July 2, 2012

Dr. Jose Ortiz
Chancellor
Peralta Community College District
333 East Eighth Street
Oakland, CA 94606

Dear Chancellor Ortiz:

The Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, at its meeting June 6-8, 2012, considered the Follow-Up Report submitted by the District, the report of the evaluation team which visited April 16-17, 2012 and the presentation made by Chancellor Wise Allen and District representatives at the Commission meeting. The Commission also considered the Midterm Reports submitted by each District college. The purpose of this review was to assure that the recommendations made by the evaluation team were addressed by the District and the institutions and that the colleges had also addressed the self-identified plans for improvement which were included in the institutional self studies. The Commission acted to continue the colleges on Warning and to ask that the colleges and the District resolve the deficiencies noted. The Peralta Colleges are required to complete Follow-Up Reports by March 15, 2013. The reports will be followed by a visit of Commission representatives.

Warning is issued when the Commission finds that an institution has pursued a course deviating from the Commission’s Eligibility Requirements, Accreditation Standards or Commission policies to an extent that gives concern to the Commission. The Commission may require an institution to resolve its deficiencies, refrain from certain activities, or initiate certain activities. The Commission will specify the time within which the institution must resolve deficiencies and may subject the institution to required reports and evaluation visits. During the warning period the institution remains accredited.

The Commission acknowledges that the Peralta Community College District has made significant progress in addressing the recommendations of the Commission. The District has identified its Other Post-Employment Benefits (OPEB) liabilities, developed a plan, and initiated funding of that plan to address OPEB liabilities.
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The District has also acted to restructure its liabilities so that the District has achieved short-term financial stability and it is pursuing actions to resolve the long-term debt issues. The District has developed a Corrective Action Matrix to monitor its progress to address audit findings. It has addressed a substantial number of the audit exceptions and has prevented the issuance of new findings. The District has renegotiated its collective bargaining contracts and has secured agreements for three years to maintain control of retiree benefits. The District has been successful in its efforts to pass a parcel tax to provide additional revenue. The process of revising Board Policies has resulted in a substantial restructuring of the District Policies. A timeline has been developed that indicates that the policy review should be completed in July 2012.

However, not all recommendations have been completely resolved. The recommendations and associated notes below identify those remaining areas that still require attention by the District and the colleges. It is incumbent on institutions to address recommendations, resolve deficiencies, and fully meet Eligibility Requirements, Accreditation Standards, and Commission policies. Districts and colleges should ensure that steps taken to address recommendations lead the college toward continuous and sustained institutional effectiveness that aligns with the Standards.

**Commission 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 Vavrinck, Trine, Day & Co., LLP, Certified Public Accountants’ audit reports for years 2008, 2009, and future audit reports 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.*

**Commission 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 Eligibility Requirements, the District must assess its fiscal capacity and stability and implement actions to resolve the 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.*
Commission 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.

Commission 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 the four colleges have not fully evaluated the impact of recent District financial decisions on the colleges’ ability to sustain educational programs and services. The District and College reports did describe the principles and practices around fiscal decisions at the District and the colleges; yet, 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 at each college. The colleges’ responses in the upcoming Follow-Up Reports should include an analysis of staff sufficiency and the quality of educational programs and 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 colleges. The colleges should also describe how they intend to deal with any resulting negative impact.

I also wish to inform you that under U.S. Department of Education regulations, institutions on sanction are expected to resolve deficiencies within a two-year period or the Commission must take action to terminate accreditation. The colleges were expected to have met these recommendations by June 2011. The Commission has extended the time for the Peralta Community College District colleges to correct deficiencies for good cause. The colleges must fully address the recommendations, resolve deficiencies, and comply with Eligibility Requirements and Accreditation Standards by March 15, 2013, or the Commission will be compelled to act.

The District Follow-Up Report and the College Midterm Reports will become part of the accreditation history of the colleges and should be used by the colleges in preparing for the next comprehensive evaluation.
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The Commission requires that the colleges give the District Follow-Up Report, the Follow-Up Visit Report, the Midterm Reports, and the Commission action letters appropriate dissemination to College staff and to those who were signatories of each College report. This group should include campus leadership and the Board of Trustees. The Commission also requires that District Follow-Up Report, Follow-Up Visit Report, Midterm Reports and this Commission action letter be made available to students and the public. Placing a copy on the colleges’ websites can accomplish this.

On behalf of the Commission, I wish to express continuing interest in the institutions’ educational quality and students’ success. Professional self-regulation is the most effective means of assuring educational integrity, effectiveness, and quality.

Sincerely,

[Signature]

Barbara A. Beno, Ph.D.  
President

BAB/11

cc: President, Board of Trustees, Peralta Community College District  
Dr. Deborah Budd, Interim President, Berkeley City College  
Dr. Jannett Jackson, President, College of Alameda  
Dr. Elnora Webb, President, Laney College  
Dr. George Herring, Interim President, Merritt College  
Dr. Frank Gornick, Chancellor, West Hills Community College District, Team Chair  
Dr. Wise Allen, Chancellor (retired)