

Follow-up Report

Laney College
900 Fallon Street
Oakland, CA 94607

A Confidential Report Prepared for the Accrediting Commission
for Community and Junior Colleges
Western Association of Schools and Colleges

This report represents the findings of the evaluation team that visited

Laney College and the Peralta Community College District
on
April 1-2, 2013

Laney College Visit:

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INTRODUCTION AND OVERVIEW

A six-person team visited the Peralta Community College District on April 1, 2013 to assess progress made on Commission recommendations 2, 3, 4, and 5 and Eligibility Requirements 3, 5, 17, and 18 from the visit of April 2012. The visiting team received the *Follow Up Report* prior to the visit, met with the Chancellor, the Vice President of the Board of Trustees, other District Vice Chancellors and District support staff.

In addition, a two-person team visited Laney College on April 2, 2013 and met with the College President, Executive Vice President, Business Manager, Academic Senate President, Classified Senate President, and Associated Students president and other faculty leaders and administrators.

The purpose of the visit was to verify that the *Follow-up Report* prepared by the College was accurate, through examination of evidence; to determine if sustained, continuous, and positive improvements had been made at the institution; and that the institution had addressed the recommendations made by the comprehensive evaluation team, resolved the deficiencies, and now meets the Eligibility Requirements, Accreditation Standards, and Commission policies.

During the visit the visiting team validated through conversations and documentation the progress made for each Commission recommendation. The team found these meetings to be very helpful and informative in validating the College's progress in meeting the Commission's recommendations.

RESPONSES TO THE COMMISSION'S RECOMMENDATIONS

The following recommendations were the basis for conversations, interviews and review of data. The intent was to determine if the College had addressed the recommendations resulting from earlier visits. The recommendations addressed in this visit expand the focus on the District's progress in the area of improving management systems, financial accountability and controls. In addition, the team conducted interviews and examined evidence to determine to what extent the financial actions of the District have impacted the Colleges and their capacity to offer quality student learning programs and services.

Team members also visited each College in the Peralta Community College District. Interviews with College stakeholders were conducted to verify whether or not the perception on the part of the District's progress as described by the District was also supported by the Colleges. The team also wanted to determine the process by which members of Laney College were informed about the District responses to the recommendations and if Laney College had a formal role in providing input on the District's response to the recommendations. The College's perspective on the District's ability to support its institutional effectiveness is vital to measuring progress on the recommendations.

RESPONSES TO SPECIFIC RECOMMENDATIONS

Recommendation 2

In accordance with Standard III.D.2.a, c, and g and Eligibility Requirement #18, the District needs to resolve outstanding audit findings identified in the Department of Education letter dated May 20, 2011 referring to Audit Control Number (CAN) 09-2009-10795. That letter identifies the findings for each of the four colleges as those findings relate to Department of Education areas of funded programs including Title IV and Financial Aid. Additionally, the District should resolve all audit findings in the Vavrinek, Trine, Day, & Co. LLP, Certified Public Accountants' audit reports for years 2008, 2009, and future audit report issued after the date of this recommendation.

Although the District has resolved a significant number of the audit findings from prior audits, a number of audit findings remain unresolved. The remaining audit findings need to be resolved by March 15, 2013.

Observations and analysis

The entire team met with Vice Chancellor of Finance and Vice Chancellor of Educational Services and Student Services. They reviewed the status of the Corrective Action Matrix that the District is using to track the audit findings. The number of audit findings has been reduced from 53 as of 6/30/2009 to eight as of 6/30/2012. Of those eight, only four are from the prior year. The remaining 49 findings have been cleared. The following summarizes that status of the eight audit findings:

2012-1 Time and Effort Reporting. (Prior year 2011-14) The District has implemented a procedure for both collecting the time reports and for following up on the reports that were not submitted promptly. The District provided evidence that the reports are current through 2nd quarter, 2012-13. This audit finding has been addressed.

2012-2 Procurement, Suspension and Debarment. (Prior year 2011-15) The District had implemented procedures to assure that contractors were verified to not be on the federal list, but had not included change orders. Procedures have been amended to include all contractors regardless of amount of the contract. This audit finding has been addressed.

2012-3 Financial Reporting. This audit finding was for one program. The program staff has been trained and the existing procedures have been reinforced. This audit finding has been addressed.

2012-4 Equipment Management. (Prior year 2011-17) The District has implemented procedures to track and tag all equipment purchased with federal funds. This audit finding has been addressed.

2012-5 Students Actively Enrolled. (Prior year 2011-20) The District and Colleges have implemented procedures to ensure that class rosters are submitted by faculty for all course sections and that those rosters that are missing as of the end of census week are requested, repeatedly if necessary, from the faculty member. Late rosters are manually entered into the

system. As of the end of census week in Spring, 2013, there were 700 out of 2300 rosters missing. As of one month later, only 130 were missing. The Colleges will continue to follow up with the missing rosters. This audit finding has been addressed.

2012-6 Concurrent Enrollment. The District has a procedure requiring high school students to complete a separate concurrent enrollment form for each term of attendance. The College Admissions and Records Offices maintain the forms for one semester and then forward the forms to the District Office. Any student who attempts to enroll online but lists him or herself as a high school student will be blocked from enrolling until the College has granted approval manually online. This audit finding has been addressed.

2012-7 Residency Determination for Credit Courses. The District has established a procedure to email all students who put a "2" on their CCCApply application, indicating permanent residency. The email informs the students that they have been placed in a non-resident status until they provide additional information to the Admissions and Records Office. The process is a manual process, but adequately addresses the issue. As of this Spring, the District established an electronic process for placing a hold on these students and sending them the email. This audit finding has been addressed.

2012-8 CalWORKS Reporting. This audit finding was for one program. The program staff has been trained and the existing procedures have been reinforced. This audit finding has been addressed.

Conclusion

The District has addressed all prior year audit findings from 2008-09 through 2010-11 as well as the four new audit findings for 2011-12. It is clear that the District has developed a robust process for addressing audit findings in a prompt and serious manner.

Recommendation

The District has met Standard III.D.2.a, c, and g and Eligibility Requirement #18.

Recommendation 3

While evidence identifies progress, the District has not achieved compliance with Standard III.D and Eligibility Requirement # 17. Specifically, the District has not achieved long-term fiscal stability related to resolution of collective bargaining agreements on compensation and post-retirement benefits. Therefore, in order to meet the Standards and the Eligibility Requirements, the District must assess its fiscal capacity and stability and implement actions to resolve deficiencies.

The District has secured modifications to the collective bargaining contracts resulting in a soft cap on retiree benefits. The District must demonstrate its ability to maintain its fiscal stability over the long term (beyond three years) and assess the impact of the new revenue achieved through the passage of the parcel tax.

Observations

The team met with District administration. It is clear that the District administration as well as the Board is working as a team with the focus on financial stability.

The District has:

- Negotiated benefit caps with all three collective bargaining groups. This change has assisted in the drop of the OPEB liability from \$221M in 2011 to \$183M in 2013.
- Carefully planned for hiring additional tenure track faculty while shifting adjunct faculty costs to Measure B, the parcel tax that was passed in June 2012. This fiscal strategy will allow the District the flexibility to reduce sections and costs in the future should state funding not increase as hoped.
- Created a new Budget Allocation Model that allocates funds to the Colleges based on their share of the District's funded FTES averaged over three years. This creates an incentive for the Colleges to actively manage their enrollment.
- Managed the allocation of increased funding from the passage of Proposition 30 and the Measure B Parcel Tax to meet the terms of the ballot measures. The District has developed a fiscal strategy that keeps ongoing expenses out of Proposition 30 and Measure B, which are one-time funds. This strategy allows the District to scale its level of operations to its level of funding once Measure B and Proposition 30 funds sunset.
- Addressed the OPEB liability by refinancing a portion of the debt and creating a benefit charge to address the future liability of current employees. This liability will continue to be managed, as the District plans to refinance the remaining debt by 2015, create an irrevocable trust and increase the self-charge to 15%.

Conclusion

The District has tackled its significant budget problems seriously and intently, with the result that the District is in healthy financial condition with superior fiscal management.

Recommendation

The District has achieved compliance with Standard III.D and Eligibility Requirement #17.

Recommendation 4

While evidence identifies progress, the District has not achieved compliance with Standard IV.B and Eligibility Requirement # 3. Specifically, the District has not completed the evaluation of Board policies to the end of maintaining policies that are appropriate to policy governance and excluding policies that inappropriately reflect administrative operations. Therefore, in order to meet Standards and Eligibility Requirements, the District must evaluate all Board policies and implement actions to resolve deficiencies.

The District has revised a significant number of its Board Policies. This project needs to be completed so that all policies are reviewed and revised as necessary by March 15, 2013.

Observations and Analysis

The Board adopted a method for review of its policies that employs the structure and advice from the Community College League of California. This review process included the elimination of unneeded policies, the realignment of policies to delete elements of a procedural nature, and the addition of new policies in areas that were lacking. The Board has completed one full review of its policies and has made the commitment, with the aid of the CCLC update process, to conduct regular and ongoing updates. The Board has also incorporated the policy review process into its annual retreat agenda.

The Vice President of the Board has confirmed this practice, and the District administration has assigned staff dedicated to providing the necessary support to keep the review process going forward. The Board has also declared its intention to complete a full review on a four-year cycle, consistent with the length of Board terms. The Board is ready to allow the administrators to manage and the Board to stay focused on policy.

The Board and the Chancellor have also conducted orientation sessions with the one newly elected trustee so that she can learn her role and responsibilities. The District also plans to use the Chancellor's Cabinet meetings (which include all Presidents and Vice Chancellors) to continue this work.

The Board has found that the review process has helped them focus on policies, eliminate their involvement in procedures and clarify the Chancellor's role. This enables the Board to support the Chancellor in his job instead of intervening in the operations of the District. This also helps the Board focus on matters of policy.

Conclusion

The Board and the District's administration have joined in this mutually beneficial activity and have made the commitment to continue regular review on Board policies.

Recommendation

The District has completed the review task and has met this recommendation.

Recommendation 5

While evidence identifies progress, the District/Colleges have not achieved compliance with Standard III.D and Eligibility Requirements # 5 and # 17. Specifically, the District/Colleges do not demonstrate the fiscal capacity to adequately support quality student learning programs and services. Therefore, in order to meet Standards and Eligibility Requirements, the District/Colleges must evaluate the impact of financial decisions on the educational quality and implement actions to resolve any deficiencies.

In reviewing the reports, the Commission noted that Laney College has not fully evaluated the impact of recent District financial decisions on the College's ability to sustain educational programs and services. While the College did describe the principles and practices around fiscal decisions at the District and the Colleges, it was unclear to the Commission what specific

impact the reductions or changes had and what the future impact of those reductions and changes would be. The College's response should include an analysis of staff sufficiency and the quality of educational services before and after budget reductions with sufficient detail and evidence to evaluate the impact of these reductions on the overall educational quality of the college. The college should describe how it intends to deal with any resulting negative impact.

Observations and Analysis

Laney College's *Follow-Up Report* describes in great detail the impact of recent budget reductions on its programs, students and staff. The College reviewed its productivity and effectiveness before and after the budget reductions. This analysis included retention and success rates, degree and certificate awards, and total transfers to California Public Universities. The College tracked these measures from Fall 2007 to Spring 2012.

Overall Student Success

The evidence presented in the College's self-assessment shows that Laney adequately supports student learning programs and services and that there has not been a significant change in student achievement measures since the budget reductions occurred. Retention and success rates over the five-year period have gone from 73.22% to 78.96% and 63.3% to 66.04% respectively (p. 85). The number of degrees and certificates has risen during the same period from 451 to 480 and 254 to 352 respectively (p. 86). Additionally, Laney's transfer rate to CSU and UC has remained relatively stable from 273 to 256 for CSU and 134 to 145 for UC transfers over the last five years.

Laney has adopted an attitude of self-sufficiency. Its active pursuit of grant funds has served it well, cushioning the impact of cuts to the extent that some of its Career and Technical Education (CTE) programs came through the rough financial period unscathed.

While reductions were made in courses described as life-long learning, this was in keeping with the direction from the State Chancellor's Office, and the College closed this gap somewhat with fee-based community services classes.

Recognizing the importance of staying connected to its community, Laney has maintained its outreach efforts with high schools and community organizations even when offerings were reduced and classes were full. The College is now in the process of adding more general education courses to expand capacity in the transfer programs.

In sum, academic performance measures have shown little variability, and in fact, some measures have improved over baseline measures for the period in question demonstrating that the College has served its community well.

Staffing Changes.

Laney's budget reductions, coupled with its workload reductions, led to reductions in faculty, staff and administrators. The Educational Master Plan provided the direction as the College assessed critical needs. This led to decisions about replacements and reorganization of programs and services. At the same time, the District used its planning processes to balance the full-time

faculty ratios across the Colleges to ensure that faculty resources were available where most needed.

Faculty.

The District's Budget Allocation Model (BAM), which allocates fiscal resources based on relative enrollment, aligned the College's schedule to meet District enrollment management strategies. The resulting reduction in faculty also meant reduced class sections and a decrease in the number of full-time equivalent students (FTES) generated.

CTE and academic program faculty at Laney responded to the severe cuts with a level of innovation and collaboration that had not occurred previously. Faculty have a shared vision that helps the CTE students complete degrees. Curriculum has also been reconfigured to better meet the job market versatility. Industry support has also been forthcoming as the College demonstrated the need and focus of its programs.

In the instance of the Library, retirements drove the need to hire part-timers. This was accomplished by hiring a blend of experienced retirees and new librarians who will also serve as a candidate pool for full-time hiring.

The Counseling department was hard hit during the financial crisis. The College went from eleven to seven counselors. As a result, all of Laney's counselors work with all students across all needs categories. With a focus on student needs and an "all hands are on deck" approach during peak enrollment periods, coupled with exploration of models such as group counseling, student needs were met. The College has also expanded the use of orientation for all students. Categorically funded programs such as EOP&S and CalWORKs also found that their use of people and space could be redesigned to meet the needs of students in an atmosphere of budget reductions. The focus has remained on services for students to assist with completion and transfer.

Staff.

Laney's budget driven reduction in staff led to restructuring of categorical programs, staff and technical support, student services and activities support including financial aid and computer systems. The College uses its Educational Master Plan (p. 42) and annual updates to stay focused on student needs to determine how to rebuild. It is now adding back staff in these critical areas. Additional positions slated for restoration include research and public information.

Administration.

The College engaged in a six-month process to develop a transition plan to reduce administrative team members by two instructional deans and a student services vice president. The plan was shared college wide with a focus on helping students get what they needed, even if that meant referring them to other Colleges in the District. Laney's administrators stated they had a better sense of team as a result of the cuts. They hope to preserve this new way of working together as they add back positions. Since the College has recently been given District support to modify its organizational structure, it will begin to reinstate administrative positions.

Conclusion

Throughout its Follow-up Report Laney has demonstrated its ability to sustain its educational programs and services. Although initial budget cuts were across the board, the College maintained core programs and services for its students. Now that the College has had the time to plan strategically, it is prepared to restore faculty, staff and administrators in a balanced manner that assures the correct balance of instructional programs going forward.

Laney has developed the culture of planning effectively and has used this skill to determine staffing needs in order to maintain its educational programs and services. The College is able to meet its research needs with the assistance of the District systems. The College's leadership team has incorporated data-driven decision-making into its planning processes. It does this collaboratively with the campus constituent groups and the other three colleges in the District. As a result, Laney has been able to achieve the correct, sustainable balance of programs and services to help its students succeed.

The College has provided evidence that supports the assertion that student achievement has not been compromised. The team believes that the College has met the Commission's request for a thorough analysis of the impact of the budget reductions as well as staff sufficiency.

Recommendation

The College fully meets Commission Recommendation 5, meets Standard III.D and complies with Eligibility Requirements #5 and #17. Furthermore, the College has fully responded to the Commission's request to provide a detailed analysis of the impact of the budget reductions and staff sufficiency on the overall educational quality of the College.