



SANTA ANA

C O L L E G E

Santa Ana College

Planning & Budget Meeting

May 2, 2017



THE PLANNING AND BUDGET COMMITTEE is the participatory governance committee responsible for recommending budget priorities, procedures, and processes to the College Council. The Planning and Budget Committee also functions as a community liaison for fiscal affairs with the college community.

Santa Ana College Participatory Governance Structure Handbook

(May 27, 2015)

Agenda

1. Welcome and Introductions	
2. Public Comments	
3. Approval of Minutes for March 7, 2017 April 5, 2017	ACTION
4. Budget Update	INFORMATION
5. Enrollment Update	INFORMATION
6. Student Update	INFORMATION
7. SACTAC	INFORMATION
8. Accreditation	INFORMATION
9. Old Business	INFORMATION
10. New Business <ul style="list-style-type: none"> • Quarterly Budget Performance Report • Budget Reduction Strategy – 2017-18 Tentative Budget 	ACTION INFORMATION
11. Future Agenda Items	
12. Other Business	
Next Meeting – June 6, 2017 (if needed)	

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- Meeting called to order at 1:32pm
- Introductions took place
- Minutes- J. Nguyen moved approval, M. Grant 2nd, approved unanimously
- Addition to the addenda regarding SAC budget assumptions, action item- Monica Z motion, Jimmy 2nd, unanimous.
- Budget Update was provided by Dr. Collins

State:

- The Department of Finance (DOF) reports that General Fund revenues for January exceeded the revised forecast by \$747 million or 5.1%, almost fully offsetting the shortfall in December collections of \$756 million. As a result, year-to-date revenues are only \$9 million below forecast.
- This result is consistent with the revenue forecast released with the Governor’s Budget in January.

Unrestricted General Fund			
Net Ending Balance as a Percentage of			
Unrestricted General Fund Expenditures			
	2013-14	2014-15	2015-16
Average Statewide	17.6%	17.3%	22.5%

The Chancellor’s Office looks at a 5% reserve as being the “prudent” level. A 22.5% reserve is almost five times that level. However, higher reserves are a necessity because of uncertain economic times ahead, potentially volatile funding from the state and, for most districts, flat or declining student numbers.

District:

- District FY 17/18 budget assumptions were presented to FRC and a recommendation was made to District Council. SAC budget assumptions are included for discussion today.
- FON continues to change due to retirements. SAC is now at 14 faculty replacements.
- The discussion of strategies to handle our decreasing enrollment district-wide are being undertaken at the Chancellor’s Cabinet level. We will be having the discussion here at P and B most likely at the next meeting.
- Huge unfunded technology liability district-wide. SAC is planning to take immediate action locally to upgrade our technology in accordance with our SAC technology plan. SACTAC has been engaged and will make a recommendation to P and B most likely at next month’s meeting or via email due to the purchasing deadline.
- Auxiliary reorganization is moving forward, which will better align the services of bookstore, cashiering and student financial services for our students. This function will move from a centralized district function to Administrative Services, along with the budget. There will be, however, an added cost of approx..\$90k as we take on some of the employees that SCC was helping to pay for at 30%. No later than June 30, 2017.

SAC:

- Scrubbing classified personnel vacancy lists from HR to ensure accuracy. This allows SAC to determine what positions are vacant and funded, and how to best meet our needs in accordance with the RARs and program review documents.

- 2nd quarter division and department budget reports were produced to the area VPs to evaluate the available resources in each division and department in order to encourage appropriate use of budget resources. VPs will be meeting with management personnel to discuss strategies for the rest of the fiscal year.
- Elliott Jones noted that in light of the overbudgeting by the District of employee benefits and the savings realized at the end of each year, he would like to have a more detailed understanding of the average cost of new faculty hires, with an average of where the new faculty were hired in.
- Enrollment Update: VP Lopez gave an update on current enrollment numbers for the spring semester. YTD, college is currently down 421 FTES (mainly due to the fire academy curriculum issues with the state that have been remedied), and a significant decline in non-credit FTES. VP Kennedy described the impact the recent political environment has had on our enrollment, which is leading to an almost 20% decline in non-credit FTES generation.
- Marketing Update: A brief update was provided, but George Wright requested a completed Marketing update be provided at the new P and B meeting.
- Student Update: The student representative provided a brief update of student/ ASG activities that have taken place and that are coming.
- SAC TAC: A report was made by VP Kennedy regarding the District Technology Plan being approved by District Council. This plan was vetted and reviewed by SAC TAC, and is currently guiding SAC's computer replacement recommendation for spring 2017. Archana Bhandari, ITS Director for SAC, also presented information regarding the upcoming computer replacement plan, timeline, and strategy and costs. SAC TAC is currently working on the planning of the technology purchases, and how the replacement costs can be minimized by being phased and utilizing new and refurbished machines.
- Accreditation: SAC mission statement process and status was discussed, as well as the feedback provided by the P and B Committee was discussed. Dr. Collins thanked the committee for their thoughtful feedback on the mission statement, and Dr. Jaros will be bringing all the feedback together from all the participatory governance committees for review by College Council.
- New Business:
 - RAR Presentation Feedback- with Dr. Collins' RAR presentation at the spring Academic Senate and the institution-wide survey administered in the fall of 2016 (survey data previously provided to the P&B Committee), the analysis data provided focused on a few key items.
 1. Improve communication during process
 2. Provide more training for managers and dept. chairs
 3. Close the loop- were the funded RARs successful in what they attempted to achieve in accordance with program review documents?
 - Co-Chair Hicks discussed putting together a workgroup to help improve some of the areas identified in the recent effectiveness survey. Madeline Grant and Jimmy Nguyen volunteered to serve on the workgroup.
 - SAC FY 17/18 Tentative Budget Assumptions- Dr. Jones moved to approve the SAC Tentative Budget assumptions. Jimmy Nguyen seconded. Discussion ensued. Motion was passed unanimously.
 - Projected Ending Balance- Dr. Collins discussed SAC's current projections for the end of the fiscal year. While he explained it is "like being in the locker room at half time and determining the score at the end of the game", projections can be made related to how the SAC budget performed in the first half of the fiscal year, the college's historical financial performance, and averages for the expenses in the months to come. In conclusion, Dr. Collins stated the college estimates ending the fiscal year with a \$5.6 million ending balance in Fund 11, with \$1.6 million of that ending balance currently tied up in employee benefits accounts (which the college cannot utilize during the fiscal year). SAC may realize another \$1 million in additional revenue by the fiscal year end, coming from non-resident tuition (International Students) and one-time revenue from the State.
 - Dr. Collins also noted that that the college's Fund 13, or one-time funds, is estimated to be approximately \$3 million at the end of the fiscal year. The Fund 13 expenditures have been in alignment with the Fund 13 expenditure budget presented to the P&B Committee and the Board of Trustees when the Adopted 16/17 Budget was approved. He explained that approximately \$6 million has been sequestered and will be held in Fund 41 in order to help fund currently unfunded SAC facilities projects that are in various stages.

- SAC Health Science- voters approved state funding (Prop 51) in recent election. \$42 million project, SAC must match with \$21 million to be eligible for the State funding.
 - SAC Chavez Building- estimated project cost of \$6 million
- The meeting was adjourned at 3:34pm.

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Administrators	Academic Senate		CLASSIFIED	GUESTS	
Mike Collins, co-chair	Ed Fosmire	Gabe Shweiri(a)	Omelina Garcia	Cherylee Kushida	Eve Kikawa
Jim Kennedy(a)	Ray Hicks co-chair	Brian Sos(a)	Denise Hatakeyama(a)	John Tran	Melissa Utsuki
Carlos Lopez(a)	Elliott Jones	Monica Zarske	Jimmy Nguyen(a)	Archana Bhandari	John Steffens
	Roy Shahbazian	George Wright	Leslie Wood-Rogers(a)	Teresa Mercado Cota	Adam O'Connor
			Student Rep.	Nilo Lipiz	
			Viridiana Munoz(a)		
			TingMing Zhang (alt.) (a)		
1. WELCOME				Meeting called to order 1:33p.m. Meeting adjourned – 3:15p.m.	
	Self-introductions were made. Dr. Collins welcomed Adam O'Conner, Asst. Vice Chancellor of Fiscal Services to the meeting.				
2. PUBLIC COMMENTS	DISCUSSION/COMMENTS			ACTIONS/ FOLLOW UPS	
	There were no public comments.				
3. MINUTES	DISCUSSION/COMMENTS			ACTIONS/ FOLLOW UPS	
	The March 7, 2017 minutes were not approved due to a lack of quorum. They will be presented at the May 2, 2017 meeting.				
4. BUDGET UPDATE	DISCUSSION/ COMMENTS			ACTIONS/ FOLLOW UPS	
	<p>State:</p> <ul style="list-style-type: none"> • State General Fund revenues for February 2017 came in short of projections, continuing the weak revenue trend since the 2016-17 Budget was enacted. <ul style="list-style-type: none"> ○ The Department of Finance (DOF) reports that revenues fell short of projections by \$256 million for the month, or 4.9%. <ul style="list-style-type: none"> ▪ And remember that this shortfall is measured against the downward revision to the General Fund revenue forecast presented with the 2017-18 Governor's Budget proposal in January. T ▪ The DOF also reports that year-to-date revenues are down \$253 million. • Awaiting the May Revise, which will adjust the Governor's January budget proposal in accordance with State-wide revenue intake. <p>DIST:</p> <p>Budget assumptions were approved by the Board a few weeks ago. There was a change to the assumptions reviewed by the SAC Planning and Budget Committee related to a \$14,000 fingerprinting cost. That cost was removed.</p>				

BUDGET UPDATE (cont.)	DISCUSSION/ COMMENTS	ACTIONS/ FOLLOW UPS
	<p>Mr. O’Conner shared the following related to the Budget Assumptions:</p> <p>Revenue</p> <ul style="list-style-type: none"> • Little revenue coming in. • Not projecting any growth. • 2.3million in COLA for RSCCD – monies cannot be used until after negotiations. • Very small Base Allocation increase – which could change. <p>Expense</p> <ul style="list-style-type: none"> • 2.3mil in COLA • Step and Column increases • Agreement with FARCCD • CALPERS and CALSTRS increase - 1.8mil • ARCH (Annual Required Contribution for Health Benefits) – increased last year by 3mil. Last year this was added as a one-time basis. It is being added this year as an ongoing cost. <ul style="list-style-type: none"> ○ It could escalate, the study is done every other year, the assumption used by the actuaries must match the assumptions for CALPERS and CALSTRS. ○ The study looks at all retirees now and the current employees ○ The future of the ARCH <ul style="list-style-type: none"> ▪ Short-term where it is now or higher. ▪ Long term hoping the trend will come back down. ▪ It is dependent on what is used by CALPERS and CALSTRS. <p>The membership was also advised that Chancellor’s Cabinet has met to discuss how to balance the budget. There are 4 – 8 million in budget cuts that need to be identified to be presented to the Board very quickly. The cuts will be 18% for the district and approximately a 70/30 split between SAC and SCC.</p> <p>There was an inquiry about the Saudi Arabia project and if it had brought in any revenue to the district and/or is it expected to bring in revenue in the future. Mr. O’Conner noted that he could not comment other than to say there has been no revenue to date.</p> <p>Members were advised that the funds for the OEC project remain in the capital outlay account, however the funds in the account will not be enough to complete the project. It was noted that the current balance in this account is 30mil with a projected cost of the project at 35mil. Members were reminded that these were one-time funds.</p> <p>SAC:</p> <ul style="list-style-type: none"> • SAC has been requested by the Chancellor to put together a budget reduction plan in order to cut \$1.7 million (halout of its ongoing Fund 11 expenses for the Adopted Budget. SAC has developed a strategy that makes this cut, while 	

	<p>protecting classified employees and student support services. Efficiency and productivity in the schedule are key to the success of our reductions.</p> <ul style="list-style-type: none"> ○ Ongoing potential savings in electricity ○ ISA agreement over-budgeting ○ Reduction in Part Time Faculty utilization ○ Review of release/reassign time ○ Reduction in hourly employees in response to the Full Time hires <ul style="list-style-type: none"> ● SAC has the opportunity to use one-time Fund 13 resources to fill in holes where FTES production can be realized ● Latest FON/faculty hiring target is 15 replacement faculty, with 1 being non-credit ESL = total of 16 ● SAC Tentative Budget is in the process of being built- with a due date of April 19th 	
5. ENROLLMENT UPDATE	DISCUSSION/ COMMENTS	ACTIONS/ FOLLOW UPS
	<p>Dr. Collins provided the Enrollment Update on Carlos Lopez’s behalf.</p> <ul style="list-style-type: none"> • SAC Credit programs continue to estimate down 167 FTES (-2.5%) for the spring semester compared to target. • Public Safety Academy enrollment projections are beginning to firm up and look like they will generate above the current estimate of 1400. • As our public safety positive attendance enrollment firms up through April, I hope to be able to increase the current estimate and close our gap to target. • Academic Affairs deans are continuing to review our Gr8 Weeks enrollment data and are recommending additional sections based on demand. • Notably, SAC credit programs are performing slightly better than last spring at +50 days since the start of term. • As of this morning, overall FTES is up 19 (+0.4%) compared to last spring. • The college is experiencing real strength in our distance education offering compared to last spring. <p>Anticipating the year will be ending significantly down in FTEs. It was noted that currently the college is in Stabilization, meaning our FTEs has dropped below our 15/16 numbers.</p>	
6. STUDENT UPDATE	DISCUSSION/ COMMENTS	ACTIONS/ FOLLOW UPS
	There was no student present.	
7. SACTAC	DISCUSSION/ COMMENTS	ACTIONS/ FOLLOW UPS
	<p>Distance Education Support Plan – Cherylee Kushida</p> <p>Members were provided with an overview of requested additional funding by Distance Education.</p> <p>This funding would be for supporting students and faculty</p>	<p><u>ACTION</u></p> <p>Motion was moved by E. Jones to recommend the Distance Education Support Plan from the Planning & Budget Committee to</p>

SACTAC (cont.)	DISCUSSION/ COMMENTS	ACTIONS/ FOLLOW UPS
	<ul style="list-style-type: none"> • Immediate needs are for our Learning Management System (LMS) migration from Blackboard to Canvas. • Migration will begin Spring 2017 and complete Spring 2018, with a complete cutover to Canvas in Summer 2018. <ul style="list-style-type: none"> ○ For this migration, additional personnel, 800# helpdesk and faculty mentor support is required. • Moving forward, after migration, additional support will be used for support of Canvas, accessibility training and Learning Outcome integration in Canvas, among other training and support in DE. <p>SAC Computer Replacement Plan – Archana Bhardari This item is a follow up to the December 6 meeting discussion where the SAC Planning and Budget Committee charged SACTAC with providing a replacement plan between \$800,000 – \$1mil.</p> <p>Archana Bhardari, Director of Academic Services presented the committee with a Computer Replacement Plan that outlined the campus’s needs moving forward.</p> <ul style="list-style-type: none"> • The plan included lab upgrades, cost estimates and prioritization from SACTAC. The plan includes CEC as well. • The focus is to phase the replacement schedule on a 5 year schedule which will help maintaining a \$300, 000 - \$400,000 replacement schedule budget. • The cost estimate is at \$984, 732.00, however members were reminded that the team is still waiting for the quotes. It was clarified that the cost will not exceed \$1mil. <p>It was noted that these funds have been set aside in Fund 13 in the Expenditure plan for 16/17 with one-time funds.</p> <p>Members reminded that there will be computer replacement costs next year. The importance of the future funding for Technology upgrades was stressed to the membership.</p> <p>Mediation for 3 classrooms – John Tran John Tran provided a brief overview of three classrooms that are in need of immediate assistance.</p> <ul style="list-style-type: none"> • F-102 and F-103 – they have ongoing issues with the monitors as well as connectivity issues. Estimated costs - \$24,000. • C-104 – is the 2nd largest lecture room on campus and has needs a projector replacement with a special lens. Estimated costs - \$16,000. <p>The goal is for the college is to be fully mediated by the end of 2017. The college is currently at 75%. An update replacement plan will be forward to Dr. Collins for review. Dr. Collins will work with Mr. Tran to identify some funding in an effort to address the last 25%.</p>	<p>_College Council. 2nd –R. Shahbazian Discussion ensued. The recommendation was unanimously approved.</p> <p><u>ACTION</u> Motion was moved by E. Jones to recommend the SAC Technology Replacement Plan FY 16/17 to College Council as presented. 2nd –N. Lipiz Discussion ensued. The recommendation was unanimously approved.</p>

8. ACCREDITATION	DISCUSSION/ COMMENTS	ACTIONS/ FOLLOW UPS
	Work continues on the Mission Statement. Members were advised that once the Mission Statement is finished, it will be brought back to the membership.	
9. OLD BUSINESS	DISCUSSION/ COMMENTS	ACTIONS/ FOLLOW UPS
	No old business.	
10. NEW BUSINESS	DISCUSSION/ COMMENTS	ACTIONS/ FOLLOW UPS
	<p>The membership was advised that recently there was a Tri-Cabinet meeting where Chancellor's Cabinet presented different scenarios where effects of Stabilization and borrowing were presented.</p> <p>Dr. Collins invited Mr. O'Connor to address the Planning and Budget membership regarding Stability and Restoration with regards to FTE generation. (Presentation attached) The presentation included different scenarios and strategies for borrowing this year and in the out years. The information shared was intended to provide information to the membership on where we are as a college and as a district.</p> <p>The scenarios explored options on how to keep the revenues steady. Increasing costs were not included. Discussion ensued:</p> <ul style="list-style-type: none"> • Statewide, colleges are seeing growth challenges. • Potential students are working in a good economy equals less students enrolling in classes. • College system is predicated on growth. • Biggest way for the district to increase revenue is to have more students. • Costs keep increasing. • A lot of colleges are in Stabilization. • New Era - Unless the state finds a way to fund the colleges not just serving additional students but also covering costs. • Stabilization is when revenue is stabilized from the state even though FTE production has dropped. <ul style="list-style-type: none"> o 3 year time frame to grow back what you lost. o Funding is gone in a year. • The District's structural deficit 5.6 mil, possibly 8mil is not a one-time occurrence. • The scenarios showed the District is borrowing from their own FTE production. <ul style="list-style-type: none"> o Summer FTEs can be pulled into either year. <p>Members were reminded that when recessions hit, enrollment increases however the State's ability to fund increases to base apportionment and ongoing increases to revenue to districts is very difficult.</p> <ul style="list-style-type: none"> • Santa Ana College maintains a contingency reserve that allows the college to take a proactive approach in continuing to serve students during these challenging times. 	
11. FUTURE AGENDA ITEMS		

12. OTHER	DISCUSSION/ COMMENTS	ACTIONS/ FOLLOW UPS

Submitted by Geni Lusk
Next Meeting –May 2, 2017