

Monitoring Reports

April 2003

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY TITLE: GENERAL EXECUTIVE CONSTRAINTS
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The President shall act at all times in an exemplary manner consistent with the responsibilities and expectations vested in that office. The President shall act in a manner consistent with Board policies and consistent with those practices, activities, decisions, and organizational circumstances, which are legal, prudent, and ethical.

Accordingly, the President may not:

General Executive Constraint #3

Permit financial conditions which risk fiscal jeopardy, compromise Board ENDS priorities, or fail to show a generally acceptable level of foresight.

Response: In planning for the difficulties for this year and next, we have taken measures to place the College in as positive a position as possible in order to weather the state's fiscal difficulties and continue to meet the Board's ENDS. As the Board is aware, in addressing the uncertainty of the state financial position, we have taken the following measures.

- 1) In the arena of cost avoidance, salaries have been frozen for this current year. The risk in making this recommendation is that this action will place Barton in the vulnerable position of potentially losing valuable personnel and/or falling further behind our regional peer institutions in providing competitive salaries. I am concerned that our budget for FY 2003-04 may again not permit a well deserved compensation increase, further placing in jeopardy our ability to keep faculty and staff.
- 2) In the arena of revenue generation, tuition was increased last year by \$6.00 a credit hour. Recently, the Trustees approved a tuition increase to go into effect for next fall that will push the cost of attendance up another \$7.00 a credit hour, meaning that there is a very good chance that our students will provide nearly 30% of the College's revenue budget for next year. Institutionally, we continue to focus energy toward revenue growth through sound "business" decisions, enrollment growth, and new market development. The prospects provided by these actions remain difficult to measure, but we have seen revenue growth in certain programs, **BartOnline** is a good example.
- 3) To help us make it through this past year, the administration cut approximately \$750,000 from the operating budget. Reductions were primarily realized through reducing or not replacing support service positions and significant capital expenditure avoidance. Many other reductions were one-time savings or cost avoidance, such as out of state travel, etc.

- 4) Also last year, as a means of helping to round out the efforts of the College, a small inflationary cost-of-living type property tax increase was approved. The mil levy increase generated \$150,000.
- 5) A cost efficiency and effectiveness analysis for all instructional programs has been reported to the Board. Work is continuing in seeking efficiencies within programs.
- 6) Athletic expenditures, scholarships, and approaches to maximize “outside the general fund” support are being explored. A number of changes are being implemented for this coming year that will have bearing on our athletic programs.
- 7) Last year, you will recall that the Board approved an out-of-state tuition change for all freshman students.

To help the College address some of the planning difficulties being faced and ensure the College remains focused on the Board’s END’s, we are placing planning at a higher priority than we already have. This effort may require some internal shifting of responsibilities and organizational structures to accomplish. It may also have impact on staffing budgets, title changes, etc. Mike Weltsch will be leading a planning effort that will continue to use the Board’s END’s and Planning Council’s goals; however, he will be directing staff efforts to ensure plans are developed, implemented, and progress reported consistently.

As the Board is aware, we anticipate similar difficult budget decisions as we build the budget for this coming year. Beyond the actions listed above, we will be looking carefully at the efficiency and effectiveness of all College programs, services, and activities. The Board can anticipate recommendations that will impact the expense side of next year’s budget, along with some small revenue enhancement recommendations. The Board can also anticipate that some of the recommendations provided will be controversial, as we have no areas to cut that will not negatively impact current instructional programs, athletics, services to students and the public.

The budget being planned, unless there is an extreme state of emergency, will maintain the reserve above the floor that the Board, through its policies, has directed be maintained.

A negative consequence that has been shared with the Board is the deployment of troops from Ft. Riley. While the deployment is occurring and we anticipated negative enrollment consequences, we have been pleasantly surprised that to this point, there have been no major repercussions on the College’s enrollment picture. We had estimated that we could lose 45 to 50% of our normal spring Ft. Riley enrollment as troops are deployed.

Based on the above, no immediate condition exists which would portray fiscal jeopardy or compromise Board END’s priorities. We remain optimistic that we will see an enrollment growth at least comparable with the state average.

General Executive Constraint #5

Permit conflict of interest in awarding purchases or other contracts or hiring of employees.

Response: To my knowledge, no conflict of interest regarding purchases, contracts, or hiring has occurred. I believe institutionally, we continue to demonstrate that our purchasing processes provide fairness, preference to local business whenever possible, and encourage competition so the taxpayers receive the most for their money. Additionally, we continue to use personnel screening and selection processes that encourage qualified and quality applicants and fairness in appointments. As it relates to this last item, we maintain processes that allow us to expeditiously make appointments when it is thought to be in the best interest of the College.

General Executive Constraint #9

Allow assets to be unprotected, inadequately maintained, or unnecessarily risked.

Response: To my knowledge, all assets are protected and with no or minimal risk. The only possible exception, of which the Board is already aware, has been created by the state's budget crisis. That exception is -- in meeting our projected 2002-2003 budget's expenditure plan we have had to make the difficult decision to recommend no increases in the budget in salaries as well as delay significant capital expenditures. These two areas are significant assets and while not assets in the traditional sense are none-the-less assets that need to be maintained.

On both fronts we will monitor the reactions to the budget shortfall and bring to the Board's attention anything that might place these assets in further jeopardy.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY TITLE: FINANCIAL CONDITIONS

The President shall administer the Board approved budget without material deviation from Board priorities in ENDS policies, and shall protect the College from financial risk.

Accordingly, the President may not:

Financial Condition #3

Make any purchase: (a) without prudent protection against conflict of interest; (b) over \$10,000 without Board approval; (c) over \$10,000 without seeking at least three competitive quotes or sealed bids, submitted on prepared specifications. No purchase shall be made except on the basis of quality, cost, and service. Consideration shall be given to local vendors who can provide like quality products and services, and who meet bid specifications.

Response: Following review of this constraint with the Dean of Business Services, I feel confident that the College is in compliance with the policy. We remain sensitive and judicious in balancing the need to support the local economy with making wise purchases as we stretch limited tax dollars.

Financial Condition #6

Fail to maintain adequate reserves which allows the College cash reserve to drop below 8% of its annual budget, working toward a goal of 16%.

Response: The Board has been apprised that progress toward this goal was made over the course of the past year. The cash reserve is above the 8% floor and we believe that this past year's budget has, for the second or third year in a row, helped us realize growth in the reserves. As the Board is aware our reserve growth may in fact be of significant help as we face the fallout of the state's revenue crisis and build the budget for the 2003-2004 fiscal year.

Financial Condition #8

Fail to provide a monthly report of the College's current financial condition.

Response: Each month, as part of the Board's agenda, "Claims" and "Financial Reports" are presented for the Board's review and action. The reports accurately reflect the fiscal condition of the institution. Further, information regarding the Foundation's fiscal condition is provided to the Trustees from the Foundation Office each month. The clarifying questions asked by the Board are appreciated, as they help us to more fully discharge our accountability to the public.

POLICY TITLE: COMMUNICATION & COUNSEL TO THE BOARD

The President shall keep the Board adequately informed.

Accordingly, the President shall not:

Communication & Counsel Constraint #1

Fail to make the Board aware of relevant trends, anticipated adverse media coverage, actual or anticipated legal actions, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.

Response: All potential legal actions, material changes, and relevant trends have been shared with the Board. The Board has also been apprised of media coverage of those issues that may elicit calls from constituents. Personnel matters have been discussed through appropriate executive sessions. I continue to appreciate the Board's support of the strategic objectives that are being pursued which I believe has placed the College in a much stronger position, both fiscally and organizationally. I am personally pleased with the growth we have seen in enrollments and the positive contributions that our efforts on the web have made to our bottom-line. We have tried to anticipate and share the challenges that may need to be overcome in order to achieve the changes planned. The Board's understanding, support, and direction to move forward, regardless of the hurdles, is sincerely appreciated.

Communication & Counsel Constraint #2

Fail to advise the Board if, in the President's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Staff Relationship, particularly in the case of Board behavior, which is detrimental to the working relationship between the Board and the President.

Response: The Board's individual and collective desires to see the College improve and succeed remain most encouraging. There have been no situations where, in the President's opinion, the Board has not been in compliance with its policies. I appreciate the Board's efforts to clarify its desires and provide limitations as those have been deemed necessary.

Communication & Counsel Constraint #4

Fail to report in a timely manner an actual or anticipated non-compliance with any Board policy.

Response: To my knowledge, there have been no non-compliance issues that need to be reported.