



SAC PLANNING & BUDGET MEETING

MINUTES – May 6, 2025

1:30PM – 3:00PM

Zoom Meeting

Santa Ana College Mission Statement: *Santa Ana College inspires, transforms, and empowers a diverse community of learners.*

MEMBERSHIP

| Administrators | Academic Senate | | Classified | Student Representatives |
|-------------------------------|-------------------------------|---------------------|------------------------|--------------------------------|
| Bart Hoffman, Co-chair | Tommy Strong, Co-chair | | Mark Ou | Han Nguyen |
| Jim Kennedy | Claire Coyne | Marty Rudd | Jimmy Nguyen | Kimberly Ramirez |
| Jeffrey Lamb | John Zarske | Kelly Nguyen | Liliana Oropeza | |
| Vaniethia Hubbard | Merari Weber | Reza Mirbeik | Jessica Avalos | |
| Robert Manson | Luis Pedroza | David Sauber | | |
| | | | | |

Bold = Present

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|---------------------------------------|---|---|
| 1. WELCOME & INTRODUCTIONS | | Meeting called to order 1:34 pm Meeting adjourned at 3:09 pm |
| | Welcome and self-introductions were made. | |
| 2. PUBLIC COMMENTS | DISCUSSION/COMMENTS | ACTIONS/FOLLOW UPS |
| | No public comments | |
| 3. APPROVAL OF MINUTES | DISCUSSION/COMMENTS | ACTIONS/FOLLOW UPS |
| | Approval of April 1, 2025 Minutes with correction: <ul style="list-style-type: none"> A bullet point incorrectly referenced “Capital Outlay Fund” instead of “Budget Stabilization Fund.” | Moved to approve by: John Zarske 2 nd by: Claire Coyne Abstentions: Luis Pedroza & Jim Kennedy |
| 4. UPDATES/REPORTS | DISCUSSION/COMMENTS | ACTIONS/FOLLOW UPS |
| | Quarter 3 Budget Performance Report (Mark Reynoso) Overview of Fund 11 (General Fund) <ul style="list-style-type: none"> Total Budget (Fund 11): Approximately \$129 million as of March 31st. Actual Expenditures: About \$95 million, equating to 74% of the total budget. | |

- Comparison to Previous Year: At this time last year, the college had spent 72%, so current year spending is slightly higher.

Focus on Hourly Instructional Accounts

- Projections for April–June show a significant overage in hourly instructional accounts.
- Highlighted accounts (in yellow) are tracking \$3.5 million over budget compared to the same time last year.
- End-of-Year Projection: Expecting to be approximately \$9 million over budget in hourly instructional areas.

LHE (Lecture Hour Equivalent) Trends

- SAC is experiencing a notable increase in LHEs this year.
 - **Summer Comparison:**
 - **2024–25:** 3,256 LHE
 - **2023–24:** 2,736 LHE
 - **Difference:** Increase of **520 LHE**
- The increase in LHE helps explain the overspending in hourly instructional budgets.
- Data is broken down by SAC and CEC to compare both campuses.

Cost Analysis of Adjunct (Part-Time) Faculty

- A "cheat sheet" was shared, which includes hourly rates for budgeting purposes:
 - **Sample Calculation:**
 - **1 LHE = 18 hours**
 - **Hourly rate:** ~\$96
 - **Salary for 1 LHE:** ~\$1,728
 - **With 22% benefits:** ~\$2,110 total cost per LHE
- Annual Cost for 30 LHE: Roughly \$63,000 for an adjunct faculty member.

Break-Even Analysis Using SAM (Standardized Attendance Accounting Method)

- The SAM method will be implemented around FY 2026–27.
- Example: 3-unit class, taught by part-time faculty, with 12 students:
 - **Calculation:**
 - 3 units x 18 hours = 54 standardized hours
 - 54 hours x 12 students = 1.23 FTES
 - **Revenue from FTES:** ~\$6,536
 - **Cost of instruction:** ~\$6,330
- Conclusion: With 12 students, the college essentially breaks even on cost vs. revenue for a 3-unit class taught by a part-time faculty member.
- Claire Coyne questioned the use of 30 LHE for part-time faculty, since they are limited to 10 LHE per semester.

- Mark clarified: The 30 LHE figure is for cost modeling, not actual teaching loads.
- John Zarske noted the 30 LHE aligns with full-time faculty contracts and asked if this was a comparison tool.
- Mark and Dr. Nery confirmed: Yes, it's a norming point to compare cost of full-time vs. part-time instruction.

Key Points – Fund 11 (General Fund Unrestricted)

Mark Reynoso shared the current fiscal position and planning approach related to part-time faculty, hourly costs, and the strategy to address a projected budget shortfall.

Hourly and Part-Time Faculty Budgeting

- The planning involves estimating the load hours (LH) part-time faculty will teach.
- LH is multiplied by a rate (including benefits) to calculate total cost.
- This estimate helps determine if the cost aligns with available budget in hourly accounts.

Projected Shortfall

- \$600,000 Deficit projected by fiscal year-end in Fund 11.
- Some savings in classified and benefit line items are helping to offset hourly cost overruns.
- Plan: Transfer some expenses to Fund 13 to avoid ending Fund 11 in the red.

Fund 13 (General Fund – Restricted/One-Time Funds)

Purpose: Used for one-time expenses and budget relief, including helping cover Fund 11 deficits.

Status as of March 31

- Total budget: \$20 million
- Spent so far: \$3.8 million (only 19% of budget spent, compared to 42% this time last year)
- Projected expenses (April–June): \$11 million
- Projected ending balance: \$4.9 million

Pending Major Expenses (Highlighted in Yellow)

1. OC Sheriff's Dept. contract (likely related to the Criminal Justice Academy)
2. Ambassadors of Passion/ISA costs
3. Graduation-related expenses
4. Outstanding RARs (Resource Allocation Requests)

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|-----------------|--|--|
| | <p>5. Large FMRs (Facilities Modification Requests) being transferred to Capital Outlay.</p> <p><u>Deficit Factor & District Budgeting Constraints</u> Tommy Strong brought up the “Deficit Factor” and how it impacts budgeting visibility and decision-making:</p> <p>Deficit Factor Background</p> <ul style="list-style-type: none"> • The State withheld funds (~\$3 million) due to an anticipated shortfall in apportionment (deficit factor). • This funding will be returned but as one-time funds in the next fiscal year (FY 2024–25). • This causes a temporary distortion: even if revenue is technically coming, it can’t be budgeted now. <p>Impact on Planning</p> <ul style="list-style-type: none"> • The push for increased FTES (Full-Time Equivalent Students) to boost future funding drove up costs this year. • But these investments won’t be fully offset until next year. • The overage in salary/benefit spending this year is related to that effort — not necessarily poor budgeting. <p>Response from District</p> <ul style="list-style-type: none"> • A workgroup within the Fiscal Resources Committee (FRC) is reevaluating the deficit factor handling and its effects. • Bart Hoffman and John Zarsky are on this workgroup. • A potential new approach could be shared as early as the May 27 meeting. <p><u>Tentative Budget for Fund 11 – FY 2024–25</u></p> <ul style="list-style-type: none"> • Total tentative budget: ~\$129.4 million (slightly higher than current year) • Collective bargaining increases are NOT yet included. • An unallocated \$2.9 million at the district level is also not yet reflected. <p><u>Assessment of Committee Goals (Bart Hoffman)</u></p> <ul style="list-style-type: none"> • Bart noted that although the committee goals assessment would typically occur at this meeting, the group has not yet finalized a draft. • Progress is being made, and Bart encouraged patience while he, Tommy, and others work on it. • This item will be revisited once the draft is complete. | |
| 5. SCFF REPORTS | DISCUSSION/COMMENTS | |
| | <ul style="list-style-type: none"> • None at this time. | |

| 6. UNFINISHED BUSINESS | DISCUSSION/COMMENTS | ACTIONS/FOLLOW UPS |
|------------------------|--|--------------------|
| | <p>Review and Approval of Meeting Calendar (Mark Reynoso)</p> <ul style="list-style-type: none"> • Mark Reynoso presented updates to the meeting calendar for the next academic year, incorporating prior committee feedback (highlighted in red). • Key calendar changes: <ul style="list-style-type: none"> ○ November: Add agenda item to review the Faculty Obligation Number (FON) and provide a recommendation to College Council. ○ March: Review of Tentative Budget Assumptions (from the District FRC Committee). ○ March: First review of Marketing Plan and Technology Plan. ○ April: Follow-up and final approval of Marketing and Tech Plans, not a second presentation—clarified by Mark Reynoso and Bart in response to Jim Kennedy’s question. • Motion to approve calendar: <ul style="list-style-type: none"> ○ Moved: Claire Coyne ○ Seconded: David Sauber ○ No objections were noted ○ Approval granted <p>Calendar Item Suggestion</p> <ul style="list-style-type: none"> • Claire Coyne noted that the District Resource Requests Review was on today's agenda but not included in the meeting calendar. • Mark Reynoso and Dr. Nery responded: <ul style="list-style-type: none"> ○ This review is a newer addition and not part of prior committee work. ○ Timing: Info from the District typically arrives in early spring (March). ○ Planning and Budget’s role is to: <ul style="list-style-type: none"> ▪ Evaluate how much SAC would cover (typically ~71%) of district position costs. ▪ Recommend a funding threshold or response based on available growth dollars and economic context. <p>Calendar Adjustments & Recommendations</p> <ol style="list-style-type: none"> 1. Governor’s Proposed Budget Presentation – February 3rd <ul style="list-style-type: none"> ○ John Zarske recommended including a report on the Governor’s proposed budget during the February 3rd meeting. ○ Mark Reynoso confirmed this is typically included in his February presentation and agreed to explicitly label it in the agenda for clarity. 2. FLEX Credit for February 3rd Meeting | |

- John Zarske requested that the February 3rd meeting (during Flex Week) offer FLEX credit.
- No opposition was voiced, and the request appears favorably received.

3. Rescheduling April 7th Meeting (Spring Break)

- Since April 7th falls during Spring Break, the meeting will need to be rescheduled.
- Initial suggestion by John Zarske: move it to March 31st (fifth Tuesday of March).
- However, it was noted (by Claire) that March 31st is César Chávez Day, so that date is not viable.

Action: A new date will be determined and brought back for approval at the May meeting.

Technology Plan Timeline

- John Steffens noted the Technology Replacement Plan was listed for May but that SAC Tech may not finalize it early enough for a March presentation.
- After discussion, March 31st (if viable) could work, but since that date is a holiday, they'll need to reassess.

Plan: Adjust presentation timing based on SAC Tech's ability to finalize the plan.

District Personnel Requests

- Dr. Kennedy raised concerns about reviewing district positions during the tentative budget period, citing lack of available funding (Fund 11 is fully allocated).
- He suggested moving these requests to September, when:
 - P2 numbers are in
 - Possibly have a first recalculation
 - More clarity on growth funding
- Bart Hoffman acknowledged the concern but, regarding the current request (Agenda Item #7), indicated they could proceed with the condition that approval is contingent upon receiving specific growth funds, echoing Dr. Nery's earlier point.

Next Steps:

- Revised calendar, including:
 - Governor's budget update language
 - Alternate date for April meeting
 - Flex credit for February
 - Technology plan presentation timing
- Will be brought back for final approval at the end of May.

| 7. NEW BUSINESS | DISCUSSION/COMMENTS | ACTIONS/FOLLOW UPS |
|-----------------|---|--------------------|
| | <p>Exhibit C Presentation (Dr. Annebelle Nery)</p> <p>Purpose: To explain the importance of Exhibit C in understanding college funding and its implications for strategic planning and resource allocation.</p> <p>Key Points Covered:</p> <ul style="list-style-type: none"> • What is Exhibit C? <ul style="list-style-type: none"> ○ It reflects what the State will actually pay colleges based on submitted apportionment reports (Form 320). ○ Although districts report their FTES, the Exhibit C shows the finalized funding amounts based on the state’s own calculations. ○ Without reviewing Exhibit C data, colleges risk losing potential growth revenue or misreporting earned FTES. • 320 Apportionment Report Schedule: <ul style="list-style-type: none"> ○ Submitted 3 times a year: <ul style="list-style-type: none"> ▪ P1 (January 15) ▪ P2 (Mid-April) ▪ Annual Report (Mid-July) ○ Optional Recalculation (R1) in November if corrections or growth adjustments are needed. • Why It Matters: <ul style="list-style-type: none"> ○ Colleges that fail to align enrollment planning with Exhibit C data may fall into economic decline or miss opportunities for base growth. ○ Using Exhibit C proactively allows districts to: <ul style="list-style-type: none"> ▪ Capture full restoration and growth funding. ▪ Avoid being in “hold harmless” or stabilization funding conditions. • Case Example: <ul style="list-style-type: none"> ○ One college reviewed its Exhibit C after submitting its P1 report and discovered an opportunity to claim additional FTES (200–300) that had been overlooked. ○ As a result, that college was able to: <ul style="list-style-type: none"> ▪ Achieve full growth and restoration. ▪ Increase its apportionment base. • Enrollment Management and Targets: <ul style="list-style-type: none"> ○ Moving forward, the Enrollment Management Committee is refining how targets are set for future years (e.g., FY 25–26). ○ Data-driven target setting allows colleges to respond strategically to enrollment fluctuations. • How to Access Exhibit C: | |

- Go to Google and search for: **“CCCCO Apportionment Reports”**.
- Look for:
 - **Exhibit A** – Monthly payments per program.
 - **Exhibit C** – Calculated funding (State Apportionment, EPA, local revenue).
 - **Exhibit D** – Adjustments.
 - **Exhibit R** – Advanced apportionment revenues.
- Use these resources to independently verify district drawdowns and ensure accurate allocations, especially for categorical funds.

Budget Allocation and Financial Health

- A healthy salary and benefits portion of the budget should be:
 - Around 86%–87%
 - Never over 90%, as this restricts the ability to grow and fund other initiatives
- Growth is necessary to:
 - Pay institutional bills
 - Increase student success outcomes
 - Improve support for underrepresented groups (as defined by the State)

Performance-Based Funding and Analysis

- Upcoming work will focus on analyzing:
 - “Exhibit C” documents, which detail how funding is allocated based on performance
 - Areas where the college was paid and was not paid for outcomes
- Statistical analysis to be used:
 - Two standard deviations (upper and lower bounds) will be calculated
- Collaboration planned with:
 - Enrollment Management Committee chairs to align fiscal and academic target-setting

Target-Setting Process

- Dr. Matt Morin created a PowerPoint rubric to determine enrollment targets
 - Dr. Nery will compare fiscal method vs. rubric method to see alignment
- Ensure targets are:
 - Transparent
 - Data-informed
 - Achievable within realistic timeframes (e.g., 18 months vs. arbitrary 10% increases)

Communication and Presentation Goals

- Dr. Nery emphasized:
 - Making this work fun and engaging
 - Avoiding over-complication
 - Providing executive summaries that are simple and understandable
- Plans to:
 - Share examples of past summaries
 - Highlight how targets and budget align with actual student success metrics

Feedback and Appreciation

- Luis Pedroza expressed gratitude for the first logical explanation of how targets are created
 - Previously believed targets were arbitrary (e.g., “let’s go up 10%” without rationale)
- Dr. Nery acknowledged past unrealistic targets (e.g., unachievable growth percentages)
 - Worked with others (e.g., Enrique Perez, SCC) to develop more reasonable and phased plans
 - **Example:** 3-year plan for SCC; 18-month plan for SAC

Review and Approval of Additional Personnel (Bart Hoffman)

Personnel Positions Proposed

- Total Positions: 4
 - **2 District Senior Safety Officer Positions** (under Safety & Security, District)
 - **2 Human Resources Positions**
 - 1 Director of Human Resources (Grade D – high-level management)
 - 1 Principal Human Resource Analyst (Grade I – mid-level management)

Cost Summary (as reported by Mark Reynoso)

- Director of HR (Grade D): \$277,000 (incl. benefits)
- Principal HR Analyst (Grade I): \$206,000 (incl. benefits)
- 2 Senior Safety Officers (District): Combined with above in total
- Total Cost for All 4 Positions: \$738,814

Discussion Highlights

- Bart Hoffman confirmed that Mark prepared detailed, accurate cost data.
 - Emphasized that district-approved positions are funded from the top of revenue before allocation to colleges.

- Noted SAC would absorb ~70% of cost due to budget allocation model (BAM).
- John Zarske expressed concern SAC pays 70% but might not receive equivalent service.
 - Suggested the cost be prorated based on actual time/work at SAC vs. District Office.
 - Later agreed that if the dispatcher (safety operator) is physically located at SAC, the arrangement seems fair.
- Dr. Nery addressed previous concerns from SAC about not having an on-site dispatcher.
 - Confirmed the newly proposed dispatcher would be physically located at SAC.
 - Highlighted this was a direct request from SAC faculty and staff.
- Bart Hoffman clarified that lack of an on-site dispatcher previously created operational difficulties.
 - Stressed importance of having district-funded safety staff available across all SAC locations, especially CEC.
 - Invited Dr. Kennedy's input on the matter.
- Jim Kennedy supported the safety officer positions, citing their necessity.
 - Explained SAC pays 70% of all district positions under BAM; this is standard.
 - Emphasized the importance of future review of the BAM to possibly reassess such costs.
 - Recommended any approval be contingent upon growth funding at the district level.

Next Steps / Committee Focus

- Determine:
 - Whether to recommend the 4 positions to College Council.
 - What the college is willing to forgo (as the funding comes from SAC's share of the budget).
- Continue evaluating:
 - Impact on SAC's revenue and services.
 - Growth funding assumptions.
 - District-level budget planning.

Discussion on Recommending a Dollar Amount for 4 Proposed Positions

- Bart opened discussion by asking if anyone had a rationale for recommending a specific dollar amount to College Council for the 4 requested positions.

- Stated that the college could choose to recommend a lower amount, which would result in only partial funding (e.g., funding only 1 of the 4 proposed positions).
- Explained that the 70% share SAC would pay is not fixed—a lower contribution could reduce the number of positions supported.
- Reza Mirbeik asked whether the college must adhere to the 70% split under the Budget Allocation Model (BAM).
 - Bart clarified: No, SAC can recommend a lower contribution and fund fewer positions.
- Tommy Strong asked whether the college's share (~\$517,000) for the 4 positions would appear in the Fund 11 budget or be absorbed elsewhere.
 - Bart and Mark Reynoso explained:
 - It would appear in district services expenditures, not directly in SAC's Fund 11.
 - The \$517,000 would be deducted from SAC's total revenue, reducing funds flowing to the college.
 - This deduction would increase the overall District Services allocation (already ~\$40 million), effectively shrinking SAC's share.

Proposal & Motion

- Tommy proposal suggested a compromise funding amount: 50% of SAC's estimated \$517,000 share.
 - Estimated \$258,585 as SAC's contribution (roughly half).
 - Clarified this would potentially allow for 2 positions instead of 4, most likely the 2 Senior Safety Officers.
 - Emphasized the contingency on growth funding—only to be allocated if the district receives new or increased funding.
 - Noted that HR could potentially reapply in a future year for additional support if not funded fully now.
- Tommy moved to approve \$258,585 of future budget funding, assuming the colleges and district are awarded growth or additional budgetary funds to accommodate that amount.
- Discussion & Vote:
 - No further discussion or opposition.
 - No abstentions recorded.
 - Motion carried.

Outcome

- Committee recommendation to College Council:
 - Approve funding of \$258,585 (approx. 50% of SAC's total projected share).

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| | <ul style="list-style-type: none"> ○ Contingent on district receiving growth or additional budgetary funds. ○ Allows for partial approval of proposed personnel—likely 2 out of 4 positions (presumably safety-related). | |
| 8. STUDENT UPDATE | DISCUSSION/COMMENTS | ACTIONS/FOLLOW UPS |
| | | |
| 9. SACTAC | DISCUSSION/COMMENTS | ACTIONS/FOLLOW UPS |
| | None to report at this time. | |
| 10. ACCREDITATION | DISCUSSION/COMMENTS | ACTIONS/FOLLOW UPS |
| | None to report at this time. | |
| 11. FUTURE AGENDA ITEMS | | |
| | <ul style="list-style-type: none"> • The committee will review the 2025-2026 meeting calendar on May 6, 2025. | |
| GENERAL INFORMATION | | |
| | <ul style="list-style-type: none"> • Fiscal Resources Committee (rscdd.edu) | |
| NEXT MEETING | May 27, 2025 | |

Submitted by Norma Castillo