
SPECIAL SITE VISIT TEAM REPORT

College of Alameda
555 Ralph Appezato Memorial Parkway
Alameda, California 94501

This Report remains in draft form until the Commission takes action on the accredited status of the institution.

The draft report submitted to the Commission represents the findings of the Fiscal Monitoring Site Visit Team that conducted a virtual visit to College of Alameda from December 16 to December 17, 2020.

Kindred Murillo, Ed.D.
Team Chair

Introduction

A Special Report Site Visit on Fiscal Monitoring was conducted at College of Alameda on December 16 and 17, 2020. The purpose of the Site Visit was to determine whether the College/District has addressed the fiscal concerns as required by the Commission and as stipulated in the Commission Action Letter of January 27, 2020.

The team was comprised of the following members:

Team Chair

Dr. Kindred Murillo
Superintendent/President
Southwestern College

Team Member

Dr. Mario Rodriguez
Vice Chancellor
Los Rios Community College District

Focus of the Special Report Site Visit, Fiscal Monitoring

The institution was directed by the Commission, through a Commission Action Letter, to provide a special report that was to take the form of a 5-year integrated financial plan and was to inform the Commission on the following:

- Establishing FTES Targets and Enrollment Management Plans
- Establishing a Student Success Infrastructure Plan to comply with the Student-Centered Funding Formula as announced by the California Community College Chancellor's Office
- Establishing guidelines to reduce operational overspending and eliminate the structural deficit
- Adopting a Board policy to adopt sustainable fund balances and reserves
- Adopting a restructuring plan to improve efficiencies and accountability at the District office and the Colleges
- Addressing all audit findings
- Establishing strategies to improve the management of the OPEB debt
- Providing an executive-level staff turnover analysis and recommendations to retain these staff at the district

As noted by the commission in January 2020 it is not evident from the special report that the College/District has addressed foundational issues which have bearing on its fiscal health, this includes:

- A continued structural deficit
- Lack of adherence to Board policies and administrative procedures
- Deficiency in reconciliation and financial control issues
- Key staffing issues
- It OPEB obligations
- Ongoing unaddressed audit findings

Findings and Evidence

Each area of concern raised by the Commission and the foundational issues raised are addressed below.

Establishing FTES Targets and Enrollment Management Plans

The College of Alameda (College) developed and implemented the Enrollment Management Framework (EMF), which outlines the College's seven enrollment concentrations to address and improve declining enrollment and improve educational outcomes for students. The plan includes the following areas of focus:

- Systems and Data
- Planning and Reporting
- Facilities
- Technology
- Student Services
- Instructional Innovation Professional Development
- Communication

In alignment with their plan the College has and is working on the following areas:

- Establishment of annual discipline planning and scheduling processes
 - Developed a process for FTEF resource allocation and FTES by discipline.
 - Updated in January 2020 with additional metrics, to include the Student Centered Funding Formula metrics.
- Access to consistent and accurate data and reporting
- Target Student Enrollments During Intersession
 - Engaged in a campaign to build/increase enrollments through its course offerings through Winter and Spring intersessions.

The level of research at the College has increase significantly over the last year insuring consistent and accurate data and reporting. The College is making data informed decisions using a collaborative approach across departments and disciplines. The College has made progress in using available resource to meet FTES targets. They also brought in an Institutional Partnership Effectiveness Partnership (IEPI) Partnership Resource Team (PRT) to help them in their enrollment management work. The visit focused on Strategic Enrollment Management through inquiry and improving retention and graduation rates through a focus on equity.

The College is demonstrating a consistent growth in FTES since 2015-16 and productivity since a drop in Spring 2019.

The Peralta Community College District (PCCD) has engaged Cambridge West Partnership, LLP (Cambridge West) to assist PCCD in a Budget Allocation Model and the update of the Strategic Enrollment Management Framework. The scope of the contract approved on October 13, 2020 includes:

Assist the District with the development of a Multi-college district internal revenue allocation model and will provide the budget committee members with an understanding of the Student Centered Funding Formula (SCFF), as well as, identifying focus areas to

improve outcome elements at the college level. Aligning validated enrollment and outcomes data to revenue at the college and district wide levels will also be performed.

Assist the District with data integrity and related processes to optimize student success and the alignment with the Student-Centered Funding Formula. The focus will be to work directly with the District and college staff to evaluate the current MIS workflow process, review current policies and procedures and develop data map/dictionary documents. A comprehensive look at all student information systems used and the documents used to populate these systems will be conducted. An emphasis on comparing best practices at similar California Community Colleges will be done throughout the project.

The College has addressed this concern and is seeing results from their implementation of their enrollment strategies as noted specifically above.

The Peralta Community College District (District) is addressing this concern through engaging deep foundational work with Cambridge West Ltd. that will also benefit all the colleges.

Establishing a Student Success Infrastructure Plan to comply with the Student-Centered Funding Formula as announced by the California Community College Chancellor's Office

The College has developed and is aligning it to comply with the Student Centered Funding Formula (SCFF) through:

- Financial Aid Strategies
- Implementation of AB 705
- Guided Pathways
- SCFF Enrollment Management Practices
- Program Review
- Block Scheduling

The College has laid a good foundation through implementation of financial aid strategies and is working to implement the plan through securing permanent financial aid staff; student workshops; technology purchases and implementations; and a focus on data. The College is also seeing an increase in first time students completing both transfer level English and mathematics with the implementation of AB 705. After years of decline the College has turned it's transfer rate around and notes it is a result of Guided Pathways work. The College has also done its part through embedding SCFF in their enrollment management practices to support the district in fiscal management. The College is working together with the other Peralta colleges and the District to lay a strong foundation for their future.

The District Office is providing critical support through hiring a reputable consultant to rebuild the revenue allocation model to more closely align with the SCFF, and a complete data integrity project to deal with the important underlying data. Through working with Cambridge West Ltd., the data integrity project coupled with the rebuilding of a revenue allocation model will serve to establish a solid foundation for the college and the district to build upon. The training and cross collaboration with the district office and colleges is evident in the accomplishments of the district and the College of Alameda.

Establishing guidelines to reduce operational overspending and eliminate the structural deficit

The College has engaged in multiple strategies and actions to reduce operational overspending and eliminate the structural deficit:

- Adhering to the FTEF Allocations
- Work collaboratively and collegially to ensure resource allocation processes are followed through program review to annual plan updates.
- Monitoring process to ensure making data informed decisions (daily enrollments reports)

The College leadership has demonstrated a strong commitment and capacity to continue their work toward reducing operational overspending and eliminating the structural deficit. The leadership is starting to see results and returned resources to the District budget.

Adopting a Board policy to adopt sustainable fund balances and reserves

The College notes that it follows Board Policy 6250 and they have submitted a two-year Parcel usage plan to the District governance process, and the responsibility for this item lies with the District. The District has Board Policy 6250 which requires a 10% ending balance and a directive to replenish it when it drops below 10%. In comparison to other multi college districts, a requirement for 10% reserve and an associated replenishment plan exceeds many board policies that require a 5% reserve.

Adopting a restructuring plan to improve efficiencies and accountability at the District office and the Colleges

The team found the College has worked to improved efficiencies and accountability through tightening the fiscal expenditures by freezing and not replacing college positions not deemed necessary. Critical positions to the proper functioning of the College are filled through appropriate College and District processes. The College appears to have stabilized its leadership with the hiring of a new President in December 4, 2020.

The District recruited and filled several critical positions in the spring of 2020 to include the Chancellor, Vice Chancellor of Finance and Administration, Vice Chancellor of General Services, Internal Auditor, and the Director of Purchasing positions. Also, the president positions at Berkeley City College and Merritt College were filled during the spring and early summertime frame. On November 10, 2020 the Board of Trustees approved and Dr. Rudy Besikov, President of Laney College, and on December 4, 2020 approved Dr. Nathaniel Jones III, Ph.D., MBA as President for the College of Alameda.

With the resignation of the Chancellor on July 18, 2020, the Vice Chancellor of Finance and Administration has become the Interim Chancellor and there is an Acting Vice Chancellor of Finance and Administration.

The District Office staffing was insufficient in the prior year to demonstrate accountability. What is noteworthy is the positions that have been filled in the district office that will support efficiencies and accountability at the District Office. The District has contracted with Cambridge West Ltd. To assist in rebuilding of the revenue allocation model and ensure data integrity. This

help to provide training and information that could lead to some restructuring and more accountable processes.

The Board of Trustees were trained in February 2020 by Fiscal Crisis and Management Assessment Team (FCMAT) on managing finances, the role of the board and chancellor, fiscal accountability and competency. The Governing Board also participated in a retreat on December 15 - 16 2020 to work on their vision statement and to work more effectively as a board. The Board is also forming an audit and finance committee.

Significant work has been done this last year to create and maintain fiscal stability along with stabilizing leadership of the District and the colleges.

Addressing all audit findings

The June 2020 audit findings are not available at the time of this Special Report and are expected to be available in mid-January. Per the California Community College Chancellor's Executive Order, all college districts were provided a deadline extension for the 2020 audit.

In the 2019 audit, there were nine findings, of which five were findings from the fiscal year ending June 2018. This is a concerning trend and it is crucial to get the audit for the fiscal year ending June 2020 in order to ascertain if the District has implemented the corrections. This information should be available to review when providing analysis of the 2020 Peralta Comprehensive accreditation review as well as the ACCJC's Annual Fiscal Report that is due in April 2021.

The District has stabilized its leadership through several key hiring's as noted earlier in this report. Through stabilizing the financial leadership, the college district has made progress in conducting monthly reconciliations, financial aid policy and procedures, verbal orders, and the board is forming a subcommittee for audit and finance review. In conversations with the Interim Chancellor and Interim Vice Chancellor of Finance and Administration as well as through the review of evidence, significant work has been done to create and implement solid internal control procedures. This was backed up by an informal conversation with the district's auditor who noted several things:

- Implementation of reconciliations
- Implementation of financial aid policies and procedures
- A contract with Oracle to assist in more automated reconciliations
- Working with the County on due to and due from reconciliations
- The District and colleges appear to be moving in the right direction
- There appears to be improvement in the internal controls and expects the audit will confirm progress on the prior audit findings

The 19-20 Financial Audit will be complete sometime in January and will be available for the upcoming ACCJC Comprehensive evaluation, as well as through the ACCJC's Annual Fiscal Review process.

The District is addressing this concern through implementing reconciliations and internal controls.

Establishing strategies to improve the management of the OPEB debt

The District provided a financial plan for the OPEB Bond Program in the Adopted Final Budget.

The evidence shows that the District has just over a \$200 million liability. They have created an “OPEB charge” mechanism which is an additional payment based on a percentage of payroll that generates funding to paying the liability. This is around \$5.7 million for 2019-20 and \$6.6 million for 2020-21. The District has a plan, and they are adhering to the plan.

Providing an executive-level staff turnover analysis and recommendations to retain these staff at the district

The College has stabilized the leadership at the college through finalizing the hiring of a College President in December 2020. The vice presidents are permanent positions with seasoned professionals that have been filling in during the recruitment of a new president.

The District is developing plans to hire and retain employees and has not yet implemented a turnover analysis mechanism. It is reasonable to expect that with the stabilized leadership in the District and colleges the capacity will be in place to conduct a turnover study and develop a retention plan for the district. It was noted by the Interim Chancellor that this is forthcoming, but a plan was not available for the team to review.

Overall, the College of Alameda and District have stabilized executive leadership. The College hired a permanent president in December, each college has a permanent president as of December 4, 2020. The executive leadership at the District and colleges are demonstrating their commitment to understanding the turnover issues better and implementing strategies for retaining employees.

As noted by the commission in January 2020 it is not evident from the special report that the College/District has addressed foundational issues which have bearing on its fiscal health, this includes:

- **A continued structural deficit**
The District presented a balanced budget for FY 2020-21. In researching more deeply, it appears the District overstated their SCFF calculation by nearly \$3 million. The visiting team worked through the calculations with the Interim Vice Chancellor of Finance and Administration and came to the resolution that the District is nearly \$6 million deeper in hold harmless than the Adopted 2020-21 Budget projected. The leadership demonstrated their clear understanding they need to continue to work toward closing the hold harmless, so they are sustainable when the hold harmless is projected to end in 2024-25.

The College is demonstrating capacity and momentum for addressing this concern. The District Office has also been making significant movement toward addressing the issues through internal controls, training, and understanding their actual numbers. The assistance from Cambridge West Ltd. will assist the district in their efforts through ensuring the district’s data integrity.

- Lack of adherence to Board policies and administrative procedures

Board Policy 6250 notes that the District shall maintain a minimum unrestricted general fund balance for every fiscal year. The fiscal year 2020-21 Adopted Budget projects above a 10% ending balance.

The budget shall be managed in accordance with Title 5 and the California Community Colleges Budget Accounting Manual. Budget revisions shall be made only in accordance with these policies and as provided by law. Peralta Community College District shall maintain a minimum 10% of unrestricted fund balance for every fiscal year. When the unrestricted ending fund balance falls below 10%, the District shall adopt a plan to replenish it to 10% within one year. When the unrestricted fund balance exceeds 10%, balances in excess may be set aside for reserves, investment in one-time expenditures, or appropriation to a major budget classification upon a resolution of the Board.

Administrative Procedure 6250 spells out the management of the budget through a budget calendar, budget directives, budget preparation, budget consolidation, presentation and adoption. In reviewing the evidence provided through minutes, calendar, and board agendas, it appears the colleges and district have now been following their policy and procedures, especially those related to budget management.

- Deficiency in reconciliation and financial control issues

The District hired a full-time employee as Internal Auditor in April 2020. The District continues to implement and enforce internal controls through its technology applications and contracted with Oracle to complete a comprehensive system upgrade at the May 29, 2020 – Special Meeting of the Board of Trustees. Cash flow and budget to variance reports presented to the Board of Trustees on May 26, 2020 and July 28, 2020 indicate enhanced accountability practices. The finance department is presenting financial statements to the Board quarterly.

Through discussions with staff and the current auditor it appears the District and colleges are making headway on financial control issues through reconciliations, adherence to policies and procedures, enhanced college procedures, calendars and timelines, and more transparent reporting. The District has been able to train staff regarding the policies and procedures.

The District and colleges have demonstrated they are serious about making sustainable changes in these areas to ensure the financial viability of the district.

- Key staffing issues

Overall, the District and colleges have done good work to stabilize executive leadership. College of Alameda has a permanent president as of December 4, 2020 and has stabilized the leadership team. The District Office has filled several key management and accounting positions and is working toward a permanent Chancellor. The detail is noted in the College comments throughout this report.

- It OPEB obligations
The evidence shows that the District has just over a \$200 million liability. The District has created an “OPEB charge” mechanism which is an additional payment based on a percentage of payroll that generates funding to paying the liability. This is around \$5.7 million for 2019-20 and \$6.6 million for 2020-21. The District has a plan, and they are adhering to the plan.
- Ongoing unaddressed audit findings
As noted in prior comments, the June 2020 audit findings are not available at the time of this Special Report and are expected by mid-January.

In following the 2019 audit there were nine findings of which five were findings from the fiscal year ending June 2018. This is a concerning trend and it crucial to get the audit for the fiscal year ending June 2020 to ascertain if the District has implemented the corrections. This information should be available to review when providing analysis of the 2021 Peralta Comprehensive accreditation review.

The District has stabilized its leadership through several key hiring’s as noted earlier in this report. Through stabilizing the financial leadership, the college district has made progress in conducting monthly reconciliations, financial aid policy and procedures, verbal orders, and the board is forming a subcommittee for audit and finance review. In conversations with the Chancellor, Vice Chancellor of Finance and Administration and reviewing evidence, significant work has been done to create and implement solid internal control procedures. This was backed up by a conversation with the auditor who noted several things:

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Conclusion

Overall, the team found a committed, competent, group of district and college leaders at College of Alameda who are earnestly making progress toward addressing all the Commission’s concerns as noted in prior reports and the January 2020 ACCJC communications. The District overall needed to stabilize the leadership in the District Office and the colleges and that has happened. College of Alameda and the District are working more closely together in order to sustain fiscal viability. While there is still work to do, the evidence supports that the College of Alameda and the District are following their plans and are moving in the right direction.