



Lisa Lieberman.

VOLUME II

**A Bundled Selection of
Articles by Lisa Lieberman
Business**

The Business Journal

Serving Fresno and the Central San Joaquin Valley

MONDAY, AUGUST 4, 1997

NO. 322181

1.00 PER COPY

USPS 145-100

Thanks to technology, ginning cotton is easy as lying on a beach

By Lisa Lieberman

Staff Writer

Imagine lying on a beach and being able to operate a 10,000-square-foot cotton gin 50 miles away by remote control on your laptop computer.

Not only that. Imagine doing it with your eyes closed. And, if something went wrong, imagine the computer alerting you, and being able to figure out the problem within an hour without ever forcing you to leave your lounge chair.

Not too many years ago, it would have taken the constant vigilance of several full-time gin operators to operate a gin 24 hours a day. If a machine went down during processing, it could take hours and hours simply to locate the source of the problem, and then another several hours to fix it.

Now, with the trend of automated computerized gins, the process of ginning cotton as well as processing other agricultural goods has become simpler and a lot faster.

"In the old days when a cotton gin went down, they'd send a man out to isolate the problem. He'd have to sort through (hundreds of feet) of wire and delays just to find the piece of equipment with the problem. Now, in the case of a computerized system, it's a matter of a few minutes where we boot them up to get (the gin) on the screen and go right to the problem," according to George Bruno, chief engineer and designer for D.A. Bruno Enterprise in Madera. Bruno has installed automated computerized equipment in gins at J.G. Boswell and Semi-Tropic Gins.

He is currently working on other projects throughout the Valley.

The computers regulate most functions of all the machinery in the gin. Bruno is able to keep tabs on the operation by connecting his laptop with a modem and phone line he installed in the gin's programmable logic controller.

The automated computer systems in gins have grown increasingly popular in pima gins over the past few years. Pima has become a popular variety among Valley cotton growers because it is more profitable than traditionally grown acala. But pima ginning is also more challenging to gin than acala since pima's longer strands make it more susceptible to getting tangled and torn during processing and clogging up expensive gin equipment.

Pima also has a longer growing season than acala, which makes it more vulnerable to getting hit by late-season rains.

The variability of moisture in the incoming cotton can often cause problems for ginners. Moisture levels can range anywhere from only a few percent to more than 20 percent. Ginners must try to gauge the moisture levels of the cotton in order to figure out how high to heat the cotton to dry it down to 0 percent moisture. The idea is to use as little heat as possible to avoid damaging the strands which are prized for making wrinkle-free shirts, pants, towels and other goods.

The problem is that it's difficult for ginners to take constant readings of the cotton. Instead, they often have

to make educated guesses for temperature settings. The computers, however, measure moisture levels 10 to 100 times per second and monitor the temperature levels of the heat being pumped through the ginning equipment so that the cotton is kept at a constant temperature throughout the process.

It's also important to keep a constant flow of cotton as it's fed into the gin roller stands - this is a critical stage at which the cotton is separated from the seeds. The computers are hooked up to the roller gin stands and regulate the speed at which the cotton is fed through the rollers. If the rollers, or any of the shafts throughout the gin, bog up, the computers automatically slow down or shut off the troubled piece of equipment. This gives the ginner a chance to quickly isolate the problem and fix it before other machinery around the gin has a chance to bog up.

Bruno has used some of his computer processes in corn mills to help regulate the flow of corn into the hammer mills which grind up the corn. Bruno also believes that this process of monitoring and regulating the flow of product through machinery could come in handy in the fruit and nut industry.

"When you go into a nut plant the whole building is just shaking, and it's hard to eliminate downtime because you can't tell if something's broken down or plugged up and causing damage to the rest of the machinery.

But to be honest, said Bruno, "the fruit and nut industry is a tough nut

to crack," said Bruno. "They haven't quite stepped into the 20th century yet. They're a littler slower at recognizing (the benefits of automation in comparison to) the farmers in the cotton industry, where farmers recognize that automation is going to bring them a greater end line."

More than anything else, the gins' automated moisture equipment, which re-injects moisture back into the cotton at the end of the ginning process, has the potential to rack up thousands of dollars in profits for farmers, said Bruno.

"The old humidifiers rarely worked effectively," said Bruno. "On the very best day, a humidifier unit will only put back 3 or 4 percent of moisture into Pima when they need 7 or 8. But with the new (automated) systems we can do 7 to 10 percent."

More water in the bales equals more pounds in the bales, which means more money for the farmer, said Bruno. Higher productivity and less downtime also means less operating time, which also saves the farmer money in the long run.

"By keeping productivity up and the costs down we make more money for the farmer," said.

"Ultimately, that's what we want. Our whole economy in this Valley is based upon whether farmers make money. And if people don't believe that, they can have all the farmers in the Valley quit and (see who) loses their jobs. The bottom line is that we want to see the farmers happy, because that's what makes all of us happy."

Demand for agricultural exports growing, particularly nuts and grapes

By Lisa Lieberman

Staff Writer

As the rest of the world becomes more westernized and moves closer to a global economy, there is going to be more of a demand for U.S. agricultural export products worldwide. And, as the Central Valley — known for its rich, fertile grounds and near perfect growing conditions — becomes even more of a world player, it's going to be more important than ever to conserve agricultural land and water in order to grow and market the crops.

Although some growers and food processors may have shied away from exporting in the past, exporting has never been easier, according to some farmers and food processors.

In Asia for instance, the buying power of the middle class is growing while fast food restaurants requiring western ingredients are popping up all over.

And, in the absence of big screen TVs, movie theaters and mass numbers of luxury cars, Asians don't have as many places to spend their money. So, more and more of them are spending money on luxury food items, according to Jim Zion, former California Department of Food and Agriculture export program manager and current director of sales and marketing at APCAL, a Tulare nut grower/processor/shipper.

Nuts and grapes are a good example of viable export products to the Pacific Rim.

Agriculture

As agricultural exports increase, agricultural land is making more money per acre now compared to 10 years ago, according to Farm Bureau statistics.

To make exporting easier, Thailand has dropped its tariffs for almonds by about 40 percent. This year's Iranian freeze, which knocked down half of Iran's pistachio crop and is expected to affect next year's crop has also opened up entirely new markets in Europe for California pistachios. Meanwhile, the ban on Iranian pistachios in Europe due to aflatoxin concerns is expected to continue to keep California pistachios a strong export overseas.

In China, where 2,000 new people are born every day, the demand for U.S. agricultural products continues to grow. U.S. grapes in particular are looking up ever since the Chinese agreed to open its market to California table grapes.

"The opening of China was a big deal, and we're beginning to see some movement there," said Bruce Obbink, president of California Table Grape Commission. "With 1.2 billion people there, it could be an incredibly important market. And what we're doing is sending them a prod-

uct they already know about."

The really good news now is that since the beginning of this month, the Chinese have reduced import duties from 55 to 40 percent. This will make it easier to export and import grapes. The United States has also been able to further grape exports by negotiating with the Chinese to increase U.S. trappings of Mediterranean fruit flies.

As agricultural exports increase, agricultural land is making more money per acre now compared to 10 years ago, according to Farm Bureau statistics. So, despite worries about urban encroachment on agricultural land, farmers seem to have more of a reason to hang on to productive agricultural land.

To encourage farmers to keep their land in production rather than selling to developers, the Williamson Act was passed in 1965. The legislation was designed to make it easier for farmers to preserve their land for agricultural purposes rather than selling to urban developers in the face of rising property taxes.

The idea was that if farmers agreed to keep their land in production for a renewable 10-year period of time, they could pay property taxes based on what their property actually earned rather than higher property taxes based on the speculative value of what their property would be worth if it were developed for urban purposes.

"The idea was to preserve agricultural land while preserving the food production base and the economic base," said Shawn Stevenson, a Fresno County farmer and former president of the Fresno County Farm Bureau.

But, Stevenson said, there are some urban developers who are violating these contracts. They knowingly buy farmland bound up under the Williamson Act and get the dual advantage of getting a relatively cheap piece of equitable land while paying lower property taxes at the same time.

"It doesn't happen too often, but when it does happen, we have to take a stand on it," said Stevenson.

Recently, Stevenson and the Fresno County Farm Bureau sued the Fresno County Board of Supervisors and made a settlement with them in order to stop them from allowing a developer to subdivide about 320 acres of ranch land tied up in the Williamson Act, according to Stevenson. The land would have been turned into rural residential prop-

See Agriculture, page 9

Kiwi difficult to market in U.S. due to lack of convenience

By Lisa Lieberman

Staff Writer

It's not easy being a kiwi — especially in California. Consumers tend to discriminate against kiwis because of their fuzzy skin and awkward appearance. Retailers are prone to hide kiwis on the top of supermarket shelves next to the "exotic" fruits.

But kiwis may soon become more popular in the United States as a result of new research that shows that kiwis are packed full of nutrients and that consumers get more "bang for their buck" bite-for-bite compared to almost every other kind of fruit.

According to a study conducted by Rutgers University in New Brunswick, New Jersey, kiwis are the most nutrient dense of all fruits, followed by papaya, cantaloupe, and strawberries. Kiwis also have twice the amount of Vitamin C of oranges and have higher potassium levels than bananas, according to the study.

This may give kiwis new appeal in the eyes of the consumer and serve as a marketing tool to help market the 70 million pounds of kiwis grown in California each year, according to Scott Horsfall, president of the California Kiwi Fruit Commission.

The California Kiwi Fruit Commission along with kiwi industries in France, New Zealand, Chile, Italy, Iran and Greece have helped fund the research study, which cost about \$100,000 to conduct. According to Horsfall, this is the first time that competing countries have teamed up to help



promote a single agricultural product.

"We're very impressed by the level of co-operation that exists between various producing countries. We had a joint concern, and we decided the one thing we could do to try to help increase worldwide demand was to do some studies to pursue the nutri-

Kiwis have badly needed a publicity boost throughout the world, especially in the United States where consumers are used to eating "easy to eat" fruits like grapes and oranges.

—Scott Horsfall

tional values of kiwis," said Horsfall.

Kiwis have badly needed a publicity boost throughout the world, especially in the United States where consumers

are used to eating "easy to eat" fruits like grapes and oranges. U.S. consumers are more likely to shy away from the fuzzy skins of kiwis which can make kiwis challenging to eat, said Horsfall.

"In European countries like Germany and Asian countries like Japan

and Korea, people are more used to exotic fruits than we are. A lot of it has to do with the convenience factor. In the United States it's tough to sell a grape with seeds in it. But people all over Europe and Asia haven't come to expect the seedless aspect of grapes. And they don't mind the cutting and peeling that (goes along) with eating kiwis," said Horsfall.

Horsfall hopes to make eating kiwis easier for consumers by handing out educational materials in supermarkets about how to consume the fruit.

"There's a lot of different ways to eat kiwis," said Horsfall. "You can eat them with the skin on and bite into them like an apple. You can slice them or peel them. But the method that seems to work best is to cut and scoop. We've marketed a tool in the past that's like a half-knife half-spoon, so you can cut a kiwi with one end and eat from the other end, like scooping out a melon," said Horsfall.

Right now, only about half of all Americans have ever tried kiwis, and a meager 10 percent buy kiwis on a regular basis, said Horsfall.

Hopefully this figure will change with the spread of about 5,000 new promotional displays in supermarkets nationwide advertising the nutritional benefits of kiwis and how to eat them, said Horsfall.

"We've had a real positive response from store owners about our banners and promotional," said Horsfall. "Our goal is to move kiwis out of the specialty niche market and into the mainstream."

The Selma Enterprise



VOLUME 113, No. 2

SELMA, CALIFORNIA

50 CENTS

CALIFORNIA STATE SALES TAX INCLUDED ■ COPYRIGHT 1998 ■ COMMUNITY NEWSPAPERS, INC.

SUSD cuts hours, benefits for classified workers

By Lisa Lieberman

ENTERPRISE STAFF WRITER

For years, it's been a trend in both public and private industries to maximize labor while minimizing costs in order to increase the bottom line.

The Selma Unified School District (SUSD) is no exception.

Over the past 14 years, when the SUSD has experienced reductions in funding from the state and federal government, the district has laid off classified employees in order to stay afloat.

But this year, as the budget that covers those employees increased \$16,000 from the previous school year, the district has cut classified employees' hours and benefits — in order to spend more money on student services, according to district officials.

The district is officially laying off

seven classified instructional aides, resource assistants, and library clerks as of June 30. This means that instead of working six to eight hours a day, which legally entitles employees to health benefits, these seven employees will be working no more than 5-1/2 hours daily and will no longer receive health benefits.

Some of these employees have worked for the district for 15 to 30 years and say that after years of dedicated service, they feel that the district is turning its back on them.

"This is really hard on us," said Susan Gonzales, a bilingual aid who has worked for the district for 22 years. "We're going to be working fewer hours and making less money, and we're going to be losing our benefits at the same time, which means that we need to make

more money in order to pay for benefits somewhere else," she said.

Gonzales is married with children and says that her family relies on her benefits as its sole source of health insurance.

Jennifer Looney, assistant superintendent of instruction/personnel at SUSD, said she realizes that this is an emotional issue.

"This was a difficult decision. But we've made reading our No. 1 priority in the district and students have to come first," she said.

She conceded that "It wasn't an easy thing, though, to sit across the table from people who were my personal/professional friends, and tell them they were going to be losing their health benefits — things that were most precious to them."

The district plans to save about

\$6,000 per year per employee, or a total of \$42,000 annually out of the \$1.8 million annual special projects fund, from which these employees are paid. During the 1996-97 school year, the fund was \$1,850,769. For the 1997-98 school year, that amount rose to \$1,866,520.

Ultimately, each school will decide how it wants to spend its share of the money. But \$42,000 could be enough to hire another teacher for the district's reading literacy program, which has been responsible this year for teaching about 60 students how to read — some of whom might have ended up in special education without the program.

Tony Lopez, former president of the California School Employees Association (CSEA), which represents the employees, understands the district's desire to spend more money on kids.

Benefits:

FROM PAGE ONE

give employees 30 days notice of reductions in hours, and that these seven employees were given a two-year grace period when the district originally decided on the cutbacks in 1996.

Carlos Garcia, superintendent of Fresno Unified School District (FUSD), said that cutbacks in classified employees' benefits and positions has been a trend in Fresno County.

"Quite frankly, I'm surprised that Selma hasn't done this sooner," said Garcia.

Eric Cederquist, assistant superintendent of Fowler Unified School District (FUSD) said that in the past 10 years, Fowler has not cut any existing classified employee positions.

"A long, long time ago, all districts were experiencing (reductions) in federal funding. But what we have told our employees is that we will not go below the

number of positions that receive health benefits unless funding sources change dramatically," Cederquist said.

Cederquist said that Fowler's policy comes from its negotiations with its CSEA unit.

Anne-Marie Summers, the current president of Selma's CSEA, said the district's push to reduce the seven employees' hours and benefits was a major sticking point in this year's contract negotiations.

"This was the most difficult part of the whole thing," said Summers.

In fact, the CSEA and the district came to an impasse over the issue and brought in a mediator. In the end, a majority vote of the more than 200 classified employees approved the reductions in hours and benefits of the seven classified employees. At the same time, they also voted to accept the district's offer of an across-the-

board 3 percent raise and to maintain health benefits at existing levels for all other employees who currently receive them.

In short, it was a win-lose situation for the employees, according to Barry Bennett, a labor lawyer in Fresno.

"It's not unusual for some unions to vote in the best interests of the majority of the members, while leaving a few out in the cold," said Bennett.

Carol Prinz, a resource assistant at Eric White Elementary School, who has worked for SUSD for the past 24 years, is one of the employees who feels left out.

At almost 60 years-old, Prinz is in good health, but her husband has heart disease and has been diagnosed by doctors as having two to three years left to live. He relies on his wife's health insurance for medical care. Prinz also has a teenage grandson living

with her who is also covered under her policy.

Prinz would like to find another full-time job outside of the district, one that pays for health benefits. But she says that at age 60, it isn't easy starting over.

"I'm too old to be standing on my feet all day long as a cashier at J.C. Penney. And it's not easy competing against 30-year-olds in the job market. Here at Eric White, when people see me coming down the halls, they smile at me, and think, 'Oh, there goes Carol,' but when I apply for a job, people are seeing the face of a 60 year-old woman, not Carol," said Prinz.

Because of her age, the district has granted Prinz a deal that will allow her to continue working for the next two years with benefits. After that, she has the option to retire early and retain her benefits until she's 65, at which time she'll be eligible for Medicare.

district.

But some employees say that at the same time the district is cutting library clerk positions and encouraging them to apply elsewhere, the district is claiming that reading is its No. 1 goal. They say reducing their hours could mean that some libraries might be open less frequently and children could have less access to books.

Derrick Pullinger, labor representative for the CSEA, tried to use this as an argument to prevent some of the cuts. "If you shut the school district's libraries down, why would you want reading recovery?" said Pullinger.

Ultimately, though, it's the district's right to reduce services, he conceded. "These employees aren't demanding that these (hours and benefits) stay forevermore the way they are. But ... it's not really fair for them to lose something they've had for a number of years," said Pullinger.

“But it seems like whenever the district wants more money, they come looking to take it out of the classified employees’ salaries instead of from the teachers or anywhere else. And we’re the lowest-paid employees on the totem pole as it is,” said Lopez.

The CSEA has had to fight for benefits every year when contracts are negotiated, said Lopez.

“Every year, they ask for cuts, and every year we fight them,” he said, adding that this is the first year the cuts have actually taken place, to his knowledge.

Looney said that cutting benefits in order to spend more money on actual education is a trend in neighboring counties and throughout the state. She also said that the district is only required to

■ Please see **Benefits**, Back page

The Selma Enterprise



Volume 118 No. 15

Several financing options possible for hos

By Lisa Lieberman

ENTERPRISE STAFF WRITER

If Darwin's philosophy of the human race — survival of the fittest — is true, then it must be true as well that the continuing existence of small rural district hospitals in an age of managed care and large health care systems not only depends on survival of the strongest and fittest, but also on survival of the most creative and innovative.

And in an era where federal and state governments are cutting down on Medical and Medicare payments, redefining the way they reimburse small rural health care clinics for services and cutting back on payments for skilled nursing units (which small rural districts rely on for much of their revenues) it's getting even more and more difficult for small district hospitals to stay in business.

Over the next few years, hospitals across the country are expected to lose millions of dollars because of declining reimbursements from the government.

For the Selma District Hospital (SDH), now considering its options about how to deal with a \$4.1 million debt and stay financially afloat, there seem to be a number of options open for consideration by the community. These



include selling the hospital to Adventist Health, which has been managing the hospital for the last year and a half; letting Adventist continue managing the hospital with or without additional financial help; creating a tax assessment to raise more local cash to fund the hospital's operations; or following the example of some other California small district hospitals and networking with other local hospitals such as Sierra Kings in Reedley, Alta District Hospital in Dinuba and Kingsburg District Hospital.

Another option is to stand alone and try to function independently.

But in general it's getting harder for small district hospitals to stand alone, said Barbara Glaser, a legislative analyst with the Association of Health Care Districts in Sacramento.

"It's going to be tough to stand alone because of economies of scale," Glaser said. "But there are ways to work with other groups and other hospitals to reduce overhead and provide quality ser-



THE ENTERPRISE / Lisa Lieberman
Jack Say asks a question as his wife, Gwen, looks on during last week's Selma District Hospital meeting on the proposed sale of Selma District Hospital to Adventist Health.

vices."

The idea is that large networks of hospitals can buy supplies in bulk at cheaper rates and negotiate better rates with Health Maintenance Organizations

(HMOs) and insurance companies than smaller district hospitals can, Glaser said.

With a \$1.8 billion gross revenue
■ Please see SDH, Back page

The Selma Enterprise



VOLUME 113, No. 3

SELMA, CALIFORNIA

50 CENTS

+

CALIFORNIA STATE SALES TAX INCLUDED ■ COPYRIGHT 1998 ■ COMMUNITY NEWSPAPERS, INC.

School districts blast new standardized tests

By Lisa Lieberman

ENTERPRISE STAFF WRITER

A recent mandate from the California state legislature that requires all school districts in the state to administer uniform standardized tests this spring has several school districts up in arms.

For the first time in more than four years, the state's 1,028 school districts will test students in the subjects of reading, writing, math, science and history using the same test.

"This just doesn't make any sense," said Dr. John Cruz, superintendent of

Fowler Unified School District (FUSD). "Just because a student can't answer the question, 'What's two plus two?' in English, doesn't mean he doesn't know what two plus two is. It just means he doesn't understand the question in English."

The State's Standardized Testing and Reporting Program (STAR) will require all districts to administer the Standardized Achievement Test version 9 (SAT9) to all students in grades 2-11. Even students who don't speak English will be required to take the test.

This is the first time in California history that schools must give Limited English Proficient Students (LEPS) standardized tests in English. Previously, they were allowed to take tests in another language.

In fact, this year, such students may opt for the test in their own language but will still be required to take the English-language version.

"I'm not against assessment or state-wide testing," Cruz said. "But you have to put yourself in (the limited English speaker's) shoes. It would be the same as

us taking a test in Vietnamese. All we could do is sit there and look at it."

The state's reasoning is 42 percent of its annual budget, or \$30 billion, is spent on education, and the state wants to make school districts accountable for the money they're receiving, said Bill Lucia, executive director of the California State Board of Education.

"The state decided that, at a time when California is at the bottom of the barrel in the nation in reading and math scores, taxpayers want to know how kids are doing on basic skills tests.

"When the teacher shuts the door in the classroom, we don't know what's going on in the classroom and there's no way to know unless we compare all classes by using the same standardized test," he said.

With the test, the state will not only be able to compare third graders in Eureka to third graders in Fresno, for example, but will also be able to compare third graders in different classes in the same school Lucia said.

District hospitals:

Reality in the South Valley

(Editor's note: This is the second part of a three-part series on the Selma District Hospital board's consideration of a sale to Adventist Health. The series will conclude next week prior to the regular July 28 meeting of the SDH board of directors.)

By Lisa Lieberman

ENTERPRISE STAFF WRITER

The old American adage that bigger is better may very well be true.

In order to be bigger, however, you have to think bigger, at least according to Dan DeSantis, administrator of the Sierra Kings District Hospital in Reedley.

While other hospital administrators have downsized, re-engineered and tried to cut costs, DeSantis has expanded services, doubled personnel and added new equipment over the last five to 10 years.

The hospital has expanded its emergency room hours, added more physical therapists, a mammography service, laproscopic surgery, a new skilled nursing unit and has increased the payroll from 75 employees to 160 employees in the last decade in the hopes of increasing overall net revenue.

The extra investment may have seemed like a gamble in an era of declining reimbursements from health mainte-



nance organizations (HMOs) and insurance companies. But in a way, DeSantis's philosophy of expansion in an atmosphere of seeming scarcity is like looking at a glass of water as half full instead of half empty.

"If you come to a community and say we're going downhill, the ship is going to sink, (then) the ship is going to sink, but if you say we're headed for the stars, you're headed for the stars," DeSantis said.

Money well spent

And it seems the hospital's investment has paid off.

Sierra Kings has not only managed to stay afloat but has actually made money for the past 13 years. From 1992-97 the facility has averaged \$300,000 per year in net revenues.

"I always said that the community voted to assess themselves a \$750,000 bond issue in 1960 and we return to the community that much in payroll every

two months," DeSantis said.

The hospital cuts checks for \$400,000 every month in payroll.

Sierra Kings was also named as one of the top 100 hospitals in the country in the November 1994 issue of *Modern Health Care* magazine. The magazine evaluated 4,000-5,000 hospitals nationwide on the basis of clinical, financial and management performances in determining its top 100 picks.

The success of Sierra Kings seems to be more the exception than the rule in the Central San Joaquin Valley where hospitals like Corcoran, Avenal and Kingsburg District Hospitals have gone into bankruptcy and either closed their doors or almost closed their doors.

For Selma District Hospital (SDH), Sierra Kings could be an interesting model to examine since SDH is now faced with a \$4.2 million debt and a possible buyout offer on the table in future months from Adventist Health, which is now managing the hospital.

The secret of Sierra Kings' success is threefold, according to DeSantis: A long-term administration, community support and a strong medical staff.

DeSantis has been with the hospital for almost 11 years in an industry where

SDH:

FROM PAGE ONE

the average stay of a hospital administrator is only four and a half years. And in a health care industry where laws and regulations are forever changing, it stands to reason that it's important for a hospital to have an administrator with continuity of vision to steer a hospital along course.

One of DeSantis' first moves when he became administrator at Sierra Kings was to expand the hours of the emergency room from night and weekend hours to seven days a week, 24 hour a day.

"This was a critical point because doctors said, 'You can't do that,' but we said that this was a way of keeping business in town," DeSantis said.

Immediately after the change, the patient volume in the emergency room increased from 300 to 600 visits per month. This increased confidence in the hospital, and local doctors got more business from patients who stayed in town rather than going to Fresno.

The next step for the hospital was to try to recruit new physicians. But recruiting young, talented doctors to a rural area made for challenging work.

"I learned one thing early in my career, and that's that hospitals don't have patients. Doctors have patients and hospitals have doctors," DeSantis said.

So DeSantis tried to entice doctors to Reedley by building four medical buildings with 18,000 square feet of space on hospital property in 1991. The hospital then offered doctors the opportunity to buy or lease the buildings.

By having the medical offices right at the hospital, doctors were much more likely to send their

patients to the hospital's lab for tests rather than to Fresno.

"Instead of saying, 'Get in your car and drive to Fresno,' doctors could say, 'Just walk across the lawn and get your tests,'" DeSantis said.

Capital investment push

In 1993 Sierra Kings added another 5,000-square-foot building to accommodate another local physician who wanted more space and to be closer to the hospital. Next came a 4,200-square-foot physical therapy building.

Currently, Sierra Kings is in the process of building a 9,000-square-foot birthing center and a 6,000-square-foot office building for an obstetrician/gynecologist. The projects should be completed this year.

At the time Sierra Kings decided to do the construction, the hospital had a \$2 million debt. They refinanced that debt with a \$5 million revenue bond issue which also covered the birthing center and the physical therapy building. An additional \$2 million loan was taken out for a new computer system and equipment for the birthing center. And a final \$2

million loan at 4.5 percent interest was obtained from the U.S. Department of Agriculture for the construction of the 6,000-square-foot medical office building adjacent to the birthing center.

Currently, the hospital delivers 70 babies a month, but with the addition of the birthing center DeSantis expects an immediate increase — up to 100 babies a month — and projects that within five years the hospital will be delivering 150 babies a month.

DeSantis saw building a birthing center as a moneymaking venture and an appropriate response to the rapid population growth in the San Joaquin Valley. Reedley, with a population of 20,000, has recently surpassed Sanger as the third largest city in Fresno County.

Another prong to the hospital's success is that DeSantis has also worked on recruiting specialists to come to the hospital. The hospital now has a wide variety of 62 physicians including orthopedic surgeons, cardiologists, urologists and gastroenterologists who come out to the facility on a regular basis.

Part of Sierra Kings' luck in recruiting new doctors and specialists and attracting new patients may have had something to do with its proximity to Fresno and other Valley towns like Parlier.

Facilities like Corcoran and Avenal District Hospitals haven't been so fortunate.

Looking around the San Joaquin Valley

Avenal District Hospital in neighboring Kings County, built in the 1940s, closed its doors in 1992 and filed for bankruptcy in 1994 because it was unable to pay taxes and the federal government had a \$2 million lean on the district's

hospital property.

Now the district is fighting to keep the community's ambulance service. In what used to be the hospital building, a private businessman now runs a rural health clinic.

Kings County's Corcoran District Hospital (CDH) is also in dire economic straits and has been struggling under the weight of a \$1.3 million debt and a low census count at the hospital.

Like SDH, Corcoran has also sought outside help to explore improving the hospital's financial health.

Adventist Health, owner of Hanford Community Medical Center, purchased Corcoran's rural health clinic a number of years ago for \$50,000, which helped reduce some of Corcoran's operating costs. Recently, Adventist Health offered to purchase the hospital outright. But the Adventist proposal would have converted the acute care facility to an urgent care facility. This would have meant that Corcoran would no longer have had an emergency room.

"Adventist would not have allowed ambulances to go to the hospital, since they would have eliminated the emergency room. This was unacceptable to most of the citizens in the community. The nearest hospital is 18 miles away (in Hanford) and just two or three minutes can make the difference between life and death," said Jeff Martinez, CDH chairman of the board.

In addition to that, about 90 out of the 100 jobs at the hospital would have been lost had the hospital switched from an acute to urgent care facility.

"We felt that a loss of 90 jobs in a small community like Corcoran, which was already

impacted by El Nino, was going to be extremely hard and wouldn't be a good thing for Corcoran," Martinez said.

Although Corcoran was reluctant to sell to Adventist, they knew they had to do something. So the CDH board voted June 30 to enter into an agreement with Brim Healthcare, based in Portland, Ore., to manage the hospital for the next six months in order to try to bring the hospital's finances up to speed.

The deal is that for \$15,000 a month, Brim Healthcare will manage the hospital and supervise day-to-day hospital operations, including billing.

In many ways, the arrangement Corcoran made with Brim Healthcare is similar to the one Selma District Hospital has with Adventist Health. The idea in both cases is to bring in an outsider to manage the facility, improve efficiency and increase revenue.

The decision to sell

Now Selma is thinking of taking the next step — to sell to Adventist. Although Corcoran decided it wasn't in the best interests of the community to sell to Adventist, according to what Adventist Health officials say, Selma is a different situation. Adventist Health has promised to expand, not decrease services. They say they have no plans to lay off employees through a purchase arrangement and have said they

intend to invest more capital in technology at the local hospital.

Still, some Selma residents worry that if Adventist buys SDH and it doesn't turn a profit, Adventist may either cut services or walk away from the hospital altogether.

West Side District Hospital in Taft, which is a small stand-alone rural hospital outside of Bakersfield, also had some of these same concerns but recently decided to sell to Catholic Healthcare West, one of the largest health care systems in the country.

West Side hadn't been losing money, but with some of the upcoming line items in the state budget West Side decided that now would be a good time to either sell or find a stronger partner.

As a 21 acute-bed facility, West Side had been doing a good job standing alone. But the challenge of being a small rural hospital is that revenue tends to fluctuate — sometimes it's up, sometimes it's down. Average net revenues have been \$100,000 per year. But revenues have fluctuated as much as a net loss of \$450,000 a year to a net gain of \$550,000 in the past few years, according to Margo Arnold, West Side's administrator.

West Side has done just about everything to cut costs, Arnold said. The hospital cut back on supplies, administrative help, and reduced the administrator's salary

by \$20,000.

Now, there isn't any more fat to trim.

"We cut back as much as we could on administration, and there's no place left to cut, unless we cut patient care and we're not going to do that," Arnold said.

West Side is making money, but still has an outstanding \$4 million debt on a \$4.9 million revenue bond it took out in 1990 to remodel its emergency room and create some long-term care beds.

Catholic Healthcare West has agreed to pay \$2.2 million toward the debt and shoulder the rest of the debt until the district can pay them back.

Taft residents had been concerned about losing local control of their hospital to the large health care organization. But as part of the contract, Catholic Healthcare West has agreed not to change any core services for at least three years. After that, the West Side district must be allowed to take part in any decision making if the new owners want to make major changes.

Also, if Catholic Healthcare decides to sell the hospital, the agreement is that the district gets first right of refusal.

Taft residents realized entering the deal that these provisions are no guarantee the hospital will still be in the community, in its current form, 20 years from now. But in the topsy-turvy world of the health industry, Arnold said it offers some degree of assurance.

June 10, 1998

The Selma Enterprise



VOLUME 113, No. 11

SELMA, CALIFORNIA

50 CENTS

CALIFORNIA STATE SALES TAX INCLUSIVE

Districts take 'wait and see' approach to 227

By Lisa Lieberman

ENTERPRISE STAFF WRITER

For Selma Unified School District, the passage of Proposition 227 means there may be fewer bilingual classes and more than 1,000 elementary schoolchildren may not receive new Spanish textbooks this year.

In last week's primary, Proposition 227, which mandates English immersion classes for limited English speakers, passed with a 60 percent majority statewide.

In Selma, where 35 percent of the student body is limited English proficient, district officials are taking a wait and see attitude to what exactly the new law will require.

However, board members earlier this spring voted to not purchase new Span-

ish-language textbooks pending the primary election. They have said they plan to revisit the issue now that the proposition has passed.

As the proposition reads, school districts must now instruct all students in English unless their parents request waivers for them to continue in bilingual classes.

The proposition's backers said that bilingual education in California has failed. They maintained bilingual classes have been too costly and that students either take too long to learn English or never learn English at all.

Opponents, meanwhile, said that limited English speakers need bilingual classes to avoid falling behind in their other academic subjects while they are learning English.

With two months to go before school starts, districts are busy scrambling to figure out how to deal with the changes the new law could bring. The state, however, is urging districts not to take "any precipitous action" and dismantle any bilingual programs until the state has a chance to set some guidelines.

"The just-passed initiative provides for a transition period of at least 60 days, and I will be contacting school districts within the next few weeks with preliminary guidance on this issue," said Delaine Eastin, state superintendent of public instruction for the California Department of Education.

In Selma, there are 37 bilingual classes in grades K-6, according to Ed Marks, SUSD's special projects director.

■ Please see Prop. 227, Back page

Prop. 227:

FROM PAGE ONE

Marks said that last year, only 11 percent of the eligible 1,193 limited English speakers in bilingual classes were redesignated as fluent speakers and transferred into mainstream classes.

SUSD Superintendent Steve Bojorquez said in a previous interview that if the initiative passed, there most likely would be a reduction in bilingual classes, but that some bilingual programs would continue.

"In some cases, the initiative is going to significantly reduce the number of bilingual classes, but it's not going to eliminate them," said Bojorquez.

He also said that there could be some alternatives to bilingual classes, including immersion and newcomers program. Newcomers is a pilot program at Eric White Elementary School in Selma that focuses specifically on teaching children English while giving them the practical skills they need in order to survive in a new country.

The program is open to students throughout the district and serves children mostly in third through sixth grades.

Preliminary evidence shows that these classes work just as well, or better than, bilingual

classes, Bojorquez said.

It will be three to four weeks before the district can bring a plan of action to the school board for any changes to this year's curriculum.

Washington Elementary School in Selma, where more than 50 percent of the students are limited English speakers and most of the classes are bilingual, could be one of the schools in Selma most affected by the initiative.

"If this initiative becomes operational, I think it will be very difficult for all districts. Districts aren't used to making radical changes in such a brief period of time. It takes a long time to develop curriculum for kids," said Peggi Adams, Washington principal.

Under the new law, parents of limited English speakers will be able to request waivers for the children to remain in bilingual classes. If the parents of 20 or more students in a given grade level request the waiver, school districts must either provide a bilingual class or release the students to attend schools in other districts.

Bojorquez said that it's too early to say how many requests for waivers the district would get

and whether the district would continue providing bilingual classes based on parent requests.

The issue of whether students learn best in bilingual classrooms or English-only environments has been, in general, a hotly debated topic among California educators for the past decade.

Kevin Clark believes that a correctly executed English-only approach works better than bilingual education.

Clark is a director of Clark Consulting group, a Valley-based independent company that de-

signs, implements and evaluates educational programs.

A former bilingual teacher himself, Clark said that students did learn English in his classes, but "not as rapidly as I would have liked."

Bilingual students only receive an average of a half-hour instruction in English a day in their bilingual classes, Clark said.

This just isn't enough, he said.

"For many kids, the only English they're hearing is at school. They watch Spanish TV at home. Their friends are speak-

ing in Spanish. Their family is speaking Spanish, and the traditional assumption that kids are learning English outside of school is just not true," said Clark.

In short, he said, "it's hard to learn English if you're not learning English.

"Common sense tells you that the more English you're taught, the more you'll learn it."

Typical research suggests that it takes bilingual students between four and 10 years to learn English effectively, said Clark. But students who are placed in intensive English programs can learn fluent English in one to three years, said Clark.

Last year, Clark's company evaluated a pilot program, similar to the type the proposition proposed, in the Orange Unified School District (OUSD), where the district intensified its English-only instruction with 4,500 limited English Speakers. At the end of one year, 50 percent to 75 percent of the limited English speakers were ready to go on to mainstream classes, said Clark.

Clark said that the new law is more aggressive than the OUSD. The difference: OUSD made allowances for students who needed further language development to continue with the sheltered immersion program after one year, while Proposition 227 allows students only 180 days of "sheltered immersion English" before they are transferred into mainstream classes, whether they learn English or not.

Theoretically, the proposition also cleared the way for placing

students of different ages and grade levels in one class based on English-language fluency.

Problems with placing kindergartners and sixth graders in the same grade level could hold back some students academically, but Clark said that in general, California is on the right track by focusing its approach toward English-only instruction.

Part of the problem in successful bilingual programs in California is a shortage of qualified teachers, up to 25,000 deficient, Clark said.

A single district could have a plethora of bilingual, immersion and mainstream classes, wherein some students are taught in English one year and the next year they're taught in bilingual classes, he said. This "hopscotch approach" means that students don't really learn English or their native languages.

"They're not getting the Spanish or the English they need because the programs don't give kids enough of any one language to make a difference," said Clark.

"What we find is that across the nation, there are very few school districts that have been willing to commit to a way of educating limited English speaking kids and do it properly. California has been caught up in an ideological vacuum," said Clark. But by being forced into using only one approach — the English only approach — California should be able to find out for better or worse, which works best: bilingual education or English-only instruction.

Selma examines SDH proposed sale

Selma Aware forum kicks off local debate

By Lisa Lieberman

ENTERPRISE STAFF WRITER

To a standing room only crowd, Adventist Health officials tried to convince about 100 Selma residents last week that selling Selma District Hospital (SDH) to them would be the best thing in the long run for the community and the hospital.

The public forum, held Wednesday, June 24 at the Cultural Arts Center in Selma and sponsored by Selma Aware, was the first in a series of public meetings planned to discuss the issue.

Adventist Health is based in Roseville and sponsored by the Seventh-day Adventist Church. The organization has been managing SDH for about the past year.

Encumbered by a \$5 million debt and a steady loss in revenues since 1991, proponents of the sale say selling the hospital to Adventist is a way to save the floundering hospital in a managed health care industry where small district hospitals are falling by the wayside and larger health organizations are taking over.

The bottom line is it's getting harder for small hospitals to make money, said Terry Curley, who recently resigned as SDH executive director.

"We're losing money because payers are paying less. Patients are staying in the hospital fewer days and coming in sicker than ever before," Curley said.

The hospital only fills about 20 of its 57 beds compared to 30 beds five to eight years ago, Curley said.

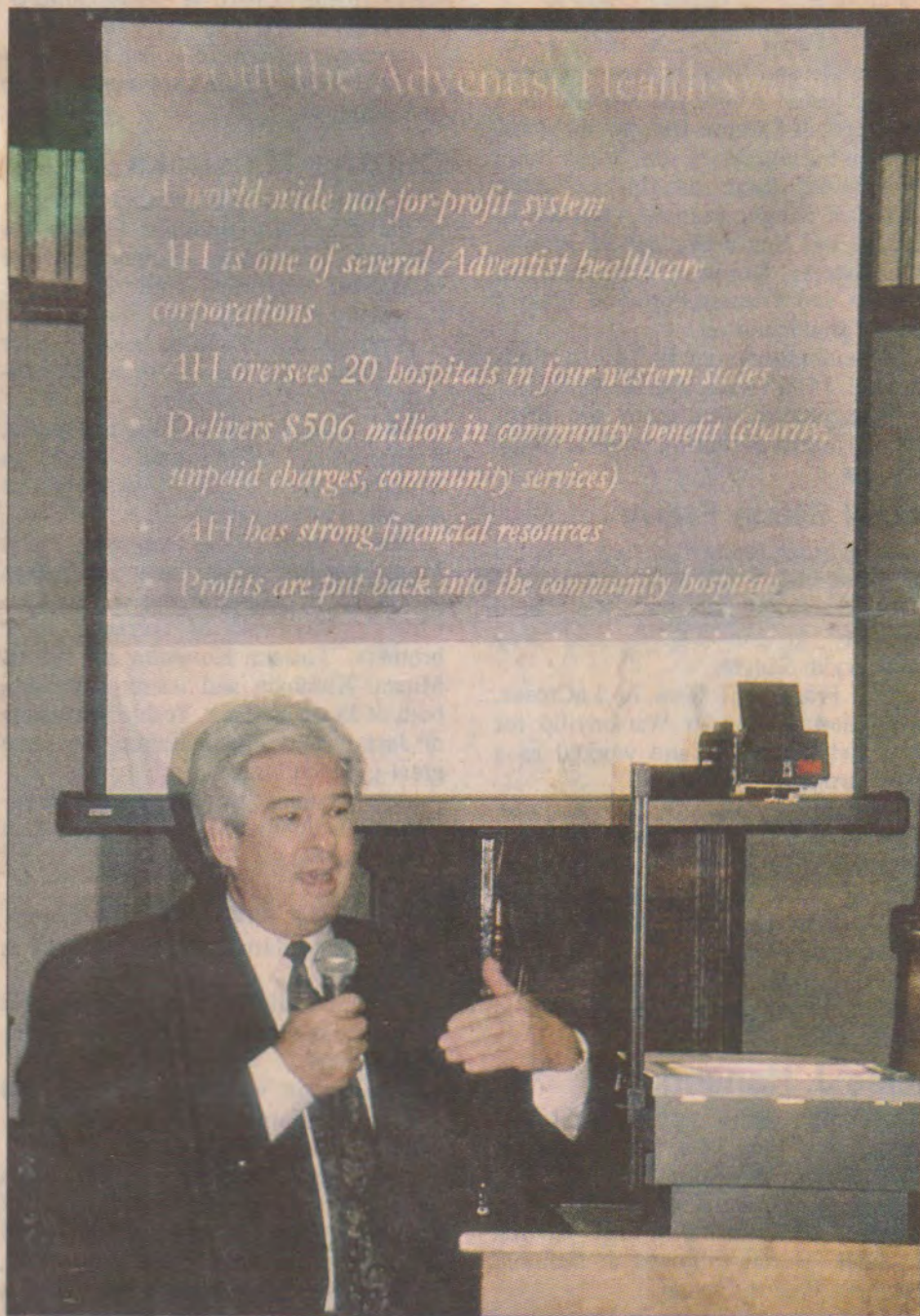
The SDH board had announced its decision in May to seek a possible sale of the hospital to Adventist in the hopes of saving the hospital from eventual closure.

There are no offers on the table right now.

"We're just in the dating phase. They're seeing how they like us, and we're seeing how we like them," said Roger Rieger, vice president of Adventist Health, who spoke at the meeting.

So far, Adventist has hired Ernst & Young LLT, an independent accountancy firm, to help determine a fair market price for the hospital's facilities. Since

■ Please see SDH, Back page



THE ENTERPRISE / Carlo Chavez

Roger Rieger, vice president of Adventist Health, makes his pitch to Selma residents last week. Adventist Health may buy Selma District Hospital.

“ We're losing money because payers are paying less. Patients are staying in the hospital fewer days and coming in sicker than ever before.

— Terry Curley
Former SDH executive director



SDH:

FROM PAGE ONE

SDH is a public district hospital, Selma voters must approve the measure by a majority vote in a general election before any sale can take place.

The election is targeted for November. If the sale goes through, SDH will no longer be an independently run district hospital, but will be part of Adventist Health's 22 hospitals throughout the U.S. Locally, Adventist operates Hanford Community Medical Center and recently purchased Central Valley General Hospital, also in Hanford.

Some residents at the meeting raised questions about how any proposed sale would affect jobs at the hospital and the Selma Cultural Arts Center, which is owned by the district. Rieger said he has no plans for any layoffs at the hospital. There will be some changes this August as a result of recent reengineering, which Rieger said has nothing to do with a possible sale to Adventist.

As for the arts center, Rieger said Adventist has no plans to

"tear it down," but that eventually the arts center could be used for medical purposes.

Under the current management contract with Adventist, SDH pays Adventist \$10,000 a month for various administrative services including accreditation assistance, clinical support, human resources, nursing and physician recruitment. During the last year, Adventist moved SDH's business office from Selma to Hanford in order to simplify billing processes. The move brought significant savings to the district. If Adventist buys SDH, more services could be centralized, too, Rieger said.

"But this doesn't mean that Selma residents would be going to Hanford or that Hanford residents would be going to Selma," Rieger said.

One of the advantages of a possible sale is with its \$1.8 billion annual gross revenue, Adventist will have the resources to help bolster SDH medical technology to attract new physicians. Adventist would also be able to

help SDH refinance its debt for a lower rate and save about \$160,000 per year on interest charges, Curley said.

Selma City Councilman Dennis Lujan isn't so sure about a sale to Adventist. Lujan was born in Selma and his two sons were born in SDH, so for him the idea of giving up ownership of the district hospital is an emotional as well as a financial issue.

Lujan proposed the possibility

that the district could increase taxes and continue to run the hospital itself. Currently, the district hospital receives \$60,000 a year in local taxpayer support, which is only one half of one percent of the hospital's \$14 million yearly operating budget. To meet anticipated operational needs, it would take an increase in taxes anywhere from \$500,000 to \$1 million, which residents might not be willing to pay, Curley said.

The Selma Enterprise



VOLUME 113, No. 3

SELMA, CALIFORNIA

50 CENTS

CALIFORNIA STATE SALES TAX INCLUDED ■ COPYRIGHT 1998 ■ COMMUNITY NEWSPAPERS, INC.

School districts blast new standardized tests

By Lisa Lieberman

ENTERPRISE STAFF WRITER

A recent mandate from the California state legislature that requires all school districts in the state to administer uniform standardized tests this spring has several school districts up in arms.

For the first time in more than four years, the state's 1,028 school districts will test students in the subjects of reading, writing, math, science and history using the same test.

"This just doesn't make any sense," said Dr. John Cruz, superintendent of

Fowler Unified School District (FUSD). "Just because a student can't answer the question, 'What's two plus two?' in English, doesn't mean he doesn't know what two plus two is. It just means he doesn't understand the question in English."

The State's Standardized Testing and Reporting Program (STAR) will require all districts to administer the Standardized Achievement Test version 9 (SAT9) to all students in grades 2-11. Even students who don't speak English will be required to take the test.

This is the first time in California history that schools must give Limited English Proficient Students (LEPS) standardized tests in English. Previously, they were allowed to take tests in another language.

In fact, this year, such students may opt for the test in their own language but will still be required to take the English-language version.

"I'm not against assessment or state-wide testing," Cruz said. "But you have to put yourself in (the limited English speaker's) shoes. It would be the same as

us taking a test in Vietnamese. All we could do is sit there and look at it."

The state's reasoning is 42 percent of its annual budget, or \$30 billion, is spent on education, and the state wants to make school districts accountable for the money they're receiving, said Bill Lucia, executive director of the California State Board of Education.

"The state decided that, at a time when California is at the bottom of the barrel in the nation in reading and math scores, taxpayers want to know how kids are doing on basic skills tests.

"When the teacher shuts the door in the classroom, we don't know what's going on in the classroom and there's no way to know unless we compare all classes by using the same standardized test," he said.

With the test, the state will not only be able to compare third graders in Eureka to third graders in Fresno, for example, but will also be able to compare third graders in different classes in the same school, Lucia said.

The state has no plans to penalize

FROM PAGE ONE

districts that score poorly on the test, but Cruz is worried that districts like Fowler, with relatively high numbers of limited English-speaking students, will be compared unfavorably to other districts.

Limited English-speaking students account for about 35 percent of Selma Unified School District's student body. Fresno Unified School District has a limited English-speaking student census of about 25 percent. The state's average is 25 percent.

"There's been no (policy) about sanctions at this time. But if you look across the U.S., you can see more states are looking at scores as a means of punishment. It's not here in California yet, but my sense is that it's not far off," said Cruz, who could not provide examples of states that have imposed monetary penalties upon such districts.

California has a history of using cash incentives to motivate school districts to do better on tests, said Cruz. During Gov. George Deukmejian's tenure, the state tried a "Cash for California Achievement Program (CAP)," where districts received additional moneys for high test scores, said Cruz.

The state is neither looking at test scores as a means for rewards or punishments, but districts could still be adversely effected by low test scores, said Don Collins, assistant superintendent of education services for Fresno County Office of Education.

"This won't hurt district(s) directly, initially. But negative press (about low test scores) always hurts in some way or other, whether districts try to pass

a bond to build new facilities or promote new educational facilities, and the press is reporting that kids are doing worse and scores are lower," said Collins.

In Kingsburg, Ron Allvin, superintendent of Kingsburg Charter Elementary School, said he has no fears of being monetarily penalized because of test scores and, in general, favors the idea of having a standardized test. In his district, about 10 percent of the students are limited English speakers.

"I approve of accountability and I approve of a test, but not necessarily this test," said Allvin.

The problem with the SAT 9, according to Allvin is that while the state has settled on a test, it has not agreed on all the standards by which students should be tested.

"Right now, Sacramento doesn't have its act together. This is not a test that tests teaching because the state hasn't come out with standards yet. If you haven't got a goal to shoot for, how can they test you on a goal when you don't have a goal? How is that logical?"

So far, the state has passed standards for math and language arts, but hasn't yet finalized standards for science and history. By state law, the new standards must be presented to the state board of education in November, according to Mark Ford, director of curriculum, special projects and personnel at Kingsburg Elementary Community Charter School District.

Many administrators say that expecting students to take tests when not all of the state standards are out is unfair and is "putting the cart before the horse."

Dr. Steve Bojorquez, superintendent of SUSD, said that the test could change several times over the next few years, adding more confusion to districts.

But Lucia said that administrators have nothing to worry about now, since the SAT9 is already two to three levels below each grade level, which means that the test is already much easier than it should be. "As the state standards develop, the test is only going to get harder," said Lucia.

Some school districts are so adamantly opposed to the new test as it stands now, that they are alerting parents of limited English speakers of their options.

In Los Angeles Unified School District, for example, letters have gone home to the parents of limited English speakers informing them of their legal right to request waivers so that their children won't have to take the test.

San Francisco Unified School District (SFUSD) is refusing to administer the test to limited English speakers. The district has filed a lawsuit against the state in federal court, saying that the test violates the civil rights of the 5,700 students in San Francisco who have little or no English by forcing them to take a test in a language they don't understand.

"Thirty years ago, there were some legal cases because some (limited English speakers) were improperly evaluated as stupid and put into special education classes," said Sandina Robbins, spokesperson for SFUSD.

Unless a federal judge intervenes, the state will spend \$9 million to give English tests to 1.4 million students who don't understand English, according to Kyra Emanuels, legislative aid for Rep.

Carole Migden, D-San Francisco.

"We're going to spend \$9 million of taxpayers' money to tell us what we already know: that these kids don't speak English properly," said Emanuels.

School districts are going to be reimbursed about \$6.65 for each test students take, but districts are still going to have to spend money out of pocket to administer the tests.

In Selma, Ed Marks, director of special projects for SUSD, estimated that it could cost Selma \$2,000-\$3,000 annually to administer the tests for district's 5,000 students.

Migden has proposed a bill — AB 1815 — that would allow the standardized test to be given in students' native languages and exempt limited English speakers to testing in English for the first 30 months of instruction. So far, the bill has passed the education committee.

Dr. Peter Mehas, superintendent for Fresno County schools, opposes any boycott of the state's test, although he acknowledges that Fresno County may be at a disadvantage because of the county's high migrant and limited English-speaking population. But for districts to pick and choose which students should take the test and which ones shouldn't, skews the data, he said.

One alternative could be for all students to take the test and for districts to attach letters of explanation to the state detailing the numbers of limited English

speakers in their districts, said Mehas.

Yet, "Do I like it? Is it perfect? The answer is no," said Mehas of the mandate. "But we need to be able to do something to justify all the money the state has spent for class-size reduction. The legislature is holding our feet to the fire on this one. How can we say anything significant without test scores?"

June
24/1998

The Selma Enterprise



VOLUME 118 No. 15

SDH:

Establishing the baseline for the commur

Jun
Tr
of S
To
June

(Editor's note: This is the first of a three-part series on the Selma District Hospital board's consideration of a sale to Adventist Health. The series will continue next week and conclude July 22 prior to the regular July 28 meeting of the SDH board of directors.)

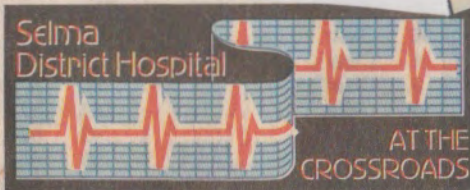
By Lisa Lieberman

ENTERPRISE STAFF WRITER

Some people say the only way to save Selma District Hospital (SDH) from financial ruin and eventual closure is to sell the small rural hospital to Adventist Health, the billion dollar health system now managing the facility.

Figures like a \$5 million debt have been floating around in the public about SDH. But the actual financial state of the hospital may not be that bad.

The real debt of the hospital is \$4.2 million, according to Rick Rawson, chief financial officer for SDH and Hanford Community Medical Center, an Adventist Health facility located in neighboring Kings County. Close to \$800,000 has



already been paid against the original \$5 million bond taken out in 1986, Rawson said. The bond was used to pay for construction of the information services building and the addition of the wing where the emergency room is now located.

And even though the hospital has been losing money every year for the last three years, there are still some cash reserves the district can use to pay for services when expenses exceed revenues.

Last year, for instance, the hospital had a net revenue loss of \$400,000, but still has \$100,000 in cash reserves. Next year, the hospital is projecting expenses will increase from \$14.8 million to \$15.2 million.

"But this isn't necessarily bad,

because it means that revenues will increase, too," Rawson said, adding that he expects revenues to increase from \$14.3 million to \$14.8 million next year.

Rawson is also optimistic that the hospital will be able to beef up its cash reserves within the next three to six months.

Right now, there are a number of accounts receivables still outstanding. But with the new billing system that Adventist has helped institute at the hospital, SDH should bring in another \$2.5 million in revenues, and clear between \$1-\$1.5 million once its bills are paid.

With the extra revenues and the additional cash reserves, Rawson is hoping SDH will break even with or without a possible transfer of ownership to Adventist.

"Is it possible to break even? The answer is yes. It's not going to be easy, but it's possible through a lot of the cost savings we've achieved through re-engineering," Rawson said.

■ Please see SDH, Back page

SDH:

FROM PAGE ONE

SDH announced its reengineering plans in April, which included a plan to save approximately \$995,000 per year in salaries and supplies. No specific cuts in jobs were announced at the time, although between six and 12 full-time equivalent positions could be affected by next month, Terry Curley, the former executive director of SDH, has said.

During the last year, Nuclear Medicine was discontinued at the hospital due to low patient utilization of the service. Other than that, no patient services have been affected by the reengineering or the possible impending sale of the hospital to Adventist, said Ed Palacios, SDH acting chief executive officer and director of patient services.

While hospital employees say patients are still receiving the same level and quality of care, many of them say employee morale. Some of them said they feel overwhelmed by the changes.

After the reengineering plans were announced, both of the hospital's full-time pharmacists left citing plans calling for a reduction

in the hours of the pharmacists' technicians.

"As a result of the reengineering process, I don't feel comfortable continuing employment here at the hospital," said Jim Reinhart, one of the pharmacists.

Reinhart declined further comment.

Cal Klassen, the other pharmacist who left, declined to comment on the pharmacy situation at SDH. The hospital now relies on a registry to staff its pharmacy during the week and on weekends.

"There is no pharmacist in charge," said one SDH employee, speaking on condition of anonymity. "Every facility needs to have a pharmacist in charge."

"There's about \$1 million worth of (pharmaceuticals) going in and out of the pharmacy all year," the employee said. "You can't get all the drugs you need on the outside for the operating room, surgeries and acute emergencies."

Palacios was unavailable at press time to comment on the pharmacy issue.

Meanwhile another employee, also speaking on condition of

anonymity, said many of the nurses are disgruntled, too. She said nurses are no longer getting paid overtime for working 12-hour shifts in a time when more nurses are putting in overtime to compensate for general short-staffing, especially among registered nurses.

Palacios has said to the best of his recollection there have been no diversions from the hospital, except for the time a CT scanner was temporarily out of order earlier this month. But employees recall two times earlier this year when ambulances were diverted from the emergency room because the hospital was too short-staffed.

The problem with short-staffing was one of the reasons, Twila Smith, an RN who worked at SDH for 10 years, ended up leaving the hospital.

"Selma does good care, but I felt that care was in danger," Smith said. "I felt that I could not give the best quality care that I could give because I was spreading (myself) over too large of a patient load with no back up to support me."

Smith said at times she was

given eight to 12 patients at a time to take care of, which is more than she thought was safe.

Smith said another problem developed in the medical/surgical unit when the shift coordinator after 3 p.m. transferred to another department and wasn't replaced. The shift coordinator is responsible for acting as an "extra pair of hands" and either filling in on the floor or redirecting resources in the hospital when RNs get overwhelmed and need help.

"No one was running the place from 3 p.m. to 7:30 p.m., so the nurse on med/surg with the most experience had to do it, in addition to (handling) an already high patient care load," Smith said.

Despite some RN complaints about short-staffing, Patti Kelly, the service coordinator responsible for employee development, says there hasn't been a problem with staffing right now. She said there are more full time RNs on staff now than there were six years ago: She said there are 36 full- or part-time RNs now as opposed to 32 six years ago.

Kelly said the turnover rate at the hospital is also relatively low — only 11 percent compared to the state average of 10.3 percent.

Right now the hospital is working on recruiting nurses for the emergency room and the Ob/Gyn department, Kelly said.

Admittedly, it isn't easy recruiting for these type of specialty positions because Selma must compete with larger and often higher paying hospitals in

Fresno. And herein lies the crux of the main problems at SDH, according to Anne Peterson, the former director of nurses at SDH: There are too few nurses and too many hospitals competing to recruit them. At the same time, small district hospitals like Selma are struggling to keep their heads above water and are having to consolidate personnel hours and duties through various reengineering processes.

Peterson worked at SDH from 1977-95 and served as director of nurses from 1981 until she left the hospital. She now works as a service integrator for long-term care at Community Health Systems in Fresno. She has been part of

reengineering herself and has also helped reengineer hospital departments.

"I've been on both sides of the fence, and I can tell you that no one likes change. But reengineering is something that is happening everywhere. Right now the hospital is in a financial situation where something has to be done about it. And a lot of people aren't happy about it," Peterson said.

The Selma Enterprise



SELMA, CALIFORNIA

50 CENTS

'95/5' raises questions about budgets

Proposition aims to spend more money on students

By Lisa Lieberman

ENTERPRISE STAFF WRITER

On the surface, the idea behind Proposition 223, popularly known as "95/5," seems simple: Spend more money on students and less on administrators.

If the initiative passes, districts will be required to direct 95 percent of expenditures to students and no more than 5 percent on administration. The Children's Rights 2000 organization, based in Santa Monica, is the initiative's author.

This sounds like a good idea to many parents and teachers. And presumably, 95/5 could shift between \$700 million and \$1 billion directly into the classrooms.

But almost every school district in California, including Selma's and Fowler's, is opposed to 95/5. They say that if the initiative passes, it's going to end up hurting instead of helping schoolchildren because of potential fines districts will have to pay if they can't meet the 5 percent mandate.

There are also still many questions about what expenses would be covered by the 95 percent and what would be covered by the 5 percent.

"What's going to happen to schools that do not fall within the 5 percent is that they are going to be fined \$200 per

■ Please see '95/5', Back page

'95/5':

FROM PAGE ONE

student," which could equal about \$1 million a year for Selma Unified School District, according to Jennifer Looney, assistant superintendent instruction/personnel. Looney is also president of the Association of California Schools Administrators (ACSA).

Right now, SUSD spends 6.02 percent of its budget on administration, according to Superintendent Steve Bojorquez.

"If this [initiative] passes, it's going to be very, very difficult for a lot of districts [to meet the 5 percent mandate], especially small districts because of their economies of scale," he said.

Looney fears that the money from small districts' fines will be funneled directly to larger school districts like Los Angeles, which is where the initiative originated.

But the idea that Los Angeles is going to benefit from penalties levied on small school districts is mistaken, according to Tyrone Vahedi, author of the initiative and executive director of Children's Rights 2000.

Los Angeles Unified School District (LAUSD) spends 7.9 percent of its budget on administration. If 95/5 passes, LAUSD will be hard pressed to shift \$70 to \$90 million out of administration and back into the classrooms, said Vahedi.

"Los Angeles is going to have a noose around its neck," said Vahedi.

As for smaller school districts, Vahedi said that at least 40 small school districts spend less than 5 percent on administration. Districts that don't meet the 5 percent may still be protected from penalties by state waivers, if the initiative passes, said Vahedi.

The statewide average on expenditures for school administration is 7.3 percent, up from 6.9 percent a few years ago, said Vahedi.

"The school budget has increased from \$29 billion to \$37 billion from 1995 until now. And that just goes to show that the more money you give to schools,

the more money they spend on administration," said Vahedi.

Vahedi said there are no checks and balances at present to insure that school districts don't spend too much money on administration.

Some districts are spending as little as 2 percent or 3 percent of their budget on administration while the Oakland School District spends 18 percent, said Vahedi.

"There's just no rhyme or reason to this, but what we have found is that in school districts where parents are less involved, the amount the districts spend on administration is much higher," said Vahedi.

Looney agrees that school districts need to be judicious with their spending, but sees the 95/5 initiative as an issue of local control vs. state control.

"This is a personal insult to every school board and every school district because it insinuates that we are not going to monitor systems and hold people accountable and (act) in the best interest of the kids," said Looney.

At Fowler Unified School District (FUSD), assistant superintendent Eric Cederquist said that Fowler falls within the 5 percent objective for administrative costs — right now.

"But that's only because we're building a new school. Next year, we won't be building a new school, and we won't know whether we'll fall within the 5 percent or not," he said.

Looney also has specific questions about what expenses would be included in the 95 percent breakout for students and what would be covered in administration's 5 percent.

In the proposition, the language defines "direct services to pupils" as "all instances where pupils are direct beneficiaries of immediate and unbrokered services."

But it doesn't say whether that includes expenses such as staff development training, bus mechanics, or food services that are contracted outside of the districts.

For instance, bus mechanics don't provide services directly to students, yet they are the ones responsible for keeping buses safely on the road and properly maintained.

"Are we going to tell parents that we can't keep buses on the road because we can't keep them safe for their children?" Looney asked.

Because school districts aren't sure whether staff development would be covered by the 95 percent or not, districts might be less likely to apply for creative grants that would expand staff training, according to Carlos Garcia, superintendent of Fresno Unified School District (FUSD).

"What motivation will districts have to pursue grants if they can't use them?" Garcia asked.

Proponents of the initiative say the above examples are expenditures that would fall under student services at 95 percent of the budget. But this is not spelled out in the initiative.

"There are still a lot of questions to be answered," said Garcia. FUSD spends 6 percent on administrative costs, and if 95/5 passes, it will have to trim \$10 million from its budget, he said.

Ultimately, if the initiative passes, much of the specifics will be decided in court and some of the language will be interpreted by the State Department of Education.

At present, some of the initiative's terms are unclear and would require "subsequent clarification," according to Scott Hannan of the School Business Services Division of the State Department of Education. Hannan has already done some preliminary analysis on the initiative.

He said questions raised by the school districts are "all volatile questions," which he was not prepared to discuss at this time.

But without knowing the answers to these questions, it could be difficult for voters to make up their minds about the initiative on election day.

The Selma Enterprise



VOLUME 113, No. 2

SELMA, CALIFORNIA

50 CENTS

CALIFORNIA STATE SALES TAX INCLUDED ■ COPYRIGHT 1998 ■ COMMUNITY NEWSPAPERS, INC.

SUSD cuts hours, benefits for classified workers

By Lisa Lieberman
ENTERPRISE STAFF WRITER

For years, it's been a trend in both public and private industries to maximize labor while minimizing costs in order to increase the bottom line.

The Selma Unified School District (SUSD) is no exception.

Over the past 14 years, when the SUSD has experienced reductions in funding from the state and federal government, the district has laid off classified employees in order to stay afloat.

But this year, as the budget that covers those employees increased \$16,000 from the previous school year, the district has cut classified employees' hours and benefits — in order to spend more money on student services, according to district officials.

The district is officially laying off

seven classified instructional aides, resource assistants, and library clerks as of June 30. This means that instead of working six to eight hours a day, which legally entitles employees to health benefits, these seven employees will be working no more than 5-1/2 hours daily and will no longer receive health benefits.

Some of these employees have worked for the district for 15 to 30 years and say that after years of dedicated service, they feel that the district is turning its back on them.

"This is really hard on us," said Susan Gonzales, a bilingual aid who has worked for the district for 22 years. "We're going to be working fewer hours and making less money, and we're going to be losing our benefits at the same time, which means that we need to make

more money in order to pay for benefits somewhere else," she said.

Gonzales is married with children and says that her family relies on her benefits as its sole source of health insurance.

Jennifer Looney, assistant superintendent of instruction/personnel at SUSD, said she realizes that this is an emotional issue.

"This was a difficult decision. But we've made reading our No. 1 priority in the district and students have to come first," she said.

She conceded that "It wasn't an easy thing, though, to sit across the table from people who were my personal/professional friends, and tell them they were going to be losing their health benefits — things that were most precious to them."

The district plans to save about

\$6,000 per year per employee, or a total of \$42,000 annually out of the \$1.8 million annual special projects fund, from which these employees are paid. During the 1996-97 school year, the fund was \$1,850,769. For the 1997-98 school year, that amount rose to \$1,866,520.

Ultimately, each school will decide how it wants to spend its share of the money. But \$42,000 could be enough to hire another teacher for the district's reading literacy program, which has been responsible this year for teaching about 60 students how to read — some of whom might have ended up in special education without the program.

Tony Lopez, former president of the California School Employees Association (CSEA), which represents the employees, understands the district's desire to spend more money on kids.

Benefits:

FROM PAGE ONE

give employees 30 days notice of reductions in hours, and that these seven employees were given a two-year grace period when the district originally decided on the cutbacks in 1996.

Carlos Garcia, superintendent of Fresno Unified School District (FUSD), said that cutbacks in classified employees' benefits and positions has been a trend in Fresno County.

"Quite frankly, I'm surprised that Selma hasn't done this sooner," said Garcia.

Eric Cederquist, assistant superintendent of Fowler Unified School District (FUSD) said that in the past 10 years, Fowler has not cut any existing classified employee positions.

"A long, long time ago, all districts were experiencing (reductions) in federal funding. But what we have told our employees is that we will not go below the

number of positions that receive health benefits unless funding sources change dramatically," Cederquist said.

Cederquist said that Fowler's policy comes from its negotiations with its CSEA unit.

Anne-Marie Summers, the current president of Selma's CSEA, said the district's push to reduce the seven employees' hours and benefits was a major sticking point in this year's contract negotiations.

"This was the most difficult part of the whole thing," said Summers.

In fact, the CSEA and the district came to an impasse over the issue and brought in a mediator. In the end, a majority vote of the more than 200 classified employees approved the reductions in hours and benefits of the seven classified employees. At the same time, they also voted to accept the district's offer of an across-the-

board 3 percent raise and to maintain health benefits at existing levels for all other employees who currently receive them.

In short, it was a win-lose situation for the employees, according to Barry Bennett, a labor lawyer in Fresno.

"It's not unusual for some unions to vote in the best interests of the majority of the members, while leaving a few out in the cold," said Bennett.

Carol Prinz, a resource assistant at Eric White Elementary School, who has worked for SUSD for the past 24 years, is one of the employees who feels left out.

At almost 60 years-old, Prinz is in good health, but her husband has heart disease and has been diagnosed by doctors as having two to three years left to live. He relies on his wife's health insurance for medical care. Prinz also has a teenage grandson living

with her who is also covered under her policy.

Prinz would like to find another full-time job outside of the district, one that pays for health benefits. But she says that at age 60, it isn't easy starting over.

"I'm too old to be standing on my feet all day long as a cashier at J.C. Penney. And it's not easy competing against 30-year-olds in the job market. Here at Eric White, when people see me coming down the halls, they smile at me, and think, 'Oh, there goes Carol,' but when I apply for a job, people are seeing the face of a 60 year-old woman, not Carol," said Prinz.

Because of her age, the district has granted Prinz a deal that will allow her to continue working for the next two years with benefits. After that, she has the option to retire early and retain her benefits until she's 65, at which time she'll be eligible for Medicare.

"But it seems like whenever the district wants more money, they come looking to take it out of the classified employees' salaries instead of from the teachers or anywhere else. And we're the lowest-paid employees on the totem pole as it is," said Lopez.

The CSEA has had to fight for benefits every year when contracts are negotiated, said Lopez.

"Every year, they ask for cuts, and every year we fight them," he said, adding that this is the first year the cuts have actually taken place, to his knowledge.

Looney said that cutting benefits in order to spend more money on actual education is a trend in neighboring counties and throughout the state. She also said that the district is only required to

■ Please see **Benefits**, Back page

Some of the other employees are upset at this. They say that they, too, should continue receiving benefits since they are too young for Medicare and yet feel they are too old to look for new jobs.

"It's like they're discriminating against the (younger ones) instead of the other way around," said Gonzales, who is in her mid-40s. "They're cutting us off from health insurance at the time in our lives when we most need it and something is likely to go wrong."

But Looney said that the district is not discriminating against anyone: It's been the district's long-term policy to offer early retirement packages to employees age 55 to 65 who have worked in the district for a minimum number of years.

Looney has also said that the employees receiving the reductions in hours are free to apply for other full-time positions in the

district.

But some employees say that at the same time the district is cutting library clerk positions and encouraging them to apply elsewhere, the district is claiming that reading is its No. 1 goal. They say reducing their hours could mean that some libraries might be open less frequently and children could have less access to books.

Derrick Pullinger, labor representative for the CSEA, tried to use this as an argument to prevent some of the cuts. "If you shut the school district's libraries down, why would you want reading recovery?" said Pullinger.

Ultimately, though, it's the district's right to reduce services, he conceded. "These employees aren't demanding that these (hours and benefits) stay forevermore the way they are. But ... it's not really fair for them to lose something they've had for a number of years," said Pullinger.

24/1998

The Selma Enterprise



Volume 112 No. 15

SDH:

Establishing the baseline for the community

(Editor's note: This is the first of a three-part series on the Selma District Hospital board's consideration of a sale to Adventist Health. The series will continue next week and conclude July 22 prior to the regular July 28 meeting of the SDH board of directors.)

By Lisa Lieberman
ENTERPRISE STAFF WRITER

Some people say the only way to save Selma District Hospital (SDH) from financial ruin and eventual closure is to sell the small rural hospital to Adventist Health, the billion dollar health system now managing the facility.

Figures like a \$5 million debt have been floating around in the public about SDH. But the actual financial state of the hospital may not be that bad.

The real debt of the hospital is \$4.2 million, according to Rick Rawson, chief financial officer for SDH and Hanford Community Medical Center, an Adventist Health facility located in neighboring Kings County. Close to \$800,000 has



already been paid against the original \$5 million bond taken out in 1986, Rawson said. The bond was used to pay for construction of the information services building and the addition of the wing where the emergency room is now located.

And even though the hospital has been losing money every year for the last three years, there are still some cash reserves the district can use to pay for services when expenses exceed revenues.

Last year, for instance, the hospital had a net revenue loss of \$400,000, but still has \$100,000 in cash reserves. Next year, the hospital is projecting expenses will increase from \$14.8 million to \$15.2 million.

"But this isn't necessarily bad,

because it means that revenues will increase, too," Rawson said, adding that he expects revenues to increase from \$14.3 million to \$14.8 million next year.

Rawson is also optimistic that the hospital will be able to beef up its cash reserves within the next three to six months.

Right now, there are a number of accounts receivables still outstanding. But with the new billing system that Adventist has helped institute at the hospital, SDH should bring in another \$2.5 million in revenues, and clear between \$1-\$1.5 million once its bills are paid.

With the extra revenues and the additional cash reserves, Rawson is hoping SDH will break even with or without a possible transfer of ownership to Adventist.

"Is it possible to break even? The answer is yes. It's not going to be easy, but it's possible through a lot of the cost savings we've achieved through re-engineering," Rawson said.

■ Please see SDH, Back page

SDH:

FROM PAGE ONE

SDH announced its reengineering plans in April, which included a plan to save approximately \$995,000 per year in salaries and supplies. No specific cuts in jobs were announced at the time, although between six and 12 full-time equivalent positions could be affected by next month, Terry Curley, the former executive director of SDH, has said.

During the last year, Nuclear Medicine was discontinued at the hospital due to low patient utilization of the service. Other than that, no patient services have been affected by the reengineering or the possible impending sale of the hospital to Adventist, said Ed Palacios, SDH acting chief executive officer and director of patient services.

While hospital employees say patients are still receiving the same level and quality of care, many of them say employee morale. Some of them said they feel overwhelmed by the changes.

After the reengineering plans were announced, both of the hospital's full-time pharmacists left citing plans calling for a reduction

in the hours of the pharmacists' technicians.

"As a result of the reengineering process, I don't feel comfortable continuing employment here at the hospital," said Jim Reinhart, one of the pharmacists.

Reinhart declined further comment.

Cal Klassen, the other pharmacist who left, declined to comment on the pharmacy situation at SDH. The hospital now relies on a registry to staff its pharmacy during the week and on weekends.

"There is no pharmacist in charge," said one SDH employee, speaking on condition of anonymity. "Every facility needs to have a pharmacist in charge."

"There's about \$1 million worth of (pharmaceuticals) going in and out of the pharmacy all year," the employee said. "You can't get all the drugs you need on the outside for the operating room, surgeries and acute emergencies."

Palacios was unavailable at press time to comment on the pharmacy issue.

Meanwhile another employee, also speaking on condition of

anonymity, said many of the nurses are disgruntled, too. She said nurses are no longer getting paid overtime for working 12-hour shifts in a time when more nurses are putting in overtime to compensate for general short-staffing, especially among registered nurses.

Palacios has said to the best of his recollection there have been no diversions from the hospital, except for the time a CT scanner was temporarily out of order earlier this month. But employees recall two times earlier this year when ambulances were diverted from the emergency room because the hospital was too short-staffed.

The problem with short-staffing was one of the reasons, Twila Smith, an RN who worked at SDH for 10 years, ended up leaving the hospital.

"Selma does good care, but I felt that care was in danger," Smith said. "I felt that I could not give the best quality care that I could give because I was spreading (myself) over too large of a patient load with no back up to support me."

Smith said at times she was

given eight to 12 patients at a time to take care of, which is more than she thought was safe.

Smith said another problem developed in the medical/surgical unit when the shift coordinator after 3 p.m. transferred to another department and wasn't replaced. The shift coordinator is responsible for acting as an "extra pair of hands" and either filling in on the floor or redirecting resources in the hospital when RNs get overwhelmed and need help.

"No one was running the place from 3 p.m. to 7:30 p.m., so the nurse on med/surg with the most experience had to do it, in addition to (handling) an already high patient care load," Smith said.

Despite some RN complaints about short-staffing, Patti Kelly, the service coordinator responsible for employee development, says there hasn't been a problem with staffing right now. She said there are more full time RNs on staff now than there were six years ago. She said there are 36 full- or part-time RNs now as opposed to 32 six years ago.

Kelly said the turnover rate at the hospital is also relatively low — only 11 percent compared to the state average of 10.3 percent.

Right now the hospital is working on recruiting nurses for the emergency room and the Ob/Gyn department, Kelly said.

Admittedly, it isn't easy recruiting for these type of specialty positions because Selma must compete with larger and often higher paying hospitals in

Fresno. And herein lies the crux of the main problems at SDH, according to Anne Peterson, the former director of nurses at SDH: There are too few nurses and too many hospitals competing to recruit them. At the same time, small district hospitals like Selma are struggling to keep their heads above water and are having to consolidate personnel hours and duties through various reengineering processes.

Peterson worked at SDH from 1977-95 and served as director of nurses from 1981 until she left the hospital. She now works as a service integrator for long-term care at Community Health Systems in Fresno. ~~She has been part of~~

reengineering herself and has also helped reengineer hospital departments.

"I've been on both sides of the fence, and I can tell you that no one likes change. But reengineering is something that is happening everywhere. Right now the hospital is in a financial situation where something has to be done about it. And a lot of people aren't happy about it," Peterson said.

District hospitals:

Reality in the South Valley

(Editor's note: This is the second part of a three-part series on the Selma District Hospital board's consideration of a sale to Adventist Health. The series will conclude next week prior to the regular July 28 meeting of the SDH board of directors.)

By Lisa Lieberman

ENTERPRISE STAFF WRITER

The old American adage that bigger is better may very well be true.

In order to be bigger, however, you have to think bigger, at least according to Dan DeSantis, administrator of the Sierra Kings District Hospital in Reedley.

While other hospital administrators have downsized, re-engineered and tried to cut costs, DeSantis has expanded services, doubled personnel and added new equipment over the last five to 10 years.

The hospital has expanded its emergency room hours, added more physical therapists, a mammography service, laproscopic surgery, a new skilled nursing unit and has increased the payroll from 75 employees to 160 employees in the last decade in the hopes of increasing overall net revenue.

The extra investment may have seemed like a gamble in an era of declining reimbursements from health mainte-



nance organizations (HMOs) and insurance companies. But in a way, DeSantis's philosophy of expansion in an atmosphere of seeming scarcity is like looking at a glass of water as half full instead of half empty.

"If you come to a community and say we're going downhill, the ship is going to sink, (then) the ship is going to sink, but if you say we're headed for the stars, you're headed for the stars," DeSantis said.

Money well spent

And it seems the hospital's investment has paid off.

Sierra Kings has not only managed to stay afloat but has actually made money for the past 13 years. From 1992-97 the facility has averaged \$300,000 per year in net revenues.

"I always said that the community voted to assess themselves a \$750,000 bond issue in 1960 and we return to the community that much in payroll every

two months," DeSantis said.

The hospital cuts checks for \$400,000 every month in payroll.

Sierra Kings was also named as one of the top 100 hospitals in the country in the November 1994 issue of *Modern Health Care* magazine. The magazine evaluated 4,000-5,000 hospitals nationwide on the basis of clinical, financial and management performances in determining its top 100 picks.

The success of Sierra Kings seems to be more the exception than the rule in the Central San Joaquin Valley Valley where hospitals like Corcoran, Avenal and Kingsburg District Hospitals have gone into bankruptcy and either closed their doors or almost closed their doors.

For Selma District Hospital (SDH), Sierra Kings could be an interesting model to examine since SDH is now faced with a \$4.2 million debt and a possible buyout offer on the table in future months from Adventist Health, which is now managing the hospital.

The secret of Sierra Kings' success is threefold, according to DeSantis: A long-term administration, community support and a strong medical staff.

DeSantis has been with the hospital for almost 11 years in an industry where

■ Please see SDH, Page 3-A

SDH:

FROM PAGE ONE

the average stay of a hospital administrator is only four and a half years. And in a health care industry where laws and regulations are forever changing, it stands to reason that it's important for a hospital to have an administrator with continuity of vision to steer a hospital along course.

One of DeSantis's first moves when he became administrator at Sierra Kings was to expand the hours of the emergency room from night and weekend hours to seven days a week, 24 hour a day.

"This was a critical point because doctors said, 'You can't do that,' but we said that this was a way of keeping business in town," DeSantis said.

Immediately after the change, the patient volume in the emergency room increased from 300 to 600 visits per month. This increased confidence in the hospital, and local doctors got more business from patients who stayed in town rather than going to Fresno.

The next step for the hospital was to try to recruit new physicians. But recruiting young, talented doctors to a rural area made for challenging work.

"I learned one thing early in my career, and that's that hospitals don't have patients. Doctors have patients and hospitals have doctors," DeSantis said.

So DeSantis tried to entice doctors to Reedley by building four medical buildings with 18,000 square feet of space on hospital property in 1991. The hospital then offered doctors the opportunity to buy or lease the buildings.

By having the medical offices right at the hospital, doctors were much more likely to send their

patients to the hospital's lab for tests rather than to Fresno.

"Instead of saying, 'Get in your car and drive to Fresno,' doctors could say, 'Just walk across the lawn and get your tests,'" DeSantis said.

Capital investment push

In 1993 Sierra Kings added another 5,000-square-foot building to accommodate another local physician who wanted more space and to be closer to the hospital. Next came a 4,200-square-foot physical therapy building.

Currently, Sierra Kings is in the process of building a 9,000-square-foot birthing center and a 6,000-square-foot office building for an obstetrician/gynecologist. The projects should be completed this year.

At the time Sierra Kings decided to do the construction, the hospital had a \$2 million debt. They refinanced that debt with a \$5 million revenue bond issue which also covered the birthing center and the physical therapy building. An additional \$2 million loan was taken out for a new computer system and equipment for the birthing center. And a final \$2

million loan at 4.5 percent interest was obtained from the U.S. Department of Agriculture for the construction of the 6,000-square-foot medical office building adjacent to the birthing center.

Currently, the hospital delivers 70 babies a month, but with the addition of the birthing center DeSantis expects an immediate increase — up to 100 babies a month — and projects that within five years the hospital will be delivering 150 babies a month.

DeSantis saw building a birthing center as a moneymaking venture and an appropriate response to the rapid population growth in the San Joaquin Valley. Reedley, with a population of 20,000, has recently surpassed Sanger as the third largest city in Fresno County.

Another prong to the hospital's success is that DeSantis has also worked on recruiting specialists to the hospital. The hospital now has a wide variety of 62 physicians including orthopedic surgeons, cardiologists, urologists and gastroenterologists who come out to the facility on a regular basis.

Part of Sierra Kings' luck in recruiting new doctors and specialists and attracting new patients may have had something to do with its proximity to Fresno and other Valley towns like Parlier.

Facilities like Corcoran and Avenal District Hospitals haven't been so fortunate.

Looking around the San Joaquin Valley

Avenal District Hospital in neighboring Kings County, built in the 1940s, closed its doors in 1992 and filed for bankruptcy in 1994 because it was unable to pay taxes and the federal government had a \$2 million lean on the district's

hospital property.

Now the district is fighting to keep the community's ambulance service. In what used to be the hospital building, a private businessman now runs a rural health clinic.

Kings County's Corcoran District Hospital (CDH) is also in dire economic straits and has been struggling under the weight of a \$1.3 million debt and a low census count at the hospital.

Like SDH, Corcoran has also sought outside help to explore improving the hospital's financial health.

Adventist Health, owner of Hanford Community Medical Center, purchased Corcoran's rural health clinic a number of years ago for \$50,000, which helped reduce some of Corcoran's operating costs. Recently, Adventist Health offered to purchase the hospital outright. But the Adventist proposal would have converted the acute care facility to an urgent care facility. This would have meant that Corcoran would no longer have had an emergency room.

"Adventist would not have allowed ambulances to go to the hospital, since they would have eliminated the emergency room. This was unacceptable to most of the citizens in the community. The nearest hospital is 18 miles away (in Hanford) and just two or three minutes can make the difference between life and death," said Jeff Martinez, CDH chairman of the board.

In addition to that, about 90 out of the 100 jobs at the hospital would have been lost had the hospital switched from an acute to urgent care facility.

"We felt that a loss of 90 jobs in a small community like Corcoran, which was already

impacted by El Nino, was going to be extremely hard and wouldn't be a good thing for Corcoran," Martinez said.

Although Corcoran was reluctant to sell to Adventist, they knew they had to do something. So the CDH board voted June 30 to enter into an agreement with Brim Healthcare, based in Portland, Ore., to manage the hospital for the next six months in order to try to bring the hospital's finances up to speed.

The deal is that for \$15,000 a month, Brim Healthcare will manage the hospital and supervise day-to-day hospital operations, including billing.

In many ways, the arrangement Corcoran made with Brim Healthcare is similar to the one Selma District Hospital has with Adventist Health. The idea in both cases is to bring in an outsider to manage the facility, improve efficiency and increase revenue.

The decision to sell

Now Selma is thinking of taking the next step — to sell to Adventist. Although Corcoran decided it wasn't in the best interests of the community to sell to Adventist, according to what Adventist Health officials say, Selma is a different situation. Adventist Health has promised to expand, not decrease services. They say they have no plans to lay off employees through a purchase arrangement and have said they

intend to invest more capital in technology at the local hospital.

Still, some Selma residents worry that if Adventist buys SDH and it doesn't turn a profit, Adventist may either cut services or walk away from the hospital altogether.

West Side District Hospital in Taft, which is a small stand-alone rural hospital outside of Bakersfield, also had some of these same concerns but recently decided to sell to Catholic Healthcare West, one of the largest health care systems in the country.

West Side hadn't been losing money, but with some of the upcoming line items in the state budget West Side decided that now would be a good time to either sell or find a stronger partner.

As a 21 acute-bed facility, West Side had been doing a good job standing alone. But the challenge of being a small rural hospital is that revenue tends to fluctuate — sometimes it's up, sometimes it's down. Average net revenues have been \$100,000 per year. But revenues have fluctuated as much as a net loss of \$450,000 a year to a net gain of \$550,000 in the past few years, according to Margo Arnold, West Side's administrator.

West Side has done just about everything to cut costs, Arnold said. The hospital cut back on supplies, administrative help, and reduced the administrator's salary

by \$20,000.

Now, there isn't any more fat to trim.

"We cut back as much as we could on administration, and there's no place left to cut, unless we cut patient care and we're not going to do that," Arnold said.

West Side is making money, but still has an outstanding \$4 million debt on a \$4.9 million revenue bond it took out in 1990 to remodel its emergency room and create some long-term care beds.

Catholic Healthcare West has agreed to pay \$2.2 million toward the debt and shoulder the rest of the debt until the district can pay them back.

Taft residents had been concerned about losing local control of their hospital to the large health care organization. But as part of the contract, Catholic Healthcare West has agreed not to change any core services for at least three years. After that, the West Side district must be allowed to take part in any decision making if the new owners want to make major changes.

Also, if Catholic Healthcare decides to sell the hospital, the agreement is that the district gets first right of refusal.

Taft residents realized entering the deal that these provisions are no guarantee the hospital will still be in the community, in its current form, 20 years from now. But in the topsy-turvy world of the health industry, Arnold said it offers some degree of assurance.

The Selma Enterprise



SELMA, CALIFORNIA

50 CENTS

'95/5' raises questions about budgets

Proposition aims to spend more money on students

By Lisa Lieberman

ENTERPRISE STAFF WRITER

On the surface, the idea behind Proposition 223, popularly known as "95/5," seems simple: Spend more money on students and less on administrators.

If the initiative passes, districts will be required to direct 95 percent of expenditures to students and no more than 5 percent on administration. The Children's Rights 2000 organization, based in Santa Monica, is the initiative's author.

This sounds like a good idea to many parents and teachers. And presumably, 95/5 could shift between \$700 million and \$1 billion directly into the classrooms.

But almost every school district in California, including Selma's and Fowler's, is opposed to 95/5. They say that if the initiative passes, it's going to end up hurting instead of helping schoolchildren because of potential fines districts will have to pay if they can't meet the 5 percent mandate.

There are also still many questions about what expenses would be covered by the 95 percent and what would be covered by the 5 percent.

"What's going to happen to schools that do not fall within the 5 percent is that they are going to be fined \$200 per

■ Please see '95/5', Back page

'95/5':

FROM PAGE ONE

student," which could equal about \$1 million a year for Selma Unified School District, according to Jennifer Looney, assistant superintendent instruction/personnel. Looney is also president of the Association of California Schools Administrators (ACSA).

Right now, SUSD spends 6.02 percent of its budget on administration, according to Superintendent Steve Bojorquez.

"If this [initiative] passes, it's going to be very, very difficult for a lot of districts [to meet the 5 percent mandate], especially small districts because of their economies of scale," he said.

Looney fears that the money from small districts' fines will be funneled directly to larger school districts like Los Angeles, which is where the initiative originated.

But the idea that Los Angeles is going to benefit from penalties levied on small school districts is mistaken, according to Tyrone Vahedi, author of the initiative and executive director of Children's Rights 2000.

Los Angeles Unified School District (LAUSD) spends 7.9 percent of its budget on administration. If 95/5 passes, LAUSD will be hard pressed to shift \$70 to \$90 million out of administration and back into the classrooms, said Vahedi.

"Los Angeles is going to have a noose around its neck," said Vahedi.

As for smaller school districts, Vahedi said that at least 40 small school districts spend less than 5 percent on administration. Districts that don't meet the 5 percent may still be protected from penalties by state waivers, if the initiative passes, said Vahedi.

The statewide average on expenditures for school administration is 7.3 percent, up from 6.9 percent a few years ago, said Vahedi.

"The school budget has increased from \$29 billion to \$37 billion from 1995 until now. And that just goes to show that the more money you give to schools,

the more money they spend on administration," said Vahedi.

Vahedi said there are no checks and balances at present to insure that school districts don't spend too much money on administration.

Some districts are spending as little as 2 percent or 3 percent of their budget on administration while the Oakland School District spends 18 percent, said Vahedi.

"There's just no rhyme or reason to this, but what we have found is that in school districts where parents are less involved, the amount the districts spend on administration is much higher," said Vahedi.

Looney agrees that school districts need to be judicious with their spending, but sees the 95/5 initiative as an issue of local control vs. state control.

"This is a personal insult to every school board and every school district because it insinuates that we are not going to monitor systems and hold people accountable and (act) in the best interest of the kids," said Looney.

At Fowler Unified School District (FUSD), assistant superintendent Eric Cederquist said that Fowler falls within the 5 percent objective for administrative costs — right now.

"But that's only because we're building a new school. Next year, we won't be building a new school, and we won't know whether we'll fall within the 5 percent or not," he said.

Looney also has specific questions about what expenses would be included in the 95 percent breakout for students and what would be covered in administration's 5 percent.

In the proposition, the language defines "direct services to pupils" as "all instances where pupils are direct beneficiaries of immediate and unbrokered services."

But it doesn't say whether that includes expenses such as staff development training, bus mechanics, or food services that are contracted outside of the districts.

For instance, bus mechanics don't provide services directly to students, yet they are the ones responsible for keeping buses safely on the road and properly maintained.

"Are we going to tell parents that we can't keep buses on the road because we can't keep them safe for their children?" Looney asked.

Because school districts aren't sure whether staff development would be covered by the 95 percent or not, districts might be less likely to apply for creative grants that would expand staff training, according to Carlos Garcia, superintendent of Fresno Unified School District (FUSD).

"What motivation will districts have to pursue grants if they can't use them?" Garcia asked.

Proponents of the initiative say the above examples are expenditures that would fall under student services at 95 percent of the budget. But this is not spelled out in the initiative.

"There are still a lot of questions to be answered," said Garcia. FUSD spends 6 percent on administrative costs, and if 95/5 passes, it will have to trim \$10 million from its budget, he said.

Ultimately, if the initiative passes, much of the specifics will be decided in court and some of the language will be interpreted by the State Department of Education.

At present, some of the initiative's terms are unclear and would require "subsequent clarification," according to Scott Hannan of the School Business Services Division of the State Department of Education. Hannan has already done some preliminary analysis on the initiative.

He said questions raised by the school districts are "all volatile questions," which he was not prepared to discuss at this time.

But without knowing the answers to these questions, it could be difficult for voters to make up their minds about the initiative on election day.

FROM PAGE ONE

districts that score poorly on the test, but Cruz is worried that districts like Fowler, with relatively high numbers of limited English-speaking students, will be compared unfavorably to other districts.

Limited English-speaking students account for about 35 percent of Selma Unified School District's student body. Fresno Unified School District has a limited English-speaking student census of about 25 percent. The state's average is 25 percent.

"There's been no (policy) about sanctions at this time. But if you look across the U.S., you can see more states are looking at scores as a means of punishment. It's not here in California yet, but my sense is that it's not far off," said Cruz, who could not provide examples of states that have imposed monetary penalties upon such districts.

California has a history of using cash incentives to motivate school districts to do better on tests, said Cruz. During Gov. George Deukmejian's tenure, the state tried a "Cash for California Achievement Program (CAP)," where districts received additional moneys for high test scores, said Cruz.

The state is neither looking at test scores as a means for rewards or punishments, but districts could still be adversely effected by low test scores, said Don Collins, assistant superintendent of education services for Fresno County Office of Education.

"This won't hurt district(s) directly, initially. But negative press (about low test scores) always hurts in some way or other, whether districts try to pass

a bond to build new facilities or promote new educational facilities, and the press is reporting that kids are doing worse and scores are lower," said Collins.

In Kingsburg, Ron Allvin, superintendent of Kingsburg Charter Elementary School, said he has no fears of being monetarily penalized because of test scores and, in general, favors the idea of having a standardized test. In his district, about 10 percent of the students are limited English speakers.

"I approve of accountability and I approve of a test, but not necessarily this test," said Allvin.

The problem with the SAT 9, according to Allvin is that while the state has settled on a test, it has not agreed on all the standards by which students should be tested.

"Right now, Sacramento doesn't have its act together. This is not a test that tests teaching because the state hasn't come out with standards yet. If you haven't got a goal to shoot for, how can they test you on a goal when you don't have a goal? How is that logical?"

So far, the state has passed standards for math and language arts, but hasn't yet finalized standards for science and history. By state law, the new standards must be presented to the state board of education in November, according to Mark Ford, director of curriculum, special projects and personnel at Kingsburg Elementary Community Charter School District.

Many administrators say that expecting students to take tests when not all of the state standards are out is unfair and is "putting the cart before the horse."

Dr. Steve Bojorquez, superintendent of SUSD, said that the test could change several times over the next few years, adding more confusion to districts.

But Lucia said that administrators have nothing to worry about now, since the SAT9 is already two to three levels below each grade level, which means that the test is already much easier than it should be. "As the state standards develop, the test is only going to get harder," said Lucia.

Some school districts are so adamantly opposed to the new test as it stands now, that they are alerting parents of limited English speakers of their options.

In Los Angeles Unified School District, for example, letters have gone home to the parents of limited English speakers informing them of their legal right to request waivers so that their children won't have to take the test.

San Francisco Unified School District (SFUSD) is refusing to administer the test to limited English speakers. The district has filed a lawsuit against the state in federal court, saying that the test violates the civil rights of the 5,700 students in San Francisco who have little or no English by forcing them to take a test in a language they don't understand.

"Thirty years ago, there were some legal cases because some (limited English speakers) were improperly evaluated as stupid and put into special education classes," said Sandina Robbins, spokesperson for SFUSD.

Unless a federal judge intervenes, the state will spend \$9 million to give English tests to 1.4 million students who don't understand English, according to Kyra Emanuels, legislative aid for Rep.

Carole Migden, D-San Francisco.

"We're going to spend \$9 million of taxpayers' money to tell us what we already know: that these kids don't speak English properly," said Emanuels.

School districts are going to be reimbursed about \$6.65 for each test students take, but districts are still going to have to spend money out of pocket to administer the tests.

In Selma, Ed Marks, director of special projects for SUSD, estimated that it could cost Selma \$2,000-\$3,000 annually to administer the tests for district's 5,000 students.

Migden has proposed a bill — AB 1815 — that would allow the standardized test to be given in students' native languages and exempt limited English speakers to testing in English for the first 30 months of instruction. So far, the bill has passed the education committee.

Dr. Peter Mehas, superintendent for Fresno County schools, opposes any boycott of the state's test, although he acknowledges that Fresno County may be at a disadvantage because of the county's high migrant and limited English-speaking population. But for districts to pick and choose which students should take the test and which ones shouldn't, skews the data, he said.

One alternative could be for all students to take the test and for districts to attach letters of explanation to the state detailing the numbers of limited English

speakers in their districts, said Mehas.

Yet, "Do I like it? Is it perfect? The answer is no," said Mehas of the mandate. "But we need to be able to do something to justify all the money the state has spent for class-size reduction. The legislature is holding our feet to the fire on this one. How can we say anything significant without test scores?"

Dork.

The Selma Enterprise



VOLUME 11 NUMBER 15

Several financing options possible for

By Lisa Lieberman

ENTERPRISE STAFF WRITER

If Darwin's philosophy of the human race — survival of the fittest — is true, then it must be true as well that the continuing existence of small rural district hospitals in an age of managed care and large health care systems not only depends on survival of the strongest and fittest, but also on survival of the most creative and innovative.

And in an era where federal and state governments are cutting down on Medicaid and Medicare payments, redefining the way they reimburse small rural health care clinics for services and cutting back on payments for skilled nursing units (which small rural districts rely on for much of their revenues) it's getting even more and more difficult for small district hospitals to stay in business.

Over the next few years, hospitals across the country are expected to lose millions of dollars because of declining reimbursements from the government.

For the Selma District Hospital (SDH), now considering its options about how to deal with a \$4.1 million debt and stay financially afloat, there seem to be a number of options open for consideration by the community. These



include selling the hospital to Adventist Health, which has been managing the hospital for the last year and a half; letting Adventist continue managing the hospital with or without additional financial help; creating a tax assessment to raise more local cash to fund the hospital's operations; or following the example of some other California small district hospitals and networking with other local hospitals such as Sierra Kings in Reedley, Alta District Hospital in Dinuba and Kingsburg District Hospital.

Another option is to stand alone and try to function independently.

But in general it's getting harder for small district hospitals to stand alone, said Barbara Glaser, a legislative analyst with the Association of Health Care Districts in Sacramento.

"It's going to be tough to stand alone because of economies of scale," Glaser said. "But there are ways to work with other groups and other hospitals to reduce overhead and provide quality ser-



THE ENTERPRISE / Lisa Lieberman

Jack Say asks a question as his wife, Gwen, looks on during last week's Selma Aware meeting on the proposed sale of Selma District Hospital to Adventist Health.

vices."

The idea is that large networks of hospitals can buy supplies in bulk at cheaper rates and negotiate better rates with Health Maintenance Organizations

(HMOs) and insurance companies than smaller district hospitals can, Glaser said.

With a \$1.8 billion gross revenue

■ Please see SDH, Back page

FROM PAGE ONE.

each year, Adventist Health, which has proposed buying SDH, appears to be in a good position to negotiate better rates and buy supplies in bulk. And with 21 hospitals, Adventist Health describes itself as a "family of hospitals" where if one hospital is having a financial downfall then profits from a stronger hospital can be shifted to help bolster up the weaker facility.

Alternatively, if Selma wants to provide its own safety net it could assess itself an extra \$500,000 to \$1 million a year in taxes, according to Terry Curley, the former administrator at SDH.

Rick Rawson, chief financial officer at SDH, said it would more likely take closer to \$750,000 to \$1 million a year to keep up with the hospital's capital needs.

The total assessed property value within the district right now is \$670.3 million. If the SDH board was to agree to seek an additional tax, it could bring the proposal to the Fresno County Auditor-Controller/Treasurer-Tax Collector's office for consideration to put on local constituents' tax bills.

Right now, most Selma residents get assessed a 1.08 percent tax on their property values — 1 percent from Proposition 13 and .08 percent to fund local school bonds. An additional 10 cents in property tax for every \$100 of assessed value would yield \$736,470 in extra cash for the district annually.

This translates into \$100 in increased property taxes annually for every \$100,000 of assessed property value, or about \$8.50 a month. A homeowner with property valued at \$250,000 would pay an additional \$250 annually, or about \$21 per month.

Randall Hamilton, the senior accountant at the tax collector's office, said the town could decide to assess itself an extra tax for however much and for however long it wanted to, but he said he's never seen a city assess itself taxes to fund existing hospitals.

Dan DeSantis, administrator at Sierra Kings Hospital in Reedley, said he has another plan to provide a local safety net to make sure local

health services remain viable.

If Selma and Reedley join forces they can take the resources of two small hospitals and provide 95 percent of the health care needs of both communities, DeSantis said.

The idea is that each hospital could specialize in a field. For instance, Sierra Kings with its new birthing center due to be completed this year could serve as a birthing center for Selma residents while SDH could be the place where Reedley residents could go for surgeries.

Right now both hospitals spend money duplicating equipment and services that could easily be handled by one hospital, DeSantis said.

The two hospitals could easily save \$200,000 by hiring one administrator, one chief financial executive officer, and one director of nurses, DeSantis said. In addition, the two hospitals could save another \$200,000 per year by sharing department heads in different medical departments, DeSantis said.

Lawrence Alderete, president of the SDH board, said saving a few hundred thousand dollars a year isn't going to give Selma the capital it needs to buy technical equipment or the expertise to compete in the health care industry in the long run.

"We're talking about sharing (a few services), but we need some serious capital in order to survive and provide the quality of care our patients deserve," Alderete said.

DeSantis insists if Selma and Reedley team up they can recruit surgeons and specialists more easily. And if Alta District Hospital (ADH) in Dinuba and Kingsburg District Hospital (KDH) join the two hospitals, the four hospitals will service a geographical area of 100,000 people and will have much more bargaining power with the state when it comes to negotiating Medi-Cal reimbursements.

DeSantis also said if Selma joined up with Reedley it would only cost Selma \$1.5 million to buy into a shared computer system, which is similar to the Adventist Health's system SDH is currently using through a management contract with Adventist.



Members of the Selma District Hospital board met with the community last week to discuss the hospital's proposed sale to Adventist Health.

There are also possible refinancing options SDH could explore, independently or through a new configuration, which could cut interest on the district's current debt load nearly in half.

In short, DeSantis believes Sierra Kings and SDH can accomplish as much or more than Adventist Health can if it Adventist were to buy the local hospital.

"I just don't believe that the (SDH) board has looked at all the options, and this is a good option. If it doesn't work out, Adventist will still be there. And if we came together and we weren't successful and we wanted to sell to Adventist, SDH and Sierra Kings would be more valuable together than the two parts alone," DeSantis said.

But the bottom line isn't just about making money, Alderete said. It's that small district hospitals like Selma just don't have enough expertise to do the job entering the 21st century.

"I just don't believe that Selma and Reedley hospitals can do for each other what Adventist can do for Selma," Alderete said. "You can have the best intentions and not the expertise and you will fail. We're looking for someone to bring technology systems to the hospital far beyond what a small district hospital can bring."

However there are examples in the state of small district hospitals successfully networking together. For instance in Redding, near the California/Oregon border, three small district hospitals — Mayers District Hospital, Indian Valley Health Care District and Surprise Valley Care District — share resources like tele-radiology, doctors and radiologists and have managed to stay in the black over the last few years.

Since the hospitals have been affiliated, Mayers District Hospital has managed to increase its net revenue from \$7 million in 1991 to \$12.7 million in 1997.

Not all of this increase may be due to the hospitals' networking, but the networking has had positive affects, said Ron Luke, the chief financial officer at Mayers.

There is definitely strength in numbers, according to Vic Biswell, CEO of the Association of California Health-care Districts.

"If the political will and logistical will of people is there, two or three or four small district hospitals can work wonders together," he said. "They have a lot more strength if they all come together."

An even more ideal situation is if several small district hospitals team up and then join forces with a larger, neighboring local hospital

partner or the leader, I believe it could work. I believe that district hospitals are a good and essential part of their community."

If such an arrangement were to take place, Johnson envisions a reciprocal relationship where Reedley and Selma patients might send their patients to Visalia for specialty services such as heart and cancer services. And possibly, Kaweah could send patients back to the smaller communities needing more basic or long-term care services.

Right now, Kaweah Delta has five hospital campuses with which it shares overhead costs for supplies. Kaweah also networks with St. Agnes Medical Center in Fresno for cancer services and with a hospital in Portland, Ore. for cardiovascular specialty services.

Johnson said by networking with these larger systems, Kaweah has increased business while maintaining a sense of local control.

In 1997, 327 cardiovascular surgeries were performed at Kaweah Delta. This year, Johnson said there will be 600 heart surgeries.

Even though Kaweah Delta generally serves as a good example of a successful district hospital, Johnson said Kaweah hasn't been immune to the ebb and flow of health care changes. He said Kaweah Delta is still in the black, but it's margin has shrunk from 8 percent in recent years to a margin of 5 percent this year. Also, Johnson is expecting to lose \$22 million in the next year because of decreases in Medi-Cal payments from the state government and other health care changes which are expected to come down from Congress.

As a result, it's becoming more important for small district hospitals to think creatively. And although it may be too soon to tell, an affiliation between Kaweah Delta and local hospitals could be an effective use of resources.

"It's one of those things that would have to bubble up from the (smaller) communities," Johnson said. "They would have to have a vision that would best meet the needs of the community and maintain local autonomy."

"If three district hospitals decided to band together, they could strike a relationship with a larger hospital and be able to as a unit get favorable contracts and provide a complete range of services," Biswell said.

In the case of Reedley, Selma, Kingsburg, and Dinuba, Kaweah Delta Health Care District in Visalia or a hospital in Fresno could be likely candidates with which to align forces, Biswell said.

Recently, Alta District Hospital and Kaweah Delta Health Care District's board of directors met to discuss forming an alliance. Although it was a closed session, and no details were revealed, Cruzie Rodriguez, a board member at Alta, said the board would be willing to discuss forming an alliance with SDH, Reedley and Kaweah.

Tom Johnson, Kaweah Delta CEO, also said he would be amenable to trying an alliance with the Reedley, Kingsburg, Selma and Dinuba hospitals as long as Kaweah Delta's relationship was more of a partnership rather than a managerial relationship.

"It's certainly a possibility that we could be a partner with them," Johnson said. "If (those) hospitals got together and invited us to be part of that process, and be a partner, not necessarily a dominant

Selma examines SDH proposed sale

Selma Aware forum kicks off local debate

By Lisa Lieberman

ENTERPRISE STAFF WRITER

To a standing room only crowd, Adventist Health officials tried to convince about 100 Selma residents last week that selling Selma District Hospital (SDH) to them would be the best thing in the long run for the community and the hospital.

The public forum, held Wednesday, June 24 at the Cultural Arts Center in Selma and sponsored by Selma Aware, was the first in a series of public meetings planned to discuss the issue.

Adventist Health is based in Roseville and sponsored by the Seventh-day Adventist Church. The organization has been managing SDH for about the past year.

Encumbered by a \$5 million debt and a steady loss in revenues since 1991, proponents of the sale say selling the hospital to Adventist is a way to save the floundering hospital in a managed health care industry where small district hospitals are falling by the wayside and larger health organizations are taking over.

The bottom line is it's getting harder for small hospitals to make money, said Terry Curley, who recently resigned as SDH executive director.

"We're losing money because payers are paying less. Patients are staying in the hospital fewer days and coming in sicker than ever before," Curley said.

The hospital only fills about 20 of its 57 beds compared to 30 beds five to eight years ago, Curley said.

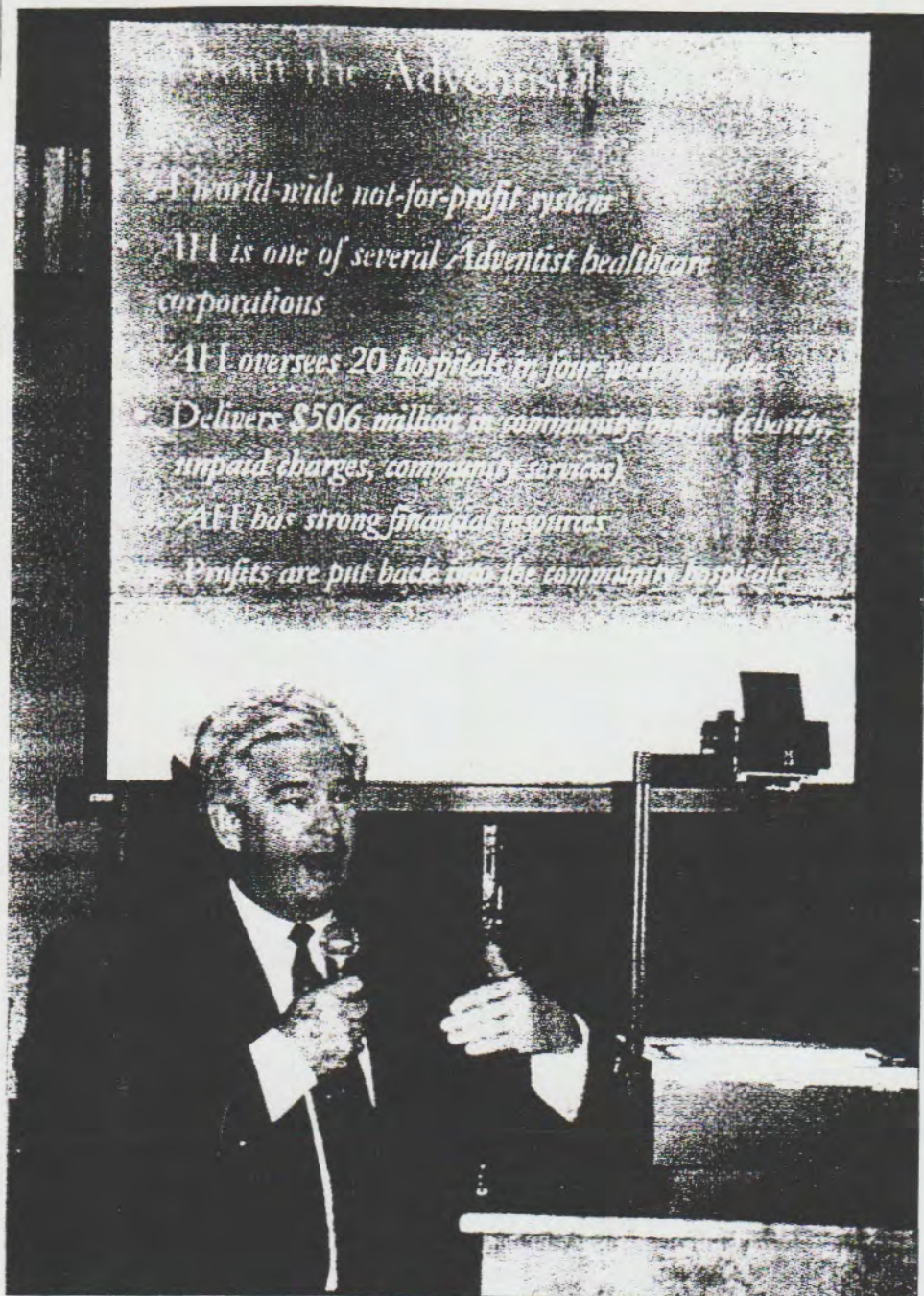
The SDH board had announced its decision in May to seek a possible sale of the hospital to Adventist in the hopes of saving the hospital from eventual closure.

There are no offers on the table right now.

"We're just in the dating phase. They're seeing how they like us, and we're seeing how we like them," said Roger Rieger, vice president of Adventist Health, who spoke at the meeting.

So far, Adventist has hired Ernst & Young LLT, an independent accountancy firm, to help determine a fair market price for the hospital's facilities. Since

■ Please see SDH, Back page



THE ENTERPRISE Carlo Chavez

Roger Rieger, vice president of Adventist Health, makes his pitch to Selma residents last week. Adventist Health may buy Selma District Hospital.

“ We're losing money because payers are paying less. Patients are staying in the hospital fewer days and coming in sicker than ever before.

— Terry Curley
Former SDH executive director

”

SDH:

FROM PAGE ONE

SDH is a public district hospital, Selma voters must approve the measure by a majority vote in a general election before any sale can take place.

The election is targeted for November. If the sale goes through, SDH will no longer be an independently run district hospital, but will be part of Adventist Health's 22 hospitals throughout the U.S. Locally, Adventist operates Hanford Community Medical Center and recently purchased Central Valley General Hospital, also in Hanford.

Some residents at the meeting raised questions about how any proposed sale would affect jobs at the hospital and the Selma Cultural Arts Center, which is owned by the district. Rieger said he has no plans for any layoffs at the hospital. There will be some changes this August as a result of recent reengineering, which Rieger said has nothing to do with a possible sale to Adventist.

As for the arts center, Rieger said Adventist has no plans to

"tear it down," but that eventually the arts center could be used for medical purposes.

Under the current management contract with Adventist, SDH pays Adventist \$10,000 a month for various administrative services including accreditation assistance, clinical support, human resources, nursing and physician recruitment. During the last year, Adventist moved SDH's business office from Selma to Hanford in order to 'simplify billing processes. The move brought significant savings to the district. If Adventist buys SDH, more services could be centralized, too, Rieger said.

"But this doesn't mean that Selma residents would be going to Hanford or that Hanford residents would be going to Selma," Rieger said.

One of the advantages of a possible sale is with its \$1.8 billion annual gross revenue, Adventist will have the resources to help bolster SDH medical technology to attract new physicians. Adventist would also be able to

help SDH refinance its debt for a lower rate and save about \$160,000 per year on interest charges, Curley said.

Selma City Councilman Dennis Lujan isn't so sure about a sale to Adventist. Lujan was born in Selma and his two sons were born in SDH, so for him the idea of giving up ownership of the district hospital is an emotional as well as a financial issue.

Lujan proposed the possibility

that the district could increase taxes and continue to run the hospital itself. Currently, the district hospital receives \$60,000 a year in local taxpayer support, which is only one half of one percent of the hospital's \$14 million yearly operating budget. To meet anticipated operational needs, it would take an increase in taxes anywhere from \$500,000 to \$1 million, which residents might not be willing to pay, Curley said.