LOS ANGELES HARBOR COLLEGE  
COLLEGE PLANNING COUNCIL (CPC)  
MINUTES  
FEBRUARY 11, 2013  
1:30 PM  
SSA 219

Members Present:  
Co-chairs: S. McMurray (presiding), A. Patterson  
Faculty: J. Baez, N. Barakat, S. Fasteau, E. Joiner, J. Stanbery  
Classified: I. Clarke, T. Davis (for T. Mariner), C. McClenney, J. Fowler  
ASO: J. Baeza, M. Lacy, P. Morales, R. Uhde  
Resources:  
Guests: T. Apb

Call to Order  
Meeting called to order at 1:45pm

I. Approval of Agenda  
Motion to approve agenda by M. Lacy, seconded by R. Uhde. Approved. (Action Item 1)

II. Approval of Minutes (1/14/13)  
Motion to approve minutes with the following corrections: remove S. Fasteau from attendee list, change to “NA” under Good of the Order, by C. McClenny, seconded by M. Lacy. Approved. (Action Item 2)

III. Public Comment  
1. S. McMurray went to first veteran’s group meeting and encourages everyone to try to attend some meetings, even if only once in a semester as it’s a good reminder that what we are doing is worthwhile  
2. Student introductions  
3. L. Rosas reports that a tentative offer was made to new Academic Affairs Dean  
4. Andy Labrune is the new Senior Office Assistant for EOP&S, Kaman Ng is new 1-Year limited counselor  
5. Communications secretary Angela Miller was hired, tentative offer made to Counseling Information Desk secretary

IV. Unfinished Business (Action items/Noticed items from previous CPC meetings)

V. New Business  
A. Accreditation Follow-Up Report (E. Joiner):  
   i. The report addresses two LAHC recommendations regarding planning and budget as well as four (of five) District recommendations, represents a lot of hard work since July and believes it to be an honest portrayal of what the college has done  
   ii. The report is available to read on the Z drive, expect some additional changes  
   iii. S. McMurray received notice this morning regarding District Recommendation 5: micro-managing survey responses are being
tabulated and District has requested and may receive an extension until April 1 to complete this section.

iv. E. Joiner encourages campus community to continue to look at the website and submit changes and corrections

Motion to approve the LAHC Accreditation Follow-Up Report Draft by N. Barakat, seconded by M. Wood. Motion approved unanimously. (Action Item 3)

VI. Reports:
A. President (L. Rosas):
   1. Mark Wood plans to retire June 28, 2013, Academic Affairs will need to work to replace him right away in addition to faculty hires, question of who will be available to sit on hiring committees?
   2. S. McMurray and Senate will speak with Chancellor this afternoon regarding the following:
      i. Compliance with transfer model
      ii. Common course numbering
      iii. 90-unit limit proposal
      iv. Possibility of changing the District Planning Committee to District Planning & Accreditation Committee in preparation for 2015
      v. Standardized district policy on assessment
      vi. Bookstore consultant recommendations- common textbook adoption when coordination is possible while maintaining academic freedom
      vii. Faculty advising, having a standard & common expectations, Harbor is one of few campuses that does not do this
      viii. Program viability & discontinuance: academic & CTE programs that need to be discontinued and policy concerns
      ix. Transference of veterans’ credits, many of which are non-transferable, looking at other model programs
      x. Assignment of faculty over two or more colleges when there are not enough classes to make a full load
      xi. Academic Senate to student leadership, perspective regarding the ASO
      xii. Notes from the meeting will be sent out within the next week

B. ASO Report (M. Lacy):
   1. ASO may host a forum for Board of trustees election
   2. ASO is selling Reggie Valentines, will be selling Reggie a lot this semester, as a reminder of Lake Machado
   3. ASO acquired a ping-pong table now in the Seahawk Lounge, trying to start an intramural ping-pong activity, student vs faculty activity
   4. February 27th & 28th club rush in the quads
   5. 2/20 ASO book NEA quad for basketball or golf activity
   6. Request for an accreditation report to ASO meeting Tuesday, 2/19 at 1pm (first official meeting of semester) to present the report
   7. ASO calendar of events will be sent out monthly, forward info to Jackie or Gary for inclusion on calendar, March will include club meetings
   8. Gary Gonzales is now the student Ombudsperson for student complaints and grievances in addition to being ASO advisor (A. Patterson)
   9. ASO wants to host more events for students and instructors to connect on campus
   10. Deadline for Foundation Scholarships is March 8 (S. McMurray)
C. Special Committees & Task Forces
   1. Accreditation (E. Joiner/J. Stanbery): NR
   2. Achieving the Dream:
      i. will need to find a replacement for Leige Doffoney
      ii. number of LAHC folks went to national conference last week, Command Leige for hosting two workshops one on Financial Literacy 2nd was a panel, (she was teased about flunking retirement), presentations will be available online
      iii. Armando & Eric, Financial Literacy Coaches, made the MLK Day workshop a success
   3. Web Standards (A. Tomlinson): I. Clarke will start a workgroup and anyone can volunteer to be on it, will include Jonathon Lee

D. CPC Standing Committee Reports
   1. Academic Affairs Cluster Committee (J. Stanbery): ballots are due this week, this Thursday’s Academic Affairs meeting will be prioritization
   2. Student Services Cluster Committee (A. Patterson): met at end of last month, next meeting is 2/28 at which they should be able to approve cluster plan
   3. Administrative Service Cluster Committee (A. Tomlinson): hoping to get more faculty input on ballot
   4. Budget Committee (L. McKenzie):
      i. DBC meets 2/13th, District is working on Operation Plan, preliminary allocation for next year is $27million
      ii. S. McMurray hopes for more stable funding for tutors than we have had in the recent past, which is problematic for LAC, needs to be a campus-wide commitment and not semester to semester
   5. Human Resources Committee (K. Blackburn): meeting tomorrow at 1:30 in SSA 219, still in organization stage
   6. Work Environment Committee: putting together district-wide task force, has asked William to be on this taskforce
   7. Staff Development Committee (S. Nguyen): NR
   8. Technology Advisory Committee (I. Clarke):
      i. Committee has not yet met
      ii. Upgrading email system using equipment from district office in place by end of next month and begin piloting later this month (currently running on 2003 so due for an upgrade), no major changes, likely be reviewing and increasing size of mailboxes for additional storage
      iii. District server is in place now keeps copies of all emails coming in to campus and individuals can now easily retrieve yourself from this server
      iv. Lots of weird spam 95% is blocked but IT is looking at what more can be done, wants to be aggressive but not too aggressive, less aggressive with mail from other campuses
   9. Committees of Academic Senate: NR

VII. Good of the Order
   1. Honor Reception will be combined into one reception and held later in the day this year, between 4-6pm
   2. Scholarship reception will be more like a dinner than a reception
3. 2/21 Millennium Foundation luncheon, Foundation wants to set up scholarship for students and internship program, way for students to discuss community college issues with the White House and possibly meet President
4. Active shooter training will be held Monday or Thursday at 2pm, R. Uhde wants students to be involved with this type of training; discussion of effectiveness of student alert system

VIII. Adjourn 2:52pm
Motion to adjourn by I. Clarke, seconded by M. Yanez. Approved. (Action Item 4)
INTRODUCTION

The 2012-13 work at Los Angeles Harbor College sustains a campus-wide climate of accreditation based on planning, assessment, and evaluation. Integral to this work is incorporating data from Student Learning and Service Area Outcomes with input from Program Reviews into all planning and budget decisions.

Following the college’s 2012 ACCJC visit, the college was given two recommendations to address regarding planning and budgeting. The college remobilized and renewed its emphasis on these vital processes. In July, when the college was notified that it had been placed on probation by the ACCJC, the Accreditation Steering Committee mobilized in order to formulate a plan of action.1 The Steering Committee, along with Standard I Team and the college’s Budget Committee then met regularly throughout the fall to steward corrective action by the college. There were several actions taken by these groups which were then forwarded to the College Planning Council for implementation.

The Harbor College community has recommitted itself to streamlining its planning process and to ensuring that budget decisions are transparent, data driven, and directed toward student success. In addition to the Accreditation Steering Committee and Standard I Team meetings, all Standards Teams have been reorganized to promote a consistent and ongoing accreditation effort. All teams meet at least once each semester to review activities pertinent to the Actionable Improvement Items identified in the 2012 Self Evaluation Study and to keep the campus updated on broader accreditation issues.2

The college has strengthened its planning infrastructure by revising its Participatory Governance Document and upgrading the shared governance and planning documents calendars. The college also organized two planning retreats in the summer and fall 2012 as well as a planning retreat in January 2013, and clarified the planning and shared governance diagrams.

The college has also taken several steps to tighten fiscal monitoring and oversight, with attention to ensuring that all costs of future hiring remain within the college budget allocation. In order to accomplish and strengthen financial accountability, the college has shifted from a ‘decentralized’ to a ‘centralized’ budget model that gives the college president more fiscal control over all budgetary decisions. Developing a college budget timeline so that those with fiscal oversight are aware of deadlines has proven to be an effective tool along with the use of a Request for Hiring form, which ensures that all future positions with the college can be funded.

REPORT PREPARATION

The following table is the last in a series beginning in August, 2012, which tracked the completion of the tasks required for the preparation of this report – each task involved, the individuals responsible, and the point at which each task was completed.

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1 Accreditation Steering Committee Agendas and Task Lists: Aug. 13, 23, 27; Oct. 8; Dec. 3.
2 LAHC Corrective Action Matrix
INTRODUCTION

The individuals named constituted the Harbor College Accreditation Steering Committee cited in the “Introduction” above: Martin Martinez, President of Harbor College; Luis Rosas, Accreditation Liaison Officer and Vice President for Academic Affairs; Abbie Patterson and Ann Tomlinson, Vice Presidents for Student Services and Administrative Services respectively; Kristi Blackburn, Dean of Institutional Effectiveness; Mark Wood and Leige Doffoney, Deans of Academic Affairs; Susan McMurray, Academic Senate President; Jim Stanbery and Ellen Joiner, Accreditation Coordinators. The Standard I and Standard IIID Accreditation Teams also helped develop the language of this report for Recommendation 1 and Recommendation 2 respectively. Mr. Stanbery and Dr. Joiner wrote the text of the report, editing into it all feedback received from other participants in the process and members of the college community generally, for approval of the final draft by the Academic Senate and College Planning Council.

The five recommendations in the District portion of the Follow Up Report were addressed by individuals cited in footnote 4.

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3 Standard IA&B and IIID Teams
4 Report Preparation for District Office Responses
RECOMMENDATION 1

Recommendation #1: As previously stated in Recommendation 2 by the 2006 Comprehensive Evaluation Team and in order to meet Standards, the planning process needs to reflect an ongoing and systematic cycle of evaluation, integrated planning, resource allocation, implementation, and re-evaluation that use data as the central focus to inform decisions. The process needs to be made clear to the college constituencies so they understand the steps, as well as which plan informs which plan. In addition, human resource planning for classified personnel and administrators needs to be evidence-based and integrated with institutional planning and program review. An evaluation of the effectiveness of the planning process as well as the effectiveness of programs and services needs to be included. (I.B.2\(^5\), I.B.3\(^6\), I.B.6\(^7\), I.B.7\(^8\), III.A.6\(^9\))

DESCRIPTIVE SUMMARY

Recommendation #1 (above) requires the College to provide evidence that:

[A] the college’s planning process is an ongoing, systematic cycle of evaluation, integrated planning resource allocation, implementation, and re-evaluation;

[B] the college’s planning process uses data as its central focus to inform decisions;

[C] the college’s planning process is clear to the college constituencies, so they understand each step in the process, and how each of the plans in the process informs each other plan;

[D] the process for human resource planning for classified personnel and administrators is done in a way that is evidence-based and integrated with institutional planning and program review; and that

[E] the college’s planning process includes an evaluation of the effectiveness of the planning process; as well as the effectiveness of the programs and services involved.

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\(^5\) Standard I.B.2 - The institution sets goals to improve its effectiveness consistent with its stated purposes. The institution articulates its goals and states the objectives derived from them in measurable terms so that the degree to which they are achieved can be determined and widely discussed. The institutional members understand these goals and work collaboratively toward their achievement.

\(^6\) Standard I.B.3 - The institution assesses progress toward achieving its stated goals and makes decisions regarding the improvement of institutional effectiveness in an ongoing and systematic cycle of evaluation, integrated planning, resource allocation, implementation, and re-evaluation. Evaluation is based on analyses of both quantitative and qualitative data.

\(^7\) Standard I.B.6 - The institution assures the effectiveness of its ongoing planning and resource allocation processes by systematically reviewing and modifying, as appropriate, all parts of the cycle, including institutional and other research efforts.

\(^8\) Standard I.B.7 - The institution assesses its evaluation mechanisms through a systematic review of their effectiveness in improving instructional programs, student support services, and library and other learning support services.

\(^9\) Standard III.A.6 - Human planning is integrated with institutional planning. The institution systematically assesses the effective use of human resources and uses the results of the evaluation as the basis for improvement.
In the following sections (labeled by letter assigned above), we will explain how the college addressed the recommendation as well as provide the necessary evidence.

Actions Taken to Resolve the Recommendation:

A. An ongoing, systematic cycle of evaluation, integrated planning resource allocation, implementation, and re-evaluation

The ongoing planning process reflects the strategic directions and College goals updated annually for the College in its Educational Master Plan (EMP). The EMP synthesizes the essentials of the District Strategic Plan, Student Success Initiative, and Technology Plan with College program reviews, College “functional” plans for technology, human resources, and facilities, and the narrative portions of all unit plans. The major support documents have been codified to identify the key features on which the EMP is based. Data is at the center of the planning process which includes the Factbook, internal and external scans, the student survey results, as well as SLO assessment and program review.

All elements of the process are provided for in the College Planning Policy and Procedures Manual. In accordance with the Planning Manual, the managerial units at the College are grouped into three planning clusters. The Manual specifies a calendar by which priorities ranked by each unit in its Unit Annual Plan are then merged into a Cluster Annual Plan by the cluster planning committee responsible for those units, and the three cluster plans are finally merged into an College Annual Plan by the College Planning Council (CPC). All plans systematically incorporate the Actionable Improvement Items specified in the 2012 Self-Evaluation Reports recommended in the ACCJC Letter of Findings.

Required updates of each annual plan are made as the Planning Manual provides, and currently all College units and clusters are on schedule for the adoption of the College Annual Plan for the following academic year (’13-’14). Plans for all academic units have been submitted according to the College planning calendar, and have progressed through their first review by the planning committee responsible for integrating all academic unit priorities into the comprehensive set of rankings for the academic cluster that will be forwarded to the College Planning Council (CPC) for integration with parallel submissions by the other two clusters of the College into the ’13-’14 College Annual Plan. This initial academic cluster review session showed the participants engaged in the process with a clear grasp of the forms and procedures being employed in the process as well as of its relevance to the college-wide decisions resulting from it.

In order to improve our process as stated in the recommendation, the college updated the Unit planning forms to further integrate data/budget in setting priorities. Additionally, the college held a planning retreat on August 24 to specifically address SLOs and Program Review in planning for the 2013-14 planning cycle. This has been further emphasized by the Deans and Vice Presidents as the Unit plans feed into the Cluster plans.

The Planning Manual provides for the Budget Committee to recommend implementation of priorities which are then adopted by CPC. The restoration of the funding allocation set by the District for the College with the passage of Proposition 30 on November 6 illustrates the

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10 See documents cited; Educational Master Plan; codes.
13 Minutes, Academic Affairs Cluster Committee meeting, November 29, 2012.
effective integration of planning and budgeting at the College. Budget Committee meetings commit the funds restored for the current academic year according to the priorities set in the College Annual Plan for ’12-‘13.\textsuperscript{14}

How SLO assessments are reflected in program review findings and resulting changes in college plans is shown in the current plans being adopted for 2013-‘14 on the unit, cluster, and college-wide levels.

For instance, in the Academic Affairs cluster, the assessment results for our institutional SLO for “information competency” resulted in the coordination by the Library of the redesign across disciplines of assignments guiding students to the physical locations of the relevant library materials and how to use them. The unit plan for the Business Division now requests funding to implement math prerequisites for accounting classes based on a program-level SLO finding that these courses should require such prerequisites. The Humanities Division unit plan for the Music Department proposes revising the music theory course sequence so students can complete the program and reinstating a previously discontinued initiative to provide students with faculty mentors, all as a result of SLO assessments within that department.

Student Services also demonstrates the ongoing link between assessment data and planning. A SAO for the Counseling Department is “Students will have a reasonable wait time for counseling appointments.” The criterion for this outcome was that students would wait less than three weeks for a counseling appointment. Data was collected from SARS indicating that during the first week of Spring 2012 a total of 153 students were unable to receive counseling appointments within three weeks. The results were used to document the need for more hourly counseling to shorten the wait time for appointments, which is reflected in their unit plan as a priority.

Financial Aid has an SAO that “Students will receive financial assistance in a timely manner”. The criterion was that at least 80 percent of surveyed students would report satisfaction with use and understanding of how to use the online process to receive financial aid funding. Eighty-two percent of students responding to the Fall 11 survey reported that they were satisfied or very satisfied with the online process for applying and receiving their financial funds. Based on this high student approval of the online process, the Financial Aid unit plan reflects continuing plans to expand activities and documents that can be completed online.

An Admissions SAO is that “Students will have prompt access to grades and transcripts.” Preliminary data indicated that 80% of faculty members submitted grades online in the Spring 11. Criterion for this outcome is that 98% of faculty will submit grades online. The usage of this data resulted in expanding training and workshops for faculty in use of online attendance rosters, submission of grades, and other services as an essential activity in their unit plan.

There have also been several changes implemented from planning documents as a result of assessment activities in Administrative Services. An example of this is in the facilities area. After conducting a point of service survey which demonstrated higher need for services during the day, the custodial shifts were altered to meet the demand. Additionally, the central plant management has shown to need contract servicing since the college does not have the staff training or the equipment. Custodial staffing is based on national maintenance standards.

As the college requests for service outpace staffing in I.T., which has been documented through service requests as well as through academic affairs unit plan requests, the Administrative

\textsuperscript{14} Minutes, College Budget Committee meetings, November-December, 2012.
Services Cluster has put staffing (Web Designer, Senior Computer Network Support Specialist) at the forefront of its planning priorities. Academic Affairs Cluster also supports these priorities as they impact instruction. These needs are a part of Administrative Services 2013-14 planning process which is currently in progress.

B. Data as the Central Focus to Inform Decisions

An outcome of the evaluation of the College planning process indicated that the planning forms needed modification to provide a clear and effective planning template, congruent across all clusters and incorporating data/evidence from program reviews including student learning outcomes as well as relevant budget projections. Part “A” of the planning form is a narrative evaluation of current activities with recommendations for improvements based on relevant program/pathway reviews including Student Learning Outcome assessments. Parts “B” and “C” group activities mandated by statute, regulation, and related requirements; Parts “D” and “E” prioritize activities essential for addressing identified program/pathway weaknesses. This template is currently in use in the preparation of 13-'14 unit, cluster, and college-wide plans.

Finally, the rubric-based approach, commended in the report of the 2012 visitation team for the Faculty Hiring Priority Committee, was used in the adoption of the 2012-13 College Annual Plan has been standardized for the college planning committees in the 2013-14 planning cycle. The rubric-based template itself incorporates the necessary evidence that the resulting decisions are data-based and data-driven.

The aspects of the planning process specified above are best illustrated by two charts depicting the process in terms of [a] the plans involved in the process and their relationship to each other and [b] the governance bodies responsible for implementing the process. As mentioned in the introduction, the college updated its planning and governance diagrams to further clarify how the process is enacted. The two updated college planning diagrams are located on the following page.

At the center of College Planning Documents Flow Process is data. The college is placing significant emphasis on having evidence in its unit planning documents and all of the college planning documents. Tying together the evidence from program review and student learning outcomes to drive future planning is critical. The college has taken this approach with the creation of the Human Resources 2012-13 plan as well: by using the data/evidence present in the Cluster program reviews, as well as examining the plans, we can further determine future hiring priorities for the college (administrators, classified, and faculty).

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15 Timeline for the Development of the 2013-14 College Plan: Unit and Cluster plans posted on the College website as due.
16 2012-13 College Annual Plan.
College Planning Documents Flow Process

Los Angeles Harbor College
Educational Master Plan
(6 year Strategic; updated annually)

DATA
- Internal Scans
- External Scans
- Assessment (Course, Program, Institutional)
- Factbook
- Budget Allocation
- District Planning Documents

Program Reviews

Annual Unit Plans
All College Units
&
Functional Plans
- Technology
- Facility
- Human Resources
- Enrollment Management
- 6 year Planned Offerings

Annual Cluster Plans
- Academic Affairs
- Student Services
- Administrative Services

Annual College Plan

Std. 1, Sept. 11, 2012
Ac Sen Sept. 20, 2012
CPC Sept. 24, 2012
C. Making the Process Clear to Each College Constituency

As a result of the evaluation of the College planning process, the two diagrams above were adopted, simplifying those used previously in depicting how each step in the planning process proceeds and how each of the plans in the process informs each other plan. At the January 14, 2013 CPC meeting, the college adopted a concise narrative describing the planning documents above, pinpointing the planning bodies (or offices) specifically responsible for their completion on schedule. The college has also adopted a simplified explanation of the governance structure responsible for the conduct of the planning cycle.\(^\text{17}\)

Building on the steps along these lines taken prior to the 2012 visitation, the College intensified its planning efforts through innovative forms of on-campus communication to make sure all college constituencies understand the planning process and their place in it.\(^\text{18}\) This includes significant improvements in the College website. Additionally, the college held an Accreditation Forum on November 15, 2012 to update the campus on accreditation progress. There have been many methods of dissemination including at the unit level, where department/division chairs have shared the information with their faculty/staff. Most widely though, have been the

\(^{17}\) The proposed text is on the College Website: [http://www.lahc.edu/govplanning/governance.html](http://www.lahc.edu/govplanning/governance.html).

\(^{18}\) The Harbor Inspire-er newsletter, planning ‘Jeopardy’; multiple choice preparation flyer 1, 2, 3, 4, 5, 6, & 7.
discussions of planning at CPC meetings, Standard 1 Team meetings, and through the internet. The college is also in the process of preparing a one-sheet fold-over to insure that everyone on campus can have an instant reference capsulizing the essentials of the process.

D. Integrated Human Resource Planning for Classified and Administrative Personnel

Of particular importance is the adoption of the 2012-13 Human Resources Plan identifying all data required in addressing staffing shortages, including administrative and classified staff, with new and replacement positions included in Part “D” of all unit plans prioritized on the basis of that data.19

The unit, Cluster, and College Annual Plans include all position priorities, faculty and non-faculty, in their respective order of importance in relation to each other and to all other priorities, determined through the rubric-based template previously cited. Employing program review and other relevant data as pointed out above, the rubric itself provides the evidence that the resulting decisions are data-based and data-driven.20

E. A Meaningful and Effective Evaluation Portion of the Planning Cycle

In the spring semester 2012, the college began evaluating the college’s planning process by conducting a network analysis (which is a form of communication audit) examining how information/decisions “flow” within the college’s planning structure. Significant results included agreement on the simplified governance and planning diagrams above, as well as the design and adoption of several forms tightening the format of CPC agendas to facilitate the taking of needed action and pinpoint responsibility for their implementation.

The evaluation of our planning process continued in the fall of 2012, with CPC adopting the necessary forms, timeline, and metrics, to evaluate the planning cycle both quantitatively and qualitatively. The forms ask each participant in the planning process, through each of the bodies involved, to assess the way that body functions, its place in the planning process, and the effectiveness of the over-all process. The results of that evaluation show important areas of improvement since the spring as well as areas where further action is required, now reflected in ’13-’14 college plans.21

As a result, the ACCJC team visiting the College in 2013 will see the ’12-’13 academic year coming to completion under the plans that properly govern it, in which the priorities specified are what was actually funded, and the positions included in those priorities were the ones actually filled, according to documents easily accessible on our website. They will also see ’13-’14 unit plans already merged into ’13-’14 cluster plans under formal consideration by CPC for merging into a ’13-’14 college plan, on the timetable our Planning Manual provides.

20 2012-13 College Annual Plan.
21 Planning cycle annual evaluation rubrics and surveys adopted November 2012.
Recommendation #2: In order to meet the Standard, and to adequately monitor salary and benefit expenditures and insure the institution practices effective oversight of finances, the team recommends that salary actions should first be reviewed for available and adequate funding prior to initiating the employment process. (III.D.2.d)

DESCRIPTIVE SUMMARY

Los Angeles Harbor College's response to Recommendation #2 may be divided into two major tasks:

[A.] Monitoring and effective oversight of the college finances.
[B.] “Salary actions will be reviewed to guarantee available and adequate funding prior to initiating the employment process.”

It is important to note that the Los Angeles Community College District was referred to the Financial Reviewer Process in the spring of 2012. The results of this review were received Dec. 11, 2012 and indicated that Harbor College finances would "continue under regular monitoring" and that no special report to the commission was requested or required.23

Actions Taken to Resolve the Recommendation:

A. Monitoring and effective oversight

The College monitors its finances through ongoing review and analysis of district and college data.24 This work includes monthly, quarterly, and yearly oversight of Cluster and salary expenditures in addition to comparative analysis within the LACCD.25 Monthly salary reports are distributed to the SFP/ categorical program managers for review and to insure that each vice-president and manager tracks exact salary and benefit expenditures. All managers are encouraged to project their year-end balance by January or February in order to clearly identify possible cost overruns and to plan for the upcoming year.26 Vice-presidents of the college’s three clusters (Academic Affairs, Student Services, and Administrative Services) regularly review this data and report to the College President. Input from the Budget Committee, a subcommittee of CPC and CPC itself, also provide oversight and integration of the budget with college planning.

Most significantly, for the last two years (2010-11, 2011-12) the college has achieved a balanced budget through a variety of cost-saving measures including the reduction in course sections to offset full-time hires, as well as the acquisition of grant monies, the parking fund, and

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22 IIIID.2.d.The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.
24 2012-13 Enrollment Plan; Planned Course Reduction 12-13; Calculation of Step and Column increase of Salaries Unrestricted General Fund for Non-Teaching Regular Employees.
25 FY1213 Cluster First Quarter Comparison; 2013 Cluster Salary First Quarter Report (confidential); Salary Distribution Details (confidential); Cluster Yearly Comparison; Monthly projection (Oct. 12 & Nov. 12); LACCD 2012-13 First Quarter Projection; Expense Comparison July-October 2012.
26 Summary-Monthly salaries; Paid benefits; Statutory benefits (confidential).
proceeds from contract education, facilities usage and the SWAP meet. The college is currently on track to show a positive balance for 2013-14.27

The Big Picture Looking Forward After Proposition 30 (EDUCATION PROTECTION ACT)

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Sources of additional revenue came in the form of an Accreditation allowance from the District, passage of Proposition 30 ($2.3 million restoration), the distribution of contingency reserve funds by the District, and a Faculty Obligation Number (FON) subsidy of $280,000. These additional revenue sources brought the campus allocation to $29.4 million for 2012-13.

With the passage of Proposition 30 in November 2012, the College is poised to move from a retrenchment strategy to one that restores instruction and vital services to students on campus. As of the December payroll, the projected ending balance for 2012-13 is $932,694. The Budget Committee has developed a five-year reserve plan with an annual reserve planned for $500,000 each year for the next five years.28

As documented below, the LACCD’s 2012-13 Education Protection Act (Proposition 30) Spending Plan includes an allowance for $2,365,672 for hourly instructional salaries. All monies were used to fund unfunded classes needed to meet the FTES target of 6409 for 2013. This was the number one priority of college planning.

The LACCD’s 2012-13 Proposed Redistribution of 2.5% of Contingency Reserve Funds

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28 December 2012 Monthly Projection: 5 Year Reserve Target and Human Resources Plan, 2012-17.
In addition to the 2012 Educational Protection Act provide additional monies to the college.

### 2012-13

**PROPOSED REDISTRIBUTION OF 2.5% OF CONTINGENCY RESERVE FUNDS**

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<th>Revised Budget</th>
<th>Contingency Reserve</th>
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<td>Total Revenue, excluding Balance</td>
<td>$469,983,496</td>
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<tr>
<td>7.5% Contingency Reserve</td>
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<td>EPA Fund:</td>
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<td>7.28% Workload Restoration</td>
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<td>Total Projected EPA Fund</td>
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<td>Revised Total Revenue, excluding Balance</td>
<td>505,197,300</td>
</tr>
<tr>
<td>Revised 5% Contingency Reserve</td>
<td></td>
</tr>
<tr>
<td>Proposed Redistribution of Contingency Reserve, excess of 5%</td>
<td>$9,988,897</td>
</tr>
</tbody>
</table>

**Use of Contingency Reserve, Status as of December 2012**

<table>
<thead>
<tr>
<th>Contingency Reserve</th>
<th>Revised Contingency Reserve</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTINGENCY RESERVE AT 2012-13 FINAL BUDGET</td>
<td>$30,248,702</td>
</tr>
<tr>
<td>ACCRED. PLANNING &amp; CORRECTIVE ACTION (M, S, W)</td>
<td>(736,300)</td>
</tr>
<tr>
<td>ADDITIONAL FOR FON SUBSIDY (4 FTEF) (pending BF1, Dec 1F)</td>
<td>(140,000)</td>
</tr>
<tr>
<td>PROPOSED AMOUNT TO DISTRIBUTE TO COLLEGES</td>
<td>(9,988,897)</td>
</tr>
<tr>
<td>REMAINING CONTINGENCY RESERVE</td>
<td>$24,381,565</td>
</tr>
</tbody>
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**PROPOSED DISTRIBUTION**

<table>
<thead>
<tr>
<th>COLLEGE</th>
<th>PROJECTED REVISED FUNDED FTE'S</th>
<th>% OF TOTAL</th>
<th>PROPOSED DISTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>13,872.00</td>
<td>14.3%</td>
<td>$1,431,431</td>
</tr>
<tr>
<td>East</td>
<td>20,977.05</td>
<td>21.7%</td>
<td>$2,164,483</td>
</tr>
<tr>
<td>Harbor</td>
<td>6,408.75</td>
<td>6.6%</td>
<td>$661,277</td>
</tr>
<tr>
<td>Mission</td>
<td>5,807.51</td>
<td>6.0%</td>
<td>$569,230</td>
</tr>
<tr>
<td>Pierce</td>
<td>13,815.00</td>
<td>14.3%</td>
<td>$1,425,591</td>
</tr>
<tr>
<td>Southwest</td>
<td>4,842.72</td>
<td>5.0%</td>
<td>$499,688</td>
</tr>
<tr>
<td>Trade-Tech</td>
<td>11,552.86</td>
<td>11.9%</td>
<td>$1,192,064</td>
</tr>
<tr>
<td>Valley</td>
<td>12,399.81</td>
<td>12.8%</td>
<td>$1,278,422</td>
</tr>
<tr>
<td>West</td>
<td>6,715.64</td>
<td>6.9%</td>
<td>$692,943</td>
</tr>
<tr>
<td>ITV</td>
<td>424.09</td>
<td>0.4%</td>
<td>$43,759</td>
</tr>
<tr>
<td>TOTAL</td>
<td>88,807.22</td>
<td>100.0%</td>
<td>$9,988,897</td>
</tr>
</tbody>
</table>
In response to Recommendation #2, two taskforces functioning as subcommittees of the Budget Committee (the Budget Work Group and the Emergency Budget Taskforce) identified those parts of the budget process in need of increased review and oversight. The Budget Work Group was organized in fall 2011 with the specific task of identifying campus-wide cost savings. The Work Group presented its findings at a Budget Committee Retreat on January 27, 2012 and a recommended budget was approved by CPC in May 2012. The Budget Emergency Taskforce was organized in August 2012 to directly address Recommendation #2. Representatives on these subcommittees come from a cross-section of the campus community. As a result of the work, the college has implemented the following strategies that more clearly define its financial monitoring processes and ensure fiscal accountability and transparency.

**Adopting a Centralized Budget Model**

In the past the college’s budget process has been de-centralized which contributed to a lack of centralized oversight and the subsequent hiring of personnel without adequate funding. The earlier de-centralized model included the development of the budget at each Cluster level with review and oversight by the specific Cluster’s Vice President and the Vice President of Administrative Services. With their approval personnel actions were then sent to the District Educational Services Center for action. This de-centralized model provided very limited oversight by the president and in practice has enabled the college to spend over its allocation.

It is in this context that the recommendation for budget oversight and monitoring was made following the college’s March 2012 site visit. The recommendation clarified the college’s ongoing challenge to follow its planning and budget processes and to end the “slippage” that has allowed expenditures without alignment within the budget.

The genesis of a more centralized budget model began within the Budget Work Group which over the course of a year (2011-12) examined all expenditures across the campus to identify cost savings. The Emergency Budget Taskforce then recommended a more centralized budget model that would fulfill the priorities outlined within the college annual plan. This recommendation was approved by the Budget Committee and CPC.

The centralized budget process includes:

1. Review of all budget and personnel actions by cluster managers.
2. Certification by the Cluster Vice President that the request fulfills the priorities of the College Annual Plan assuming adequate funds are available.
3. Verification by the Vice President of Administrative Services that the Cluster information is accurate and fulfills the priorities of the College Annual Plan.
4. Submission of the request to the college President who again reviews the proposal and gives final approval assuming adequate funds are available.
5. Transmission of the budget or personnel action to the District office with the funding source clearly identified.

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30 The actions described below represent recommendations from either or both working groups that were brought to the Budget Committee, approved, and forwarded to CPC for approval and implementation. http://www.lahc.edu/govplanning/governance/cpc/cpc%204-30-12%20minutes.pdf

Budget Retreat http://www.lahc.edu/govplanning/governance/cpc/CPC%20minutes_retreat_6-12.pdf
Essential to the centralized model is the use of a position request form that must be approved by the college President at the beginning of all personnel actions. All costs related to personnel actions must be accounted for on a Position Request Form. This is a paper form that must be processed through Human Resources and approved by the college President at the front end of all personnel actions documented with adequate resources and signatory approval for each action before the hiring process begins.

In short, the watchwords for the college’s financial mode of operation are **Clarify, Certify, Verify, and Approve.**

**Adopting a Budget Timeline**

To better monitor college finances, we formulated a detailed Budget Timeline with specific deadlines for budget reports to ensure clarity and transparency throughout the budget process.

Most important on the budget timeline are the Quarterly Reconciliation Meetings. These meetings require all employees with budgetary oversight responsibilities to meet with the Vice President of Administrative Services and her support staff to review the budgets of all managerial units. In the case of units that have persistently been in deficit the college works proactively with unit managers to identify the precise source of the deficits and to target remedial actions. This unit level of oversight is unprecedented in identifying and addressing the sources of over-expenditure.

Personnel training is also included on the timeline. Several one-on-one training sessions have been conducted by the Administrative Services staff so that users have learned to use the budget reports available online. The college also held a one-day District Procurement Training session in December 2012 for instruction in grants/contracts that have personnel ramifications.

The President, Vice President of Administration, and Associate Vice President of Administration held quarterly (and more often as needed) meetings with Budget managers. The first major oversight and monitoring change was to identify programs that had operated in deficit during 2011-2012. These four programs included: Athletics, Bookstore, the Child Development Center (CDC), and Special Programs and Services (DSPS). Each meeting included a review of three items: 1) The 2011-12 expenditures, 2) Managers identified budget issues, and 3) Set targets for 2012-13.

The first budget oversight meeting was with the Athletics program on August 20, 2012. In addition to the above three items, fundraising and offsetting of Program 100 costs were the main focus. Athletics is to raise $250,000 or the operational costs of its program. Subsequent meetings with Athletics have continued throughout the fall in order to track budgetary progress.

The Bookstore manager met monthly with the Vice President of Administrative Services and her staff to outline targets for sales and costs. Following the review of the three items listed above it was established that the bookstore maintain no more than $250,000 of inventory.

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31 Position Request Form, Budget Approval to Hire 2012, PCRs to be released Oct. 2012.
32 [http://www.lahc.edu/facultystaff/budget/budget%20timeline%20201213.pdf](http://www.lahc.edu/facultystaff/budget/budget%20timeline%20201213.pdf)
33 Department Budget Meetings-Athletics, Bookstore, CDC, EOPS, DSPS.
Meetings with the CDC were held on August 28 and December 4, 2012. One of the most important outcomes of these meetings was the realization that the CDC is not operating at capacity, and needs to reach at least 90 children, 45 funded by the state, and 45 funded by parents on a sliding scale.

The fourth meeting was with DSPS on August 30, 2012. The discussion identified that state funding has been reduced, while the program has actually increased the number of students served. The outcome of the meeting was that DSPS will continue to seek external funding for its initiatives. Additional grants in mental health will be sought as well.

The combined impact of these four meetings was increased communication, transparency, and oversight of the college budget in these specific programs. Midway through the budget year all four programs are re-evaluated with follow-up meetings to again review budget decisions.

B. “Salary actions will be reviewed to guarantee available and adequate funding prior to initiating the employment process.”

One of the first methods of implementation for future salary action monitoring was the creation of a Position Request Form. This form was initiated so that whenever a manager intends to hire, the position will proceed through a process that verifies the planning for that the position, its allocation in the budget, and that the college would be able to fund the position over time. The form was approved by the College Planning Committee and has been in use since its adoption. The form requires the requesting administrator to identify the funding source, to verify that it is in the Unit/Cluster/College plan, and is then reviewed by the VP of the area, the Administrative Services VP, and ultimately approved by the college President.

Tracking Personnel Costs in Program 100 and in Grants

Based upon a spreadsheet developed by the Dean of Economic Development, the college is working to account for personnel expenses including the quarterly transfers of Program 100 salaries in addition to Specially Funded Programs (SFP) salaries and benefits. To provide greater and more efficient oversight of the budget, the college vice presidents have been charged to review previous fiscal reports in order to monitor salary and benefit expenditures. All plans must be mindful of and uphold contract obligations. The Budget Committee co-chairs are urged to use the District’s Final Budget Appendix E in order to standardize the oversight process and establish baseline comparisons with other similar sized colleges. All position salaries and benefits will be calculated from the first quarter and can be used for future projections and planning.

The changes noted above are being implemented and have strengthened the oversight of budget decisions. As a result, monitoring and oversight have been brought to the forefront of college dialogue. Hiring recommendations and their connection to budget are informed by the college annual plan and the newly approved Human Resources 2012-13 plan. Both plans reflect the college’s increased use of data to inform hiring decisions. With new buildings increasing the campus footprint, there is anticipation that expenses may increase in FMO.

34 Position Request Form.
36 2012-13 Final Budget, 191.
37 College Annual Plan, Human Resources Plan.
These possible expenses are reflected in the District’s allocation model, which along with the Faculty Obligation Number must also be taken into account, which in turn further reinforces the imperative to carefully monitor all expenses.  

**Faculty Obligation Number and Planning for Future Salary Actions**

The Faculty Obligation Number (FON) impacts Harbor College’s budget and planning process, particularly in future hiring. The college’s proportion of the state’s 75% to 25% ratio of full-time to part-time faculty mandate is decided at the LACCD level by the District Chancellor in consultation with all nine college presidents. The resulting decision provides each campus with a designated number of full-time faculty to be hired each year. The request for new hires proceeds through the college planning process beginning with unit plans that draw upon internal/external scan assessments and program review. Faculty hiring requests are evaluated by the Academic Senate Faculty Hiring Priorities Committee (FHPC) which prioritizes departmental requests for new full-time faculty hires. The hiring priority list is approved by the Senate and is sent to the college President for final approval. The FHPC process, its use of data and transparency, received a commendation from the 2012 visiting team’s Evaluation Report.

Harbor College continues to address its full-time to part-time ratio. In 2010 the ratio was 48% (F/T) to 52% (P/T). In 2011 the ratio was 43% F/T to 57% P/T. In order to raise the number of full-time faculty in 2012 the college hired eight full-time instructors with the guarantee from the LACCD that it would provide a subsidy for each of the faculty hired in the first three years of their tenure: $35,000 subsidy in the first years of their tenure, $25,000 during the second year, and $15,000 for the third year. After year three, the college pays 100% of the cost of the faculty members hired. The college balances these hiring costs by reducing adjunct assignments to equal the cost of the new positions hired.

The college recognizes its obligation to replace retiring faculty and to ensure that each department has at least one full-time instructor to support student learning assessment and program accountability. In short, the college must provide adequate full-time faculty for its programs and answer to the state’s unfunded mandate to hire. At the same time, the college must also keep its budget expenditures in check. In response to this issue, the advisory role of the Budget Committee and its position in the planning and hiring process has been significantly strengthened. Unlike earlier hiring cycles in which the college president was given the FON and proceeded to hire based on the FHPC list, the current process includes an open discussion among the president, the Budget Committee, and CPC about the actual cost of the FON and a subsequent recommendation in terms of the actual number of full time hires that may be supported by the college budget.

**Conclusion**

Harbor College is making solid strides toward sustainability using data/evidence to inform planning, linking data to budget, and evaluating the planning process. The college continues the cycle and reflects upon the activities implemented and how they are aligned with the planning documents created prior to the academic year. With the recent Network Analysis and the

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38. District Budget Allocation Model  
39. [http://www.lahc.edu/research/FacultyFTE12.pdf](http://www.lahc.edu/research/FacultyFTE12.pdf)  
40. [Subsidized Funding for Full-Time Filled Positions Fall 2012](http://www.lahc.edu/research/FacultyFTE12.pdf).  
qualitative/quantitative evaluation completed, the college uses the results to strengthen the planning process.

The college has also been highly focused on the budget with more formalized oversight and monitoring across the campus, and the continuation of a balanced budget cycle established by our current college President in 2010. To this end, we have completed the necessary examination of data/evidence for implementing the Human Resources Plan, as well as carrying out the planning process for future permanent employees (Administrators, Classified, and Faculty). As the college concludes the 2012-13 academic year, a sustainable cycle is at work to ensure a culture of self-evaluation, improvement, and growth.
Los Angeles Community College District Response to Team Recommendations

As requested by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, this progress report is being submitted in order to affirm the Los Angeles Community College District’s (LACCD) implementation of institutional practices in areas of particular concern to the Commission.

District Recommendation #1: In order to meet the Standards and Eligibility Requirements, the Teams recommend that the District actively and regularly review the effectiveness of the construction bond oversight structure and the progress in the planned lifting of the moratorium to ensure the financial integrity of the bond programs, and the educational quality of its institutions as affected by the delays of the planned facilities projects (III.B.1.a; III.D.2.a; IVB.1.c; Eligibility Requirements 17 and 18).

This recommendation calls for the LACCD to improve the effectiveness of its bond oversight structure through regular reviews, ensure fiscal integrity in the program, and address the impact of the moratorium on new buildings that are needed to support student learning programs and services.

DESCRIPTIVE SUMMARY

Actions Take to Resolve the Recommendations
The District has taken a number of actions to improve its bond oversight structure, strengthen compliance, and address issues related to the moratorium. Most notable of all of the actions taken was Chancellor Daniel LaVista’s formation of an Independent Review Panel. The charge given to the Panel was to review the LACCD Building Program and provide recommendations on a variety of topics including the Building Program’s operations, controls, checks and balances, policies, practices and procedures. The Independent Review, made up of prominent local construction industry and business community experts included:

- **Frederick E. Harris**, Assistant Vice Chancellor, College Finance & Facilities Planning for the California Community Colleges Chancellor’s Office with responsibilities for capital outlay policy development and allocation of state general obligation bonds for construction at all 72 community college districts statewide.
- **John P. Dacey**, Esq., Senior Partner, Bergman & Dacey, Inc., legal counsel to numerous public entities throughout the state practicing predominately in the area of public works construction litigation and preventative risk counseling. He was also the chief outside legal counsel for re-writing all of Los Angeles Unified School District’s policies, practices, procedures and construction related contracts for its $29 billion construction program.
- **Gary Lee Moore**, City Engineer for the City of Los Angeles, responsible for design and construction of all public facilities, (for example, fire stations, libraries and projects involving parks, wastewater treatment plans) and the regulation of private development affecting the public right-of-way.
- **Roberto Barragan**, President, Valley Economic Development Center, manages the largest business development non-profit organization in Southern California, serving businesses with financing, training, and direct business assistance.

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42 LACCD Chancellor Announces Formation of Review Panel
• **Jim Cowell**, Associate Vice President for Facilities, California Institute of Technology, with responsibility for campus facilities, utilities, capital construction and sustainability; former Deputy Chief Facilities Executive for New Construction at Los Angeles Unified School District.

• **Karen Hathaway**, President and Managing Partner, LAACO, Ltd, and 2012 Chair of the Los Angeles Area Chamber of Commerce Board of Directors.

• **Robbie Hunter**, Executive Secretary, Los Angeles/Orange Counties Building and Construction Trades Council, representing 140,000 members from 15 construction trades and 42 affiliated Craft Local Unions. Licensed Construction Structural Inspector.

• **Sarah Meeker Jensen**, AIA, Founding Partner and President, Jensen and Partners, former Vice President of Engineering and Operations at AMGEN, and former Assistant Vice Chancellor for Health Sciences Design and Construction, UCLA.

• **Rita Robinson**, Deputy CEO, County of Los Angeles, for budget, finance and facilities asset management and development; former General Manager of the Los Angeles Department of Transportation.

Specifically, the Chancellor asked the Independent Review Panel to address the following areas of concern:

I. **Ethics**
   - Determine whether ethical regulations are sufficient to prevent the exercise of inappropriate influence.

II. **Cost Containment**
   - Evaluate both (1) overall hard and soft cost ratios, and (2) overall compensation for major types of Program contractors, vendors and professional service providers for comparison to programs of comparable size.
   - Review the effectiveness of the planning process and the adherence to the resulting plans, including change orders and their justifications at any phase, including the energy program.
   - Review the effectiveness and efficiency of the College Project Managers’ and Program Managers’ support regarding the quality of design documents. Evaluate need for additional, cost-effective measures. Consider the volume of accepted change orders and assess the supporting rationale(s).

III. **Education and Communication**
   - Review the effectiveness of the type and manner in which technical expertise is provided to decision-makers in the implementation of the Program.
   - Review the communications and internal education systems between the Program Manager and the College Project Managers, between the colleges and the District Office, and between industry experts and campus-based staff, faculty and students to promote understanding of policies and procedures.

IV. **Effectiveness**
   - Evaluate whether the current organizational structure and procedures strike the right balance of authority at the colleges (Presidents, governance participants and College Project Managers) and the District (Chancellor, District department designees and Program Manager) for key decisions and milestones. Consider organizational changes and their appropriateness at various stages of the Program.
On January 4, 2012, the Independent Review Panel issued a report on the District's Building Program.\textsuperscript{43} Included in the report were the 17 recommendations that are listed below, with the actions taken by the Chancellor and Board in response to these recommendations to strengthen the Bond Program:

1. Impose a Moratorium on New Projects and Board Directives. The Panel recommended that the District impose a moratorium on all new construction projects that had not yet been awarded to permit the hiring of a new District Executive Director of Facilities. The Chancellor responded by issuing a short-term moratorium in December 2011 on $1.9 billion of projects that had not started or were not already in construction.\textsuperscript{44}

Since construction had not started, the moratorium allowed the District an opportunity to conduct a thorough evaluation to determine whether the following criteria had been met:

- The colleges could afford the costs of maintaining and operating the new buildings.
- There was sufficient capital to build projects with currently authorized funds.
- The facilities, some of which had been planned years ago, matched projected needs.

While the original intent of the moratorium was to provide the necessary time to analyze and appropriately adjust to the impacts of the State budget crisis, a number of other benefits have resulted from the moratorium review, including:

- a. The colleges had a chance to take a hard look at the best use of remaining funds which resulted in campuses making significant changes through shared governance to realign construction programs with current educational requirements and priorities.\textsuperscript{45}
- b. The District’s operating budget allocation mechanism was amended to address concerns in ability to fund growing M&O costs and standardize minimum administration staffing.\textsuperscript{46}
- c. Possible overbuilding at campuses that already had more lecture, laboratory, and office capacity than currently could be used were deferred or canceled.\textsuperscript{47}
- d. Budget shortfalls for remaining college projects were identified and addressed before situations resulted from which the colleges could not recover.\textsuperscript{48}
- e. A $160 million District bond reserve was established to appropriately address contractor defaults, claims, unforeseen conditions and other unbudgeted risks.\textsuperscript{49}

\textsuperscript{43} Independent Review Panel Report
\textsuperscript{44} Email from Chancellor LaVista Announcing Building Moratorium
\textsuperscript{45} Shared Governance Council meeting minutes: August 6, 2012; July 2, 2012; September 10, 2012; October 15, 2012; January 28, 2013
\textsuperscript{46} Amendment to Budget Allocation Mechanism
\textsuperscript{47} Moratorium Status List: August 22, 2012; November 30, 2012
\textsuperscript{48} Building Program Monthly Progress Report, December 2012
\textsuperscript{49} Board Resolution 1, Adopt a Policy for Funding of the District’s Bond Program Reserve to Address the Level of Risks and Work Remaining on the District’s Building Program
f. Bungalow and modular facility removals were made a priority to ensure movement of faculty and staff into permanent facilities.  

g. A new facility database was created to provide a more timely and accurate classification of existing and planned new college facility types and sizes, as well as the projected need for facility space in relation to enrollment.

h. A deferred maintenance fund was established to address postponed and emergency facility repairs and maintenance work.

The Panel also recommended that the Board not issue directives regarding the Building program as had been done in past years. They noted that these directives caused significant confusion within the Building Program. Since receiving this recommendation, the Board has refrained from issuing any directives.

2. Modify the Building Program Management Structure to a More Centralized Model. The Panel reviewed the Building Program's management structure and recommended moving to a centralized management structure. The Board responded with Board Resolution BT4 which changed the bond management structure to a more centralized approach, leaving the College Presidents responsible for defining and ensuring appropriate responses to educational and programmatic needs, but transferring responsibility for managing and executing the design and construction to an industry best practice of having the College Program Manager report to the District's Executive Director of Facilities.

3. Program Cost at Completion and Program Reserve. The Panel noted that both project(s) and program contingencies must be maintained to the end of the Building Program until all obligations associated with the Building Program are addressed and resolved. Therefore, they recommended that an adequate program reserve be held at the central level to pay for anticipated and unanticipated costs. The Board responded with Board Resolution BT1 that sets aside $160 million for the risks associated with contractor claims, defaults, unforeseen conditions, and other unbudgeted costs.

4. Audit Update to Financial Reporting. Next, due to an Inspector General's Report dated September 20, 2011, the Panel recommended that the District Controller and the Program Manager perform and reconcile separate audits to ensure that all obligations and expenditures related to Proposition 39 bond funds are recorded in both the District and Build LACCD financial systems. As noted in the LACCD Audited Basic Financial Statements Report, page 75, in response to this recommendation the District developed a monthly reconciliation process. Since June 2012, the District has also provided additional training to ensure that these reconciliations are prepared in a timely manner and identified a dedicated

employee responsible for this task. This requirement will allow the District to account for all of the Proposition 39 bond funds by the end of the program.

5. Change Orders: What the Data Suggests. The Panel also reviewed the District's Building Program change order data; this review revealed a few areas of concern. In particular the data highlighted a significant difference in how the District handles and manages changes dependent upon which of the two construction delivery methods the District uses to build a project—Design Bid Build or Design Build. In response, the Board passed Board Resolution BT6 that "locks-in" baseline scope and budget at the project level for all remaining work at the colleges, versus the previous total college allocation. The Master Budget Plan also requires District level approvals for proper use of Prop A/AA and Measure J bond ballot measure funds, and changes in scope on college projects.  

6. Proper Role of Shared Governance in the Building Program. One of the findings of the Independent Review Panel was that shared governance practices had significantly contributed to increased costs, changes, delays, and disruptions to the Building Program. The Panel went on to recommend that the District establish policies and procedures to define the proper role of shared governance in the planning and pre-construction phases of all projects, and that the District should preclude shared governance involvement in Building Program issues after the Board of Trustees approves a project and a project's budget. The Board responded with Board Resolution BT4 that changed the bond program management structure to a more centralized approach.

7. Energy Program: Observations. With regard to the District's Energy Program, the Panel found that the goals were well founded but may have been too aggressive. The bottom line, the Panel concluded, was that the District paid too much for its solar photo voltaic program. Since many of the planned energy projects in the Building Program had not been started, the Panel recommended that the District put a hold on its Energy Program until the financial benefit and impact can be fully assessed, quantified, justified and understood. The Board responded by creating an Energy Program Ad Hoc Committee to review this recommendation and fully assess the District's Energy Program.

8. District Wide Technology Initiatives. After reviewing a dashboard report, the Panel pointed out that the Technology District Wide Initiative was lagging with barely 10% of the projects awarded. It recommended that the Program Manager ensure that this portion of the Building Program be managed with the same rigor as the remainder of the Building Program. Since receiving the Independent Review Panel's report on this topic, the District has accelerated the release of District Wide Technology Initiatives as demonstrated in the most recent dashboard report.

9. Design Management. During the first six and a half years of the Building Program, the District engaged in a delivery method that is referred to as Design Bid Build for Measure A/AA Projects. Design Build was introduced as a new delivery option for most of the Measure J Projects. The Panel recommended that the District's Office of Inspector General

58 Board Resolution 6, Adopt a Master Budget Plan and to Implement Policies to Strengthen Oversight and Spending Practices for the District's Construction Program; Build LACCD Master Building Program Budget Plan
59 Board Resolution 4, Standardize Centralized Accountability Controls Utilizing Industry Best Practices for Build-LACCD
60 Revision to Board Rule 2605.11—Standing Committees of the Board of Trustees
61 Los Angeles Community College District Building Program Monthly Progress Report, December 2012
audit Design Bid Build projects where there was a termination for convenience or work was performed under a settlement to avoid the 10% change limit; that District staff institute an evaluation of the architects involved in the Building Program; and that the Office of the Inspector General audit all current College Project Manager firms and compare the overall compensation for vendors in the Building Program such as Architects, College Project Managers, Program Managers, etc. to that of other programs of comparable size. The OIG is currently performing an audit of the specific projects where contracts have been terminated for convenience in order to avoid the 10% change order limit. The OIG performed a Market Survey of Program Management, Construction Management, and architectural services rates currently being paid in the local Los Angeles area in order to establish a basis for the rates currently utilized by LACCD in its PM and CPM contracts.\footnote{Office of the Inspector General Status Report, 2010-2012}

10. Construction Management. The College Project Managers should manage the construction process in such a manner that it protects the owner's interest (i.e., the District). While the Panel concluded that many of the change orders had been owner driven, it drew the conclusion that the College Project Managers should have had better control of the change order process and alerted the Program Manager and District of the substantial changes being made so that the District, at the central level, could have evaluated other possible options. Additionally, it recommended that the Inspector General do an audit regarding how such a large number of owner-driven change orders could have taken place and that she conduct an audit of all College Project Managers' performance over the past four years.\footnote{Office of the Inspector General Status Report, 2010-2012}

11. Hard vs. Soft Costs. The "hard" costs and "soft" costs associated with the Building Program, including overall costs for the major types of program contractors, vendors, and professional service providers, were reviewed and compared to building programs of comparable size. In general, the Panel found that the District's categorization of these costs was in line with traditional industry standards but was unable to benchmark them because they could not obtain comparable data from another large program of similar size in the time allowed. Given the Panel's finding, no District action was required in this area.

12. Compliance with Proposition 39. State Controller John Chiang's audit contended that over $140 million in Proposition 39 funds were not properly expended. The District took issue with several aspects of the audit. The Panel responded by stating that the District should implement more stringent policies and procedures regarding the expenditure of such funds to assist the Board of Trustees in meeting its obligation. In response, the Board revised a number of Board rules and administrative regulations and the OIG performed a review of Bond Program costs and services not allowable by Proposition 39 that included a reduction or elimination of several non-compliant Proposition activities, contract services, and staff positions.\footnote{Administrative Regulation B-21, Administrative Regulation B-24, Administrative Regulation B-26, Administrative Regulation B-29, Administrative Regulation B-30, Board Rule 4006, Board Rule 7100.10, Office of the Inspector General Status Report, 2010-2012}

13. District Citizen's Oversight Committee (DCOC). The DCOC was a key element in the bond initiative, but the Panel found, "While the current Chair and Vice Chair of the Committee appeared to be very forthright, dedicated, and concerned, the Committee, as a whole, has not performed and is not performing as it should." They recommended that there be a review and revision of the appointment criteria, that the District formalize the process and
procedures for Committee activities, that they provide part time or full time dedicated staff as needed, and that they require and ensure more rigor in attendance. As a result of these recommendations, the DCOC has been fully staffed and augmented with new members from the construction industry and the committee’s by-laws have been updated to reflect these changes.\textsuperscript{65}

14. Facilities Executive Director Position. This leadership role is essential in overseeing a $6 billion bond program. The Panel recommended that the new Executive Director be someone who has been successful in managing a program of similar or greater magnitude. In response to this recommendation, the District hired a new Executive Director of Facilities who met this criterion in April 2012.\textsuperscript{66}

15. The Building Program Manager. As the Building Program construction activity peaked in 2012, the Panel suggested that the new Building Program Manager should be someone who has skill at effectively closing and drawing down the program. Because the current Program Manager’s contract was set to expire in 2012, the Panel recommended that, if a new program management company is selected; key staff from the current Program Manager should be retained to ensure a coordinated transition.\textsuperscript{67}

16. Impact of New Facilities on Long Term Operating Budgets. The data shows that, at the conclusion of the Building Program, the number of square feet of buildings in the District that must be maintained will increase by 60% so the Panel recommended that the District address the Maintenance and Operations costs of the new buildings. In response, on June 13, 2012, the Board adopted BF4 that distributes M&O costs to the colleges. For FY 12/13, colleges will receive $54 million based on square footage. This amount will increase to $61.5 million by FY 15/16 and the Board of Trustees voted to create a Deferred Maintenance Fund by passing Board Resolution BT2. This resolution sets aside a fixed amount each year from the General Fund to address postponed and emergency repairs and maintenance work not funded by the Bond program.\textsuperscript{68}

17. Ethical Considerations. The final recommendation given to the District by the Panel was that the District institute mandatory training for District and College staff involved with the Building Program. Furthermore, they recommended that the District’s Office of General Counsel review a compendium of Ethical Policies and Procedures from other community college districts to determine whether to expand upon the policies currently in place at the District. In response, the Ethical Policies and Procedures of other community college districts were reviewed and mandatory training was implemented.\textsuperscript{69}

Finally, additional actions that the Chancellor and Board took to resolve this recommendation include the following:

- **The Capital Construction Committee** of the full Board (seven Trustees) was created in lieu of the prior Infrastructure Committee that had just partial Board participation (three
Trustees), to provide policy guidance, oversight of the bond program, and approval of master plans and environmental impact reports.70

- **Dashboard Reports** are revised to reflect more accurate college project budgets and forecasts, based on the newly approved Master Budget Plan. Potential budget shortfalls for remaining college projects are identified and addressed to prevent negative results.71

- **Board Ad Hoc Committees** were formed to consider additional policies to further strengthen oversight and control. The four Ad Hoc Committees of the Board of Trustees include: Building Program Review Panel, Program Manager Process Oversight, Asset Assessment, and Energy Program.72

- **Independent Office of Inspector General and Whistleblower Program** created. A number of reports have been prepared that resulted in various policy and procedural improvements such as the Selection of Construction Contractors,73 Fulbright & Jaworski (Memo) Review of Proposition 39,74 Review of Bond Fund Reimbursables,75 the Selection of Professional Contract Services,76 and the Audit of the Change Order Management.77

**Analysis of the Results Achieved to Date**

When this recommendation was received on July 2, 2012, the District was more than half way through 11 major District and Board actions to improve the bond program. Although the District was in the process of improving its bond oversight and the fiscal integrity of the program, the visiting team correctly identified areas that the District needed to work on to fully meet the Standards and Eligibility Requirements. The following is a summary of the results achieved to date and an analysis of the improvements and or benefits to the District:

- Independent Office of Inspector General and Whistleblower Program: A number of reports have been prepared that resulted in various policy and procedural improvements.
- Capital Construction Committee: Provides policy guidance, oversight of the bond program, and approval of master plans and environmental impact reports. It has helped the District increase Proposition 39 compliance.
- Bond Program Panel Review: Provided performance findings and improvement recommendations on the bond program, many of which have been implemented.
- Master Budget Plan: Locks in" baseline scope and budget at the project level for all remaining work at the colleges, versus the previous total college allocation. It also requires district level approvals for proper use of A/AA/J bond ballot measure funds and changes in scope on college projects. As a result, in 2011, 63 percent of change orders were a result of owner scope changes compared to 32 percent in 2012.

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70 Board Rule 2605.11
72 Board Rule 2605.20
73 Office of the Inspector General audit, November 30, 2011
75 Office of the Inspector General audit, October 10, 2011
76 Office of the Inspector General audit, April 3, 2012
• Board Ad Hoc Committee: Allows the Board to consider additional policies to strengthen oversight and control and therefore increased Board participation in Proposition 39 compliance.
• District Bond Reserve: Ensures that the District will have enough funding to close out all Proposition A/AA and Measure J bond projects.
• Deferred Maintenance Funds: Addresses concerns raised by the Independent Review Panel and State Controller's Office about the total cost of ownership for the building program.
• Amendment to District Operating Budget: Addresses concerns raised about the ability of the District to fund Maintenance and Operations (M&O) costs for the new buildings.
• Management Centralization: Addresses concerns about the proper role of shared governance in the building program.
• District Citizens' Oversight Committee: Addresses concerns about the lack of expertise of members of the DCOC.
• Audit Update to Financial Reporting: Addresses concerns that the District had not assigned a dedicated employee to conduct monthly reconciliations.

**Additional Plans**
The Board and District intend to continue implementing the recommendations of the Independent Review Panel and consider additional Ad Hoc Committee policies to strengthen bond oversight and control. They also plan to increase the number of Independent Performance Auditor's reports on the bond program.
District Recommendation #2: In order to ensure the financial integrity of the District and the colleges, and to meet the Standards and Eligibility Requirements, the Teams recommend the resolution of the material weakness and significant deficiencies cited in the 2010 financial audit be fully effected by the completion of next year’s audit, and appropriate systems be implemented and maintained to prevent future audit exceptions (III.D.2.a; IV.B.1.c, Eligibility Requirements 17 and 18).

This recommendation calls for the District to resolve the material and significant deficiencies cited in the District’s 2010 audit ensure that the corrective actions taken show evidence of systematic integration to prevent recurrence of the cited deficiencies.

DESCRIPTIVE SUMMARY

Actions Taken to Resolve the Recommendation:
In the 2010 audit, the Capital Assets and General Obligation Bond Program was identified as being a material weakness and Employee Benefits, Risk Management, and Information Technology were identified as being significant deficiencies. Listed below are the corrective actions taken by the District, together with evidence of a corrective action plan to prevent recurrences.

Capital Assets and General Obligation Bond Program Audit Findings:
- The District does not currently have adequate policies and procedures in place that allow them to identify and record capital asset expenses in the proper period in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Exceptions were noted during our capital asset test work, which required additional analysis by management.
- The District does not currently reconcile furniture and equipment purchased with bond proceeds to the actual equipment received and tagged.
- The District requires all employees designated in the Los Angeles Community College District Administrative Regulations as C-5 Categories and C-6 Designated Positions as having procurement oversight responsibility to annually submit a California Fair Political Practices Commission Statement of Economic Interests (Form 700) and the Board of Trustees Rule 14000, Conflict of Interest Code for the Los Angeles Community College District. However, we noted that there does not appear to be adequate controls in place to reconcile the information included in these forms with vendors or subcontractors utilized by the District.

Capital Assets and General Obligation Bond Program Corrective Actions Taken:
- Build LACCD, in collaboration with District Office staff, implemented monthly reviews and reconciliations of the Capital Assets and General Obligation Bond Program in fall 2011.
- Monthly reconciliation for bond budget reports and bank statements between LACCD and Build LACCD books is performed by District and Build LACCD staff.
- The District has planned three phases for improving the process of reconciling and reporting bond funded furniture, fixtures, and equipment: Phase 1 (Developing an Asset Management Strategy), Phase 2 (Radio Frequency Identification and Technology Solutions) and Phase 3 (Physical Inventory and Asset Tracing and Reconciliation).
- The District developed an electronic form that will cross reference information between the LACCD and Build LACCD.
Evidence of Systematic Integration to Prevent Recurrence:

- Policies and Procedures were developed and implemented for monthly reconciliation.¹⁷⁸
- Asset Management Strategic Plan was completed.⁷⁹
- Physical Inventory and Asset Tracking and Reconciliation Project was completed.⁸⁰
- E-filing of Form 700 software was purchased in January 2012; the look-up function is scheduled to be implemented in 2013.

Employee Benefits Audit Findings:

- There did not appear to be adequate controls in place to ensure that supporting documentation for check requisitions for medical-related employee benefit payments (i.e., payments made to Blue Shield, Kaiser Foundation, Safeguard Dental, and VSP) were reviewed and approved prior to payments. The supporting documentation was not included in one of the months selected for test work.
- There did not appear to be adequate controls in place to ensure that the reconciliation of the SAP Workbench reports of employee benefits expenses (e.g., medical-related benefits, retirement-related benefits, and other employee benefits) according to the payroll register agrees to the general ledger in a timely manner. During test work, the auditors noted that the information related to medical-related employee benefits that is transferred to the workbench files was not always complete and/or accurate. Errors are sometimes internally detected through a manual review of the data; however, due to the large volume of data, the District’s staff is unable to manually review the entire report. Errors are also sometimes detected by either the District’s health provider if they are either over or underpaid or by employees if they realize their medical claims are not being paid.
- There does not appear to be adequate controls in place to ensure that social security payments are made for all student workers and that all employees that work in excess of 1,000 hours are enrolled in CalPERS and Social Security. During fiscal year 2010, the District identified approximately 100 non-LACCD student workers where the District had not paid Social Security payments. The District also identified approximately 200 employees where it had not enrolled the employees into CalPERS and Social Security in a timely manner. Additionally, the auditors noted exceptions in the test work related to Social Security payments (both over and understatements).

Employee Benefits Corrective Action Taken:

- As of January 2012, the reconciliation of billings was divided alphabetically and assigned to employees.
- The Billing Manager schedules monthly meetings with employees to go over the reports. All variances are then addressed. Most of the variances are due to lag time of information that has not been updated by CalPERS.

Evidence of Systematic Integration to Prevent Recurrence:

- Printed copies of all CalPERS alphabetical reconciliation sheet for each month are made by each employee with their notes (corrections to SAP or CalPERS data) and reviewed

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¹⁷⁸ Monthly Bond Reconciliation Procedures
⁷⁹ Strategic Assessment Management Plan, February 18, 2011
⁸⁰ Fixed Asset Inventory and Reconciliation Report as of September 14, 2012
and signed by the Vice President of Administration/Risk Management and Health Benefits. As part of the monthly review process, the previous month’s alphabetical reconciliation sheets are compared to the current month, demonstrating the changes have been effected and credits given.\textsuperscript{81}

### Risk Management Audit Findings:

- There do not appear to be adequate controls in place to ensure that the accuracy of the data that is submitted to the actuary used by the District to calculate the estimated worker’s compensation and general liability accruals.
- There does not appear to be adequate controls in place to ensure that the firm utilized by the District to process general liability claims is updated in a timely manner related to the status of pending cases related to claims the firm is processing.
- There do not appear to be adequate controls in place over the retention of supporting documentation related to claims being processed by the District’s third-party servicer. During the auditor’s test work, they noted two cases where the District was unable to provide supporting documentation of the information provided to its third-party servicer for open cases.

### Risk Management Corrective Actions Taken:

- **For General Liability** – On a monthly basis the Assistant Administrative Analyst reviews a sample of the Third Party Administrator’s monthly Loss Run of all Open Claims for general liability claims to be sure their data matches what exists in internal files. A signed and dated copy of this review is kept on file. Closed internal documentation files are moved to storage and maintained for three years per the retention policy established by the Board of Trustees.\textsuperscript{82}
- **For Workers Compensation** – The Workers Comp Specialist will review a sample of closed claims from the TPA’s monthly Loss Run to be sure their data files status matches the District’s internal records. On the last working day of each month a signed and dated copy of the review will be kept on file. Closed internal documentation files are moved to storage and retained for three years per the retention policy established by the Board of Trustees.

### Evidence of Systematic Integration to Prevent Recurrence:

- Samples are taken every month from loss runs by the Workers Compensation Specialist and checked for status/updates. These reports are then reviewed and signed by the VP of Administrative Services/Risk Management and Health Benefits. The loss runs samples are taken from the GL every month by the Insurance Claims Specialist and reviewed and signed by the VP of Administrative Services/Risk Management and Health Benefits. EPL (employment claims) samples are referred to General Counsel for their review, as these claims are not handled by Business Services. The yearly loss run totals prepared to go to vendor (Risk Services firm) are reviewed by the VP of Administrative Services/Risk Management and Health Benefits on a sample basis to ensure that the yearly final loss run has been updated; then these files are sent electronically to the actuarial firm.\textsuperscript{83}

\textsuperscript{81} CalPERS Reconciliation Report, May 2012  
\textsuperscript{82} Board Rule 7706, Los Angeles Community College District Records  
\textsuperscript{83} Closed Status/Claim Disposition Report; Property and Liability Monthly Claims Review, June 15, 2012
Information Technology Corrective Action Taken:

- Security Weaver access control has been implemented for IT staff. Mercury Quality Center has also been implemented to record and process issues and application changes. Security Weaver Access Controls is used to monitor IT access for application support. For Basis Support – IT management oversight is provided by leads and the IT Basis Manager using audit reports and periodic reviews. The SAP Security Manager will conduct a complete review of access that falls under the IT domain and will make adjustments that are deemed appropriate to remove access that is not required based on business needs or where access is deemed appropriate to document the business need and establish a quarterly review to ensure continued access is needed. The quarterly review was implemented at the end of March 2012. Furthermore, access to underlying databases and operating systems will be restricted to technical staff responsible for supporting these systems. Generic super user or system administrator accounts will be restricted and used only when unique user accounts are unable to perform key system level functions.

Evidence of Systematic Integration to Prevent Recurrence:

- Quarterly reviews of security have been implemented. Accounts are reviewed on an ongoing basis. The next scheduled review will occur at the end of September 2013. Access to underlying databases and operating systems has been restricted to technical staff responsible for supporting these systems. Generic super user or system administrator accounts have been restricted and used only when unique user accounts are unable to perform key system level functions.

Analysis of the Results Achieved to Date

The District has resolved every audit findings noted in the 2010 audit with the exception of the Capital Assets and General Obligation Bond Program, which was identified as a material weakness (most severe). Although not fully implemented, the District is making significant progress toward fully resolving this audit finding. For example, in the 2011-2012 Audited Basic Financial Statement prepared by our external auditors, KPMG, the Capital Assets and General Obligation Bond is now categorized as a significant deficiency (least severe). The District is confident that with the additional plans listed below, it will fully implement solutions that will correct this remaining audit finding.

Additional Plans

The SAP IT Team as part of its continuous improvement philosophy, and as was already implementing pre audit, has completed moving IT support access to Security Weaver and has also moved all basis staff to the Security Weaver application for management oversight and reporting. HP Quality Center has and remains the key change management tool for tracking configuration and program changes and has been fully implemented across the SAP landscape. Workflow notifications regarding staff changes (new hires, terminations, etc.) are now part of the change management process and are forwarded to IT staff for confirmation and follow up. HP Quality Center continues to capture change management requests and activities as required. Super User Access has been removed where appropriate and SAP Basis and Security administrators have been moved to Security Weaver for management oversight and reporting. For non SAP administration management an oversight process has been put in place to monitor access and review appropriateness accordingly.

In addition, IT management has implemented a quarterly review of all SAP administration access. Access to the underlying data base has been restricted to only those staff resources that are necessary to maintain the health of the systems. All other non-essential access has
been removed. The SAP IT Team has staffed a full time Quality Assurance Coordinator to continue to emphasize its commitment to quality assurance. SAP IT Management is also implementing two new software tools that will continue to improve security by providing a quarterly recertification process for external staff and an employee password reset application that will significantly reduce the need to provide local password reset access to the campuses. Furthermore the SAP IT Team will be implementing SAP’s Government Risk and Compliance application that will add additional check points around Access Control within the next 12 months.
District Recommendation #3: In order to meet the Standards and Eligibility Requirements, the Teams recommend the District adhere to the ARC guidelines and closely monitor the planned process (IIID.1.c; IVB.1.c, Eligibility Requirements 17 and 18).

This recommendation calls for the District to adhere to the annual required contribution (ARC) guidelines for OPEB and plan for payments of future liabilities and obligations, especially retiree health insurance.

DESCRIPTIVE SUMMARY

Actions Taken to Resolve the Recommendation:

In fall 2006, the LACCD took significant steps to address the issue of its unfunded liability for retiree health care by negotiating with the employee unions to begin pre-funding its unfunded obligation. GASB-mandated accounting standards require public employers to determine and report their actuarial obligation for “other post-employment benefits (OPEB)—primarily retiree health insurance—and to develop a plan for addressing those obligations.

The LACCD’s initial actuarial study in 2005 calculated its retiree health benefit liability as $623.2 million. The large figure was not surprising for a District that has provided pay-as-you-go retiree health care coverage since its inception in 1969, but the District’s unions and management recognized that the liability could be reduced by pre-funding of a portion of the unfunded obligation through an irrevocable trust.

In fall 2006 the District’s six unions and the Board of Trustees approved a negotiated agreement to begin partial prefunding by annually directing 1.92% of the previous fiscal year’s fulltime employee payroll into an irrevocable trust. The District’s fulltime employees gave up almost one-third of the 5.92% Cost of Living Allowance (COLA) provided to community colleges in 2006-07 by the State of California. In effect, LACCD employees agreed that, on an ongoing basis, they would accept salaries almost 2% lower than they would otherwise have been in order to secure retiree health care for themselves and future fulltime employees of the district. The money saved through this sacrifice of salary would create an ongoing annual stream of revenue into the district’s OPEB trust. In addition, LACCD management and unions agreed that an amount equivalent to the district’s annual Medicare D refund would also be diverted from the district’s operating budget into the OPEB trust.

The District and its unions conducted a thorough review of options for the irrevocable trust and determined that they wanted CalPERS to manage it. Because the law at the time restricted access to CalPERS trusts to agencies that participated in the PEMHCA health plans, the District and its unions worked actively to change the law to allow the LACCD (and other non-PEMHCA agencies) to pre-fund its OPEB obligation through a CalPERS-managed trust. The District had a second actuarial study completed in accordance with CalPERS guidelines.

In 2009, facing a state budget crisis and enormous increases in the cost of health benefits, the Joint Labor-Management Benefits Committee reduced the cost of health care coverage for

84 Los Angeles Community College District Actuarial Valuation as of July 1, 2005
85 Memorandum of Understanding: Redirection of Retiree Health Benefits Trust Contributions
86 Actuarial Valuation Study, April 23, 2008
active and retired employees by agreeing to move to health care plans administered by CalPERS. Because of the significantly lower retiree benefit costs, the District's GASB obligation was reduced by about $97 million and even in this fiscal environment of huge state budget cuts, the District continues to fund the trust account. On August 4, 2012, the District completed its third actuarial study.\(^87\)

**Analysis of the Results Achieved to Date**

As of September 30, 2012, the ending balance in the irrevocable trust was $46,083,321.86.\(^88\) For the fiscal year that ended on June 30, 2012 the percentage of annual OPEB costs contributed was 73.78%. The previous year the percentage was 82.63%. While the District is not funding 100% of the annual OPEB costs every year, we will identify possible shortfalls and create a recovery plan if needed since our current projections indicate that we are on track to have our OPEB obligation fully funded in 30 years.

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\(^{87}\) Post-Retirement Health Benefits Actuarial Valuation Study, August 4, 2012
\(^{88}\) GASB trust quarterly statement, September 2012
District Recommendation #4: To fully respond to the recommendation first tendered by the Comprehensive Evaluation Team in 2006, and to reflect a realistic assessment of financial resources, financial stability, and the effectiveness of short- and long-term financial planning for the district and the colleges, and in order to meet the Standards and Eligibility Requirements, the Teams recommend that the district adopt and fully implement as soon as is practicable an allocation model for its constituent colleges that addresses the size, economies of scale, and the stated mission of the individual colleges (IIID.1.b, IIID.1.c, IIID.2.c, IVB.3.c; Eligibility Requirements 17 and 18).

This recommendation calls for the District to develop a resource allocation model that addresses size, economies of scale and college missions.

DESCRIPTIVE SUMMARY

Actions Taken to Resolve the Recommendation:
In the spring of 2006, the District engaged a third party consultant to review the District’s budget allocation mechanisms to assure that small colleges were not being negatively impacted. Studies were conducted to find out whether the model contained inherent disadvantages for the smaller colleges in the District. Among the findings were that the District should move quickly to bring its internal budget allocation formula into alignment with the provisions of SB 361, adjust the allocation model to make assessments on a cost-per-FTES basis, and consider a different way of conducting assessments.89 In response to this report, the District formed the District Budget Committee (DBC) Budget Allocation Task Force in October 2006, comprised of stakeholders from both the small and large colleges, to review the District’s allocation model.90

The task force thoroughly discussed the findings contained in the independent studies and studied the impact of various draft allocation models. In January 2007, it issued its recommendations for a new budget allocation model91 which was then formally adopted by the DBC. The 2007 LACCD allocation model paralleled the state budget formula as provided for in SB 361, distributing funds to the colleges on a credit FTES basis with a two-tiered basis for noncredit. However, it differed from the state formula in one critical respect -- it increased the foundation grant for the District’s four smaller colleges (Harbor, Mission, Southwest, and West) by $500,000 per year. This augmentation of the basic $3,000,000 foundation grant was made in acknowledgement of the additional administrative expenses incurred by the smaller colleges.

The task force also recommended that District-wide assessments be changed from a percentage of college revenue over total District revenue to a cost per FTES basis, in order to make the system more equitable. The task force further suggested that the District office budget allocation not be set at a fixed percentage and that its budget be periodically reviewed.

The budgetary challenges of the smaller colleges were also addressed through the Allocation Grant process. In 2007, the Chancellor established the Allocation Grant Task Force (AGTF) to allow colleges to apply for financial relief. To apply for financial relief, the college submitted a fiscal self-study to assess the causes of its deficit. Members of the taskforce reviewed the data, visited the college, met with administrators, faculty, and staff, and issued recommendations to

89 Report to Chancellor Young on Specific Matters Related to District Operations, October 5, 2006
90 Budget Committee minutes
help the college reach financial independence. If the college followed these recommendations, a portion of the deficit was offset with funds from the District’s contingency reserve. Southwest College underwent the process in 2001-02, Harbor College in 2003-04, and Mission College in 2007.

In Spring 2007, the DBC decided that a college that ended the year in deficit for more than $500,000 or 1% of its budget (whichever is greater) would be required to submit a financial plan and participate in a quarterly review. To facilitate the review process, it was also decided to reconstitute the Allocation Grant Task Force as the Fiscal Policy and Review Committee (FPRC). With a broader charge than the original Allocation Grant Task Force, the FPRC began meeting monthly in July 2008 to address the situation of colleges that continue to experience budget difficulties and to consider new approaches for enhancing college fiscal stability.92

As the result of this committee’s efforts, detailed budget deficit reduction plans were developed for Harbor, Mission, Southwest, Trade-Technical and Valley colleges. In addition, on January 7, 2008 the FPRC voted to augment the basic budget allocation formula for Los Angeles Trade-Technical College by the amount of $500,000 per year in recognition of the college’s historic career/technical education mission.

The allocation of resources is one of the District’s most challenging tasks. However, revisions made by the DBC to the allocation process in the past few years have created a more equitable and efficient system and the District continues to refine its treatment of this issue. In May 2011, the Executive Committee of the District Budget Committee (ECDBC) began reviewing the District’s budget allocation formula, examining base allocations, the use of ending balance policy, assessments for Educational Services Center (ESC) operations, enrollment growth targets, and the college deficit repayment policy, in addition to reviewing thoroughly other multi-college District models. The result was a recommendation to amend the SB 361 allocation model to a new budget allocation model with minimum base funding.93 The new model has two phases:

- Phase I increases the colleges’ basic allocation to include minimum administrative staffing and maintenance and operations (M&O) costs.

- Phase II calls for the ECDBC to study the remaining allocation agenda for allocation changes that identify college needs (including M&O), provide funding for colleges to deliver equitable access for students, and ensure that colleges are provided with sufficient funding to achieve their missions and maintain quality instruction and student services.

After vetting the proposed changes through the DBC and Chancellor’s Cabinet, the DBC approved the recommendations in March 2012, and sent them to the Board’s Finance and Audit Committee for review, the Board adopted the new budget allocation model in June 2012.94

Analysis of the Results Achieved to Date
In response to this recommendation, first given to the District in 2006, the District has implemented the following activities:

92 Board adopted SB 361 New Allocation Mechanism, February 7, 2007
93 Amendment to the Budget Allocation Mechanism
94 Operating Standards and Measures for Monitoring and Assessment of College Condition

• **October 25, 2006** – Chancellor appointed the Budget Allocation Task Force to study and develop a new budget allocation funding model

• **October 2006 – January 2007** – Budget Allocation Task Force worked on budget allocation issues, reviewed suggested changes, made recommendations for a new Budget Allocation Model, and reported updates on the Task Force progress to the District Budget Committee

• **December 2006** – received consultant review and analysis on the “Budget Management Issues Related to New Allocation Model” and the “Economy of Scale Analysis, Small Colleges” from Michael Hill

• **December 2006** – Budget Allocation Task Force issued the DRAFT Budget Task Force Report and vetted through the District Budget Committee and Chancellor’s Cabinet

• **January 2007** – Budget Allocation Task Force issued Final Report of the Budget Allocation Task Force recommending to the District Budget Committee to implement the new SB 361 Funding model

• **February 7, 2007** – Board adopted the new SB 361 Budget Allocation Model to be implemented beginning fiscal year 2006-07

• **2007-08** Chancellor established the Grant Allocation Application Task Force (AGTF) to allow colleges to apply for financial relief

• **May 8, 2007** – Budget Allocation task Force reviewed Trade-technical College’s Vocational high cost/high demand programs

• **November 19, 2007** – Trade-Tech College provided the High Cost Program Analysis to the Allocation Grant Task Force (AGTF).

• **March 30, 2008** – Budget Allocation Task Force issued recommendation to provide relief for Trade Technical College

• **June 12, 2008** – changed AGTF to Fiscal Policy and Review Committee (FPRC) to continue review and study funding and allocation issues

• **August 2008** – FPRC requested Harbor, Mission, Southwest, Trade, Valley and West to submit their budget deficit plan for review

• **October 2008** Colleges presented to the FPRC their budget deficit plans

• **October 15, 2008** – Chancellor appointed the Centralized Accounts Workgroup to review centralized functions and services

• **January 2009** – FPRC recommended funding growth over cap for colleges and provided relief to colleges with deficits.

• **February 18, 2009** – The Centralized Accounts Workgroup reported and made recommendations to the DBC for changes

• **July 2009** – CFO engaged consultant Larry Serot to review the District’s Resource Allocation Mechanism and small college operations

• **November 2009** – Larry Serot issued the “Analysis of Small Colleges and The Resources Allocation Mechanism

• **March and April 2009** – FPRC reviewed Larry Serot’s report and recommendations

• **June –August 2010** – FPRC reviewed multi-district allocation model s and Core indicators

• **August – November 2010** – Reviewed Use of Balance Policy and the current SB 361 Budget Allocation model

• **November 2010 – February 2011** – FPRC addressed fiscal year crisis due to the State Budget cuts and continued to review the Budget Allocation model
- **February 2011** – FPRC changed to Executive Committee of the DBC (ECDBC) and its roles were redefined
- **May 2011** – ECDBC established timeline to complete the budget allocation model review
- **June – July 2011** – ECDBC reviewed other multi-campus district budget allocation models (second time)
- **August 2011 – October 2011** – ECDBC proposed minimum base funding
- **November – December 2011** – Finalized the proposed new Budget Allocation changes
- **January 2012 – March 2012** – vetted the proposed Allocation changes through DBC and Chancellor’s Cabinet
- **June 13, 2013** – Board votes to adopt Amendment to the Budget Allocation Mechanism
- **June to present** – ECDBC studies alternative growth funding formulas in response to Phase 2 of the new budget allocation formula which calls for a consideration of population density, participation rate, and other factors in determining growth funding.

The District is scheduled to evaluate the new model at the end of the FY 2013 to see if the new plan is working to address the needs of the smaller colleges. Based on the annual evaluation, if needed, the District will develop a plan to modify the budget allocation model. Progress on Phase II will be reported on an ongoing basis to the District Budget Committee. Full implementation of the new budget allocation model is expected by December 2013.
District Recommendation #5: To meet the Standard, the Teams recommend that the Board of Trustees make visible, in behavior and in decision-making, their policy role and their responsibility to act as a whole in the public's interest. Further, the Teams recommend continuing professional development for the Board of Trustees to ensure a fuller understanding of its role in policy governance and the importance of using official channels of communication through the Chancellor or his designee. (IVB.1.a)

This recommendation calls on the District’s governing board to understand their policy role, responsibility for acting as a whole in the public's interest and adherence to making sure that all communications with the staff involves the Chancellor or his designee.

DESCRIPTIVE SUMMARY

Actions Taken to Resolve the Recommendation:
The Board’s formal policy on self-evaluation was adopted in 1995, and for 10 years, the Board used a checklist to evaluate its overall effectiveness. In June 2005, the Board amended its process, expanding to include, in addition, feedback from college presidents, District senior staff, and union and academic senate representatives, who regularly sit at the resource table during board meetings. Using this revised process, the Board conducts annual self-evaluations.

In 2007, the Board adopted a board rule to set goals as part of its annual self-evaluation. To increase follow-through and accountability at the District level, in 2010 the Board adopted a District Effectiveness Review Cycle, which aligns annual Board and CEO goals with District Strategic Plan (DSP) goals. The annual cycle includes Board evaluation, Board retreats, college activities in support of goals, institutional effectiveness reports, and District effectiveness reports that align with the DSP. At its retreats, the Board assesses District priorities and discusses processes for addressing them.

While new Board members participate in an orientation and all receive training on their roles, the evaluations conducted in January 2012 indicated that some trustees may have needed more training on their roles and responsibilities, results that led to this recommendation from the Commission in June 2012.

In order to improve performance, the District implemented a thorough program of professional development, with ongoing board development every year henceforth to measure improvement. Training was held at three retreats to help Board members distinguish their responsibilities from those of the Chancellor, understand their roles in setting policy, and develop goals and objectives to address items noted in their evaluation.

The first Board retreat was held on February 21, 2012 with William “Bill” McGinnis. Since 1992, McGinnis has been a trustee for the Butte Glenn Community College District. He has also conducted trustee trainings for 25 community college districts and served as an instructor for the Community College League of California’s new trustee orientation program. At the February Board training workshop, McGinnis reviewed data from the Board’s latest evaluation and discussed the role of the board as it pertains to governance. After a question and answer

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95 Board Rule 2301.10
96 District Effectiveness Review Cycle flow chart; D5-3 August 2011 Board retreat
97 2012 Board Self-Evaluation
session regarding the results of the Board of Trustee’s evaluation, the Board members discussed steps that they could take to ensure the Board remains an effective and well-functioning body.\(^98\)

The second Board retreat was held on April 19, 2012 with John Dacey who reviewed with the Board a document entitled “Successful Boards versus Unsuccessful Boards—A Brief Conceptual Overview.” John Dacey is legal counsel to numerous public entities throughout the state. At the workshop, Dacey helped the Board members understand the challenges to successful Board membership (constituency, consensus, and cooperation). He emphasized that successful boards have skills sets that are possessed by all good leaders (vision, communication and motivation) and that successful Boards understand that a leadership group is stronger together than alone; each member and the group must allow staff to “carry the water”; and the role of the Board is to set policy and make sure that it is successfully implemented by staff.\(^99\)

The third Board retreat was held on November 13, 2012 with Dr. John Nixon who was the eighth President/CEO of Mt. San Antonio College. Now retired, Dr. Nixon works with the ACCJC as an Associate Vice President focusing on Commission Policy and Training. During the retreat, Dr. Nixon reviewed key themes of the Board’s 2012 self-evaluation, discussed Board roles and their responsibility to act as a whole, and the importance of using the Chancellor as the board’s conduit for communication to the staff.\(^100\)

In January 2013, another self-evaluation was conducted to measure improvement. Overall responses to the 2013 survey were compared to those in 2012 to determine the areas in which there was an increase in measured commitment. The Administration and Finance areas of the survey had a relatively high proportion of items that exhibited a net increase in commitment. In the Administration section, five out of seven survey questions displayed increased commitment and in the Finance section, two out of three also displayed increased commitment. Based on these survey responses, there has been an increase in commitment in these areas of Board responsibility.\(^101\)

While the Administration and Finance areas showed an increase in commitment, the Community Relations and Education areas experienced the least improvement. Therefore, the Board will develop concrete action items to improve and will assess progress in the next evaluation.

Additionally, to reinforce the role of the Chancellor as the Board’s conduit for communication to staff and to address the issue of Board behavior, all Board members completed the ACCJC’s online accreditation training. Furthermore, Board Rule 2300.10 (Code of Ethical Conduct) and Board Rule 2105 (The Board of Trustees) were revised in December 2012 and approved on January 30, 2013 to include the following language:

“I recognize that the Chancellor is the Trustees’ sole employee; I pledge to work with the Chancellor in gathering any information from staff directly that is not contained in the public record.”

\(^98\) Board retreat agenda, February 21, 2012  
\(^99\) Board retreat agenda, April 19, 2012  
\(^100\) Board retreat agenda, November 13, 2012  
\(^101\) Board of Trustees Evaluation Report Comparison Summary Report 2012-2013
“Respect. As a Trustee, I will treat others with respect, even in disagreement, and to do my best to earn the respect of others. Being respectful requires civility and courtesy, as well as tolerance for legitimate differences and a willingness to acknowledge that reasonable people can respectfully hold divergent views.”

“Orientation. Within budgetary limits, Trustees shall be encouraged to attend conferences and other educational sessions regarding their responsibilities as Trustees.”

**Analysis of the Results Achieved to Date**

The 2013 Board of Trustees self-evaluation demonstrated improvement over the prior year. However, after three retreats, participation in the ACCJC online accreditation basics training, and a substantial improvement in the evaluation response rate, there are several areas that still need improvement. For example, concerns about inadequate preparation for meetings, trustee reliance on executive staff, and instances of micro-management were noted in the comments section of the survey.

Since the Board’s self-evaluation was not concluded until February 6, 2013, a top priority of the Board will be to develop an actionable improvement plan that addresses the WASC standards and deficiencies that were noted in the evaluation. Meanwhile, the Board will continue to review its performance on an ongoing basis, commit to ongoing training and continuing education for trustees, and commit to supporting the Chancellor in the authority given to him to administer board policies and administrative procedures.

In March 2013, the Board will hold a special session to develop the actionable improvement plan. Discussion of the issues and evidence of the progress being made will occur at subsequent follow-up retreats. The Board acknowledges the deficiencies noted in the last evaluation and will openly address each of them.

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102 Board Rule 2300.10; Board Rule 2105; Board of Trustees Certificates of Completion for the ACCJC's Online Accreditation Basics Training