**BIG BEND COMMUNITY COLLEGE**

**BOARD OF TRUSTEES**

**STUDY SESSION PROPRIETARY BUDGET**

September 7, 2010

Present:

Mike Blakely

Katherine Kenison

Felix Ramon

Mike Wren

Absent: Angela Pixton

President Bonaudi began the meeting reminding the group that the meeting is being captured live on MediaSite. He said the State Operating Budget was presented to the Board in June and the financial statements included in this presentation will present the rest of the story. The State Operating Budget is half of the BBCC Budget; the additional funding comes from proprietary funds and grants. BBCC can not be maintained from only the State Operating Budget. The state budget situation continues to be unstable as it has for the past three years. The Board will work through the Proprietary budget this morning and consider approval this afternoon during the regular Board meeting. The next revenue forecast from Olympia will be issued next week. President Bonaudi stated additional budget cuts from the Governor could be expected in two weeks.

VP Gail Hamburg began describing the budget status on page 2. The total budget for FY 2009-10 was $15,901,833 of which $13,874,138 was spent leaving a savings of 12.75% or $2,027,695. The adjustments to allocations equaled $757,603. VP Hamburg notes allocations 12 (Revolving fund charges) and 13 (CIS distribution) were “in and out” allocations which paid for services like archives, attorney general fees, etc. We were given these allocations and then made an accounting entry to remove the charges from the State Board and put them on the college books.

The $2,027,695 savings remained, due in part to a freeze on travel/equipment. The savings also includes the Board mandated 2.5% reserves. Half of the 2.5% reserve fund ($185,000) is held in the 010 Instruction goods and services account and the other half is held in the 080 Administration goods and services account. Dr. Bonaudi noted this is a remarkable amount of savings. VP Hamburg attributed the savings in 090 M&O to the equipment freeze, not purchasing fertilizer, watering the grounds less, etc.

The reserve balances as of June 30, 2010, were highlighted on page 3.

The top box shows that the total reserve funds grew from $3,774,677 to $3,889,884, this is the unobligated fund balance.

The middle box on page 3 shows the European funds of which $100,000 is dedicated to the COP annually. VP Hamburg noted that this year the interest payment did not counter balance the COP payment and the fund decreased by $76,070.

The bottom box on page 3 details the dedicated local funds and VP Hamburg stated the carryover from the 2009-10 budget sits here. Running Start increased by $18,524, interest earnings increased by $9,430 and excess enrollment of 173 FTEs which adds up to $638,494 ($3,691 FTE).

President Bonaudi commented the tuition balance increased due to enrollment and the 7% tuition increases. Predicting where the balance will be at this time next year is tricky. Another 7% increase in tuition will go into effect and this may cause a drop in enrollment.

The details of the Proprietary budgets began on page 4 starting with the BBCC Bookstore. VP Hamburg introduced the Director of Business Services Char Rios. Director Rios explained the Bookstore fund balanced increased due to increased enrollment. The gross profit on new books in FY 09-10 was $97,000 or a 17% increase from last year, and the gross profit on used books in FY 09-10 was $178,000 or a 19% increase from last year. The interest income is the biggest drop in the bookstore budget. Director Rios introduced the Bookstore Director, Caren Courtright.

Director Courtright stated the used book sales are up over $100,000 due to faculty working hard to continue to use the same books. She said book buybacks are also up for the same reason. She has researched additional resources to purchase used books. Director Courtright commented book rentals are rising in popularity. Director Courtright brought plain M&M’s and pretzel M&M’s to illustrate the sales tax changes, which result in the candy with flour remaining untaxed while the other candy has tax added as of June 1, 2010. Director Rios stated per page 5 the next cash register and server purchases for the Bookstore will be in FY 2013-14. VP Hamburg added that the bookstore supports an annual $30,000 COP payment.

Director Rios reviewed the athletic budget on page 6. She reported that Athletic Director Preston Wilks stated the athletic budgets were in the black for the second consecutive year and he thanked the Board for continued funding. Director Rios reported the big changes this year include the basketball camp being moved to the Moses Lake High School. Also, the baseball players did not travel to Arizona this year but they plan to fundraise to take their Arizona trip next year.

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The $15,000 NWAAC tournament fee was moved from below the cash balance to a line item. Athletic budgets are from Student & Activities (S&A) fees (9.7% of tuition) and Athletic Director Preston Wilks allocates the money to the programs/teams. The BBCC camps are offered to a variety of age groups mostly younger children.

Director Rios reviewed the ASB budget on pages 7 and 8. Representatives from each club present their request to the ASB budget committee. Their club funding is based on that request.

ASB helped purchase items for the dorms and they designed and paid for student handbook/daily planners. They also invested in hand sanitizers for the students as well as supporting the BBCC Nursing program offering flu shots. ASB purchased Cold & Flu informational sliding cards as well as Kleenex and hand sanitizers for the welcome bags for dorm students.

ASB provided hand held fans for graduation attendees to help with the heat issues in the gym.

The TV in the game room was replaced with a large flat screen, which the students are enjoying. There was a 16% increase in game room revenues this past year. This money pays for game room operations, the new TV and the pool tables being recovered.

ASB honored local veterans with CWU – showing a film about women on the front line and providing refreshments. ASB also sponsored the first BBCC hockey night at a Wenatchee Wild game and provided transportation to the game. ASB held two large barbeques – back to school & spring fling with combined attendance that exceeded 588.

During home volleyball and basketball half-times the ASB coordinated activities. Donations for prizes for these competitions came from Lake Bowl, Dog & Car Wash, Fairchild Cinema, Domino’s Pizza and Weinstein Beverage. Papa Johns also donated two large pizzas at every home basketball game for the Couch Potato Fundraiser. Between that and the graduation water sales, ASB earned around $750.

ASB’s service projects consisted of two blood drives, a canned food drive, as well as donating the proceeds from two dances to BBCC’s Relay for Life.

ASB brought speakers to campus covering the topics of Gang Violence in Moses Lake and Black History month. The Human Race Machine, which takes the measurements of your face and shows pictures of what you would look like as a different nationality, was also featured this year.

BBCC’s monthly lunchfests are still proving to be a hit among the students. ASB has averaged around 200 attending these events. Total attendance for 2009-10 ASB sponsored events was over 4,060 people, which is greater than 2008-09.

The Housing and Food budget on Page 9 was discussed by Director Rios. She stated housing had another great year. The dorm rooms cost $990 for singles, and $840 for doubles. The $24,586 funding for the Residence Hall Club, which has dissolved, went to the purchase of carpeting for the dorms. The $25,000 moved from the Housing account to the Foundation is to cover the roofing expense. President Bonaudi explained that the Foundation holds the math/science building remodel money on deposit and that was the funding source for the dorms’ roofs. That money is being paid back to the account. It is not mandatory that this money be replenished but it is good business practice.

VP Hamburg described her discussions with the Fairchild Air Force Base staff regarding leasing dorm rooms for the 2011 calendar year. There will be approximately 130 Air Force staff on campus and approximately 70 Air Force staff will stay on the Job Corps campus. VP Hamburg said the BBCC lease is close to completion. If this goes through, Viking Hall will be filled with Air Force personnel from January through December 2011. Phillips Hall will house only BBCC students, and all rooms will be double occupancy. Maintenance and improvements are being performed: painting, new blinds, A/C in each room and remodelling bathrooms. President Bonaudi stated this is an opportunity to make substantial improvements. It will be a challenge to provide housing for the JATP students. An increase in JATP enrollment is anticipated and staff are working on solutions for their eight weeks on campus.

Fairchild Air Force personnel will also impact food services. A midnight meal will be served on the Tarmac and other meals will be served in shifts in the dining hall. The Air Force will bring their own security staff. There may be armed Air Force personnel on campus. VPs Mohrbacher and Hamburg are working on offering short-term intensive education opportunities to the Air Force personnel while they are on campus.

Director Rios stated the Food account is still showing a decrease. There will be an increase in retail fees and catering for the 2010-2011 year.

VP Hamburg explained that Page 10 summarizes the $15,108,733 or 50% of the budget funded by grants, contracts, proprietary and internal funds that are not part of the operating budget. She referred to the pie chart hand out that details the funding sources: grants and contracts 31%, local internal service 1%, proprietary funds 13%, dedicated local 12%, and financial aid of 43%. The amounts total equal 50% of the total institutional funding.

The overall institutional funds equal $30,240,932. The operating budget is 50%, grant and contracts 16%, proprietary funds 7%, dedicated local 6%, and financial aid is 21%.

President Bonaudi stated the pie charts highlight the large piece that financial aid represents. Financial aid is distributed directly to students. When increasing tuition is discussed need based financial aid should be part of the conversation. Approximately 70% of BBCC students receive financial aid including scholarships which are not shown.

Grant activity for 2009-10 totaled $11,337,094. VP Hamburg introduced Jerry Workman Director of Student Support Services (SSS) to share about his federally grant funded program. Director Workman stated SSS has been on campus 24 years, to serve first generation and low income ($33,000) students or those with a documented disability working toward a direct transfer degree. He said two thirds of the SSS enrollment or 125 students must be first generation and low income. SSS arranges field trips, career exploration, book loans, laptop loans, Trio Viking seminars and scholarship application assistance. He said SSS exceeded every record providing services this year including 1,500 hours in tutoring. Forty-eight percent of the SSS students had a gpa of 3.0 or better and the SSS program boasts a fall to fall retention rate of 89%. He said laptop loans are lifelines to students and SSS checked out laptops and books to many students saving them precious dollars. Supplemental financial aid was provided by SSS in the amount of $22,000.

Director Workman shared about a cultural activity which included a student trip to a Mariners game. Eighty percent of the students who attended had never been to Seattle. He said 450 students attended Viking seminars on campus. SSS does a lot of fund raising including car washes and silent auctions. He thanked the 65+ local businesses who donate to the auction and the BBCC employee who makes the most donations, VP Holly Moos.

This year the BBCC SSS grant was originally reported as unfunded. Director Workman described the challenge of competing with other programs for the $1.4 million funding for the next five years. Finally after continuous checking, the funding for the BBCC program was announced. Director Workman thanked former VP, Dr. Mike Lang, for sending him to a grant writing workshop last year and Dean of Institutional Research Valerie Kirkwood for providing data for the application. He said he spent many of hours completing the grant application.

Trustee Ramon thanked Director Workman and his staff for their important, hard work. He also suggested extra information be included in the ASB student handbook/planner such as: educational goal templates, goal setting ideas and “who’s my counselor?” information. Director Workman has experience and could work with ASB planner folks. Trustee Mike Blakely stated each school district has an advisory period when students review resource information. It is important to give this information to advisory teachers and counselors. President Bonaudi stated some of the AtD and AMP strategies come from the Trio program. If we could expand the program to accommodate all 5,000 students we would have a very “people intensive operation” to insure student success.

VP Hamburg introduced the Director of WorkFirst Services, Heidi Baldwin to share about the WorkFirst program. Director Baldwin explained that “building upon the mission of WorkFirst, the program at BBCC strives to educate WorkFirst partners, in conjunction with community partners, by empowering them to enhance marketable skills and unlock potential for a better future for their family.” WorkFirst is a block grant targeting helping people to get and keep jobs, improve jobs and protect vulnerable residents by providing childcare and stopgap funding for emergency situations. During the 2009-10 academic year they served 634 students. There were 33 GED graduates and 32 enrolled in college-level courses. Five students completed the IBEST CDL course. Program offerings included: GED, ESL, LifeSkills, Computer Training, CAN and vocational education.

Director Baldwin said the WorkFirst partners are the Dept of Social and Health Services, Employment Security and SL Start, Dept of Commerce Contractor. She also said she felt some of their success was due to regular partnership meetings.

WorkFirst success stories were shared by Director Baldwin. The stories focused on additional education leading to better employment for each student. She said support, encouragement and accountability that students learn in the program were essential. The students completed “pay it forward projects” including forming gang awareness groups, and helping at the local foodbank. Director Baldwin concluded her message relaying that the 2010-11 WorkFirst grant was accepted as a model plan and they are excited to continue their efforts next year.

Dean Kara Garrett highlighted the Opportunity Grant. This $304,000 grant is state funded to assist students starting and persisting to reach goals of attaining a certificate or degree. The Director of the Opportunity Grant is Elizabeth Mendoza. Last year there were 159 students whose tuition, up to 45 credits, and books, childcare, and transportation were paid by the Opportunity Grant. The goal of enrolling 77 annualized FTEs was exceeded by 8 FTEs. The students also work closely with SSS Director Workman. They receive higher touch services, goal planning, advising, tutoring, Viking seminars, and mid-quarter contact. This program is focused on professional technical programs i.e., Aviation, Allied Health, Industrial Systems Technology (IST), Business Information Management (BIM), Welding, CDL and Early Childhood Education (ECE).

The Adult Basic Education grant was also highlighted by Dean Garrett. This grant serves the service district communities with GED, ESL, civics, and Migrant Even Start programs. Last year there were 1,080 students and 56% of the students made a level gain with 710 momentum points; 174 students identified post secondary education as a goal and achieved it. ABE partners included Lamb Weston, Ochoa Foods, Washington State Migrant Council, SkillSource, OIC, and WalMart. The theme from the grants is about access and student achievement, we are very pleased to fund these efforts with grants.

President Bonaudi stated these programs cut across the Ends Statements and AMP. This is where the direction given by the Trustees manifests itself for the students.

VP Hamburg began reviewing the June 30, 2010 Financial Statements. She started with the Consolidated Balance Sheet on pages 16 and 17. Which is a snapshot of the assets and liabilities as of June 30, 2010. VP Hamburg noted the slight increase in the Local Government Investment Pool (LGIP). The LGIP interest rate as of June 30, 2010, was .3364%, down from June 30, 2009 when it was .7746%. This rate as of July 2010 was .28%. This rate has steadily declined.

The interest rate on the bonds are higher than the LGIP but they are still low rates. Director Rios is busy keeping the funds invested.

VP Hamburg described total current assets at $34,550,998 and long term assets are $24,476,610. Total assets equal $64,194,047. Liabilities and fund balance include the COP. The short term COP portion is $235,000 and the long term COP portion is $3,955,000. The total COP balance is $4,190,000. This note had a 20 year term and the interest rate is 4.107%. There are 13 years left on this contract and the balance is down $1,100,000. Total liabilities are $22,555,294 and the total fund balance is $41,638,753.

An aging of the accounts receivables is on page 18. VP Hamburg said the $15,346 or .56% are over 90 days and the $33,379 or 1.2% outstanding receivables are within acceptable amounts.

Page 19 shows the cash balances month by month and by fund. Trustee Wren asked about the drop in account 570 from $1,025,934 on 5/31/10 to $619,771 on 6/30/10. VP Hamburg reported an airplane had been purchased. On pages 20-21 is the consolidated statement is detailed by fund.

VP Hamburg explained that the Source of Application of Funds consolidated statement on page 22 is as close as we come to an income statement. Interest total this year was $175,718, last year this total was $201,000 and the year before that it was $671,000. There has been a significant decrease in interest income. Sales from our only retail operation, BBCC Bookstore, totaled $1,048,976. Student fees equaled $5,256,472 and other income and revenue was $27,229,661, for a total revenue of $33,710,827.

Expenses totaled $32,634,082 and this includes expenditures of $31,905,347 and cost of goods sold of $728,735. The fund balance as of June 30, 2010 was $41,638,753. The consolidated Source and Application of Funds statement is detailed by Fund on pages 23-24.

VP Hamburg explained that this presentation has reviewed BBCC’s budget status, reserves, balance sheet, source and application of funds and the 2010-11 proprietary budgets.

Trustee Mike Blakely thanked VP Hamburg for the detailed report. He asked about illuminating success stories and providing data to the general population. BBCC has interesting facts that the public should know and appreciate. VP Hamburg stated she could work with the Public Information Officer (PIO) and Directors of the programs to craft a message. President Bonaudi stated staff and faculty address different audiences with the information. VP Mohrbacher and PIO Autumn Dietrich were on the radio earlier today sharing student success information. It’s important to deliver success stories and sound bites to share where tax money is being invested. The marketing plan relies on student success and providing information about why folks should come to BBCC.

Trustee Ramon stated he is amazed at all of the details and work that go into preparing the budget information. He thanked the group. Trustee Ramon agreed with Trustee Blakely regarding the need to make more people aware of what takes place on campus. “Education changes lives” is a good message and BBCC staff and faculty do good work.

Katherine Kenison, Chair

ATTEST:

William C. Bonaudi, Secretary