday before the Board meeting: American Sign Language interpreters or use of a reader during a meeting; large print agenda or minutes; assistive listening devices. Please contact, the Office of the President at (831) 755-6900, if you need assistance in order to participate in a public meeting or if you need the agenda and public documents modified as required by Section 202 of the Americans with Disabilities Act.

Act.
AGENDA ITEM FOR BOARD MEETING OF: August 28, 2012

<table>
<thead>
<tr>
<th>Title</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Budget Presentation</td>
<td>V</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Area</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Superintendent/President</td>
<td>Information</td>
</tr>
</tbody>
</table>

Summary

The Board will receive a budget presentation on the annual budget for fiscal year 2012-13. The Board will conduct a public hearing on the annual budget and consider adoption at their regular meeting of September 4, 2012.
Hartnell Community College District

2012-13 Budget Update
August 28, 2012

Presented by Alfred Muñoz, CBO

<table>
<thead>
<tr>
<th></th>
<th>Tentative</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apportionment</td>
<td>$31,002,598</td>
<td>$30,786,556</td>
</tr>
<tr>
<td>Other Income</td>
<td>1,877,360</td>
<td>2,138,900</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>32,879,958</td>
<td>32,925,456</td>
</tr>
<tr>
<td>Academic Salaries</td>
<td>$13,286,444</td>
<td>$13,392,660</td>
</tr>
<tr>
<td>Classified Salaries</td>
<td>7,511,263</td>
<td>7,488,440</td>
</tr>
<tr>
<td>Benefits</td>
<td>7,838,210</td>
<td>7,518,374</td>
</tr>
<tr>
<td>Supplies/Materials</td>
<td>474,455</td>
<td>474,955</td>
</tr>
<tr>
<td>Other Operating</td>
<td>5,548,505</td>
<td>5,090,956</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>184,100</td>
<td>169,400</td>
</tr>
<tr>
<td>Transfer</td>
<td>534,000</td>
<td>434,000</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>35,376,977</td>
<td>34,568,785</td>
</tr>
<tr>
<td>Deficit</td>
<td>$(2,497,019)</td>
<td>$(1,643,329)</td>
</tr>
</tbody>
</table>
Change in FTES

<table>
<thead>
<tr>
<th>Tentative Budget</th>
<th>Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,100</td>
<td>6,700</td>
</tr>
</tbody>
</table>

Final budget reduced Adjunct cost to accommodate reduction in FTES

Change in Revenue

<table>
<thead>
<tr>
<th>Tentative Budget</th>
<th>$32,879,958</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease:</td>
<td></td>
</tr>
<tr>
<td>Workload Reduction (65 FTES)</td>
<td>(302,640)</td>
</tr>
<tr>
<td>Increase:</td>
<td></td>
</tr>
<tr>
<td>Adjust Deficit Coefficient</td>
<td>168,250</td>
</tr>
<tr>
<td>Lottery funds adjustment</td>
<td>75,125</td>
</tr>
<tr>
<td>Revenue allocation Fund 12</td>
<td>71,908</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>32,855</td>
</tr>
</tbody>
</table>

**Final Budget Revenue**  
$32,925,456
Changes to Expenditures

Tentative Budget $35,376,977

Increase/(Decreases):
- Academic Salaries (447,600)
- Classified Salaries 553,816
- Benefits (227,565)
- Supplies & Materials (448,943)
- Other Expenditures 129,107
- Capital Outlay (13,600)
- Transfer-Out (1,100,074)

Final Budget Expenditures $34,568,785

FTES FUNDED VS. ACTUAL 2007-08 TO 2012-13

<table>
<thead>
<tr>
<th>Year</th>
<th>FUNDED FTES</th>
<th>ACTUAL FTES</th>
<th>UNFUNDED FTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>6586</td>
<td>6586</td>
<td>0</td>
</tr>
<tr>
<td>2008-09</td>
<td>7083</td>
<td>7624</td>
<td>541</td>
</tr>
<tr>
<td>2009-10</td>
<td>6819</td>
<td>7373</td>
<td>554</td>
</tr>
<tr>
<td>2010-11</td>
<td>7000</td>
<td>7000</td>
<td>0</td>
</tr>
<tr>
<td>2011-12</td>
<td>6462</td>
<td>7107</td>
<td>845</td>
</tr>
<tr>
<td>2012-13</td>
<td>6526</td>
<td>6700</td>
<td>174</td>
</tr>
<tr>
<td>2012-13(1)</td>
<td>6900</td>
<td>6700</td>
<td>705</td>
</tr>
<tr>
<td>2012-13(2)</td>
<td>5995</td>
<td>6700</td>
<td></td>
</tr>
</tbody>
</table>
2011-12 Through 2015-16 Budget Outlook
Revenue, Expense, and Fund Balance

Graph Data Assumption
No change in staffing level 2012-13 through 2015-16
No mid-year trigger

Revenue
- 2012-13 Based on State approved budget
- No state funding for growth in 2013-14
- Growth funding 2.2% for 2014-15 through 2015-16
  (based on legislative analyst office)

Expenses
Continued step increase in wages
Continued increase in cost of health benefits
Inflationary cost of supplies, materials and services
FIFTY PERCENT LAW BACKGROUND

The Law, which dates back to 1959, was created presumably to ensure that non-instructional functions do not squeeze out course section offerings.

Education Code section 84362, commonly known as the Fifty Percent Law, requires each community college district to spend at least half of its “current expense of education” each fiscal year for salaries and benefits of classroom instructors.

Current Expense of Education is referred as the “DENOMINATOR”  
Salaries of Classroom Instructors is referred to as the “NUMBERATOR”
**Meets Requirement**
- Instructional Salaries: $10 M = 50%
- Current Exp. Of Ed.: $20 M

**Does Not Meet Requirement**
- Instructional Salaries: $10 M = 47.6%
- Current Exp. Of Ed.: $21 M

**Counts Toward 50% Target**

Salaries and Benefit Costs of:
- Classroom faculty
- Instructional Aides
Does Not Count Toward 50% Target

- Salaries and Benefit Costs of:
  - Counselors (Faculty)
  - Librarians (Faculty)
  - Faculty coordinators
  - Faculty directors
  - Release time for faculty
  - Deans & other administrators
  - Board of Trustees
  - Admissions and Records staff
  - Business Services staff
  - Campus security
  - Facilities and maintenance staff
  - Human Resource staff
  - Computer technical support staff

Does Not Count Toward 50% Target

Operating Costs:

- Utilities
- Insurance
- Legal
- Audit Fees
- Travel and conference expenses
- Materials and supplies
- Replacement equipment
Outside the 50% Calculation

- Costs funded by categorical programs
- Building and equipment leases
- New equipment
- Community education
- Ancillary programs
- Costs funded by Lottery funds
- Student Transportation
- Student Health Services

How would the following impact the calculation?

- History instructor is hired
- Full time counselor is hired
- Biology lab supplies are purchased
- Instructional Aide is hired for a chemistry class
- Increase in PERS rate
- Increase in STRS rate
- Instructor is granted 50% release time
- Classified staff are provided a salary increase
Fiscal Year 2011-12 Unaudited 50% Calc

Instructional Salaries & Benefits       $15,359,823 = 51.42%
Current Expense of Education           $29,869,306

Excluded from Current Expense of Education    $2,617,057

Questions?
Hartnell College
Faculty Obligation

Background

- In 1989, the legislature declared that community colleges should strive to have at least 75% of credit instruction taught by full-time faculty.

- AB1725 recognized that “the quality, quantity and composition of full-time faculty have the most immediate and direct impact on the quality of instruction.”
Background, cont.

- Two years later, funding for this hiring program disappeared.
- Faculty Obligation Number (FON) has become the mechanism for achieving this goal.
- In 2012, only one of the 112 community colleges has more than 75% of teaching done by full-time faculty.

Our Faculty Obligation

- Each year the Chancellor’s Office announces what each college’s FON is, based on change in funded FTES over the previous year
  - The base full-time faculty obligation (FON) is calculated using the change in funded FTES at P2.
  - The FON was “frozen” from Fall 2009 through Fall 2012, due to inadequate funding from the state.
  - Alternative Compliance—match previous year’s percentage of teaching done by full-time faculty.
Fall 2012 Faculty Obligation

- Our “Frozen” FON is 96.9, measured in the fall

We can include:

- # regular faculty (probationary and tenured)
- # temporary (grant, one-year, one-semester)
- # late, unreplaced retirees/resignations

- Alternative full-time percentage is 48.68%
2012 Full-time Faculty

- **97 Full-time Faculty***
  - 88 regular faculty from last year (includes the return of two interim administrators to faculty)
  - 1 temporary (DSPS Counselor-late retiree)
  - 4 regular hires (Agricultural & Industrial Technology, Computer Science, Librarian, Music)
  - 2 grant-funded (Sustainable Design, RCP*)
  - 2 temporary hires (English, Nursing)

*One faculty member (in RCP) is in the recruitment process

Questions?
Summary

The Board will continue their discussion from the July 25, 2012 board workshop in relation to strategic priorities.
HARTNELL CCD BOARD OF TRUSTEES
SUMMARY OF DISCUSSION FOR STRATEGIC PRIORITIES

STUDENTS
Student success [5]
- In a timely way
- Complete AA or certificate or transfer to 4 year college/university

Serve the community (including those requiring financial aid, ESL learners, high school prep) [4]

Better meet the educational needs of students based on assessment [1]
- In place but not utilized?
- Full spectrum of needs in the community (Vision 2020)
- Vocational training through to 4 year transfers
- Respect community needs

Focus on the accountability required by law (e.g. academic success of students)

FACULTY, STAFF, BOARD and ADMINISTRATION
Increase diversity of staff and faculty, to better mirror the community [6]

Grow talent within the college
- Includes faculty, staff, and students
- College needs to be ready to face retirement of baby boomers
- Include investment and retraining
- Succession planning

FISCAL
Generate additional revenue [4]
- Beyond state funding (which is uncertain)
- Link to specific populations where viable (veterans, Hispanic students)

Maintain financial strength [1]

[#] Number of “votes” received
PROGRAMS, SERVICES and CURRICULUM
Continue to improve the physical plant and infrastructure [1]
  • Buildings, technology
  • Develop a more methodical approach
  • Utilization of 140 acres

State of the art technology for students, staff and board

Focus on delivery methods that best meets the needs of Hartnell students
  • Where does distance learning fit?

Capitalize on national trends related to health care
  • Curriculum changes
  • Put plan in place to attract associated funds

Enhance and enrich the classroom experience

PARTNERSHIPS
Revitalize stakeholder involvement in the planning process [1]
  • AA and/or certification
  • Example: auto collision course, airport mechanics

Leverage partnerships so that they translate into work opportunities [1]

Expand on relationships with community members and business community
  • Source of resources, support and partnership

Continue innovative partnerships, especially as they relate the economic prospects of students

Work with high schools to ensure college readiness

Extend programs, such as STEM, to younger students
  • Outreach into elementary schools
  • Plant seeds of college attendance
HARTNELL CCD BOARD OF TRUSTEES
STRATEGIC PRIORITIES

STUDENT SUCCESS

STUDENT ACCESS

EMPLOYEE DIVERSITY AND DEVELOPMENT

EFFECTIVE UTILIZATION OF RESOURCES

INNOVATION AND RELEVANCE FOR EDUCATIONAL PROGRAMS AND SERVICES

PARTNERSHIPS WITH INDUSTRY, BUSINESS, AGENCIES, AND EDUCATION