



**ACCREDITING
COMMISSION
for COMMUNITY and
JUNIOR COLLEGES**

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November 18, 2005

Dr. Jamillah Moore
Interim Superintendent-President
Compton Community College
1111 E. Artesia Boulevard
Compton, CA 90221

Dear President Moore:

This is to apprise you of the Commission's decision on the request of Compton Community College (Compton) for a review of the decision of the Commission in June of 2005 to terminate Compton's accreditation. On November 10, 2005, the Commission met in a special session to consider Compton's request. The Commission thanks you and Special Trustee Charles Ratliff for taking the time to meet with the two readers and with the full Commission on November 10. The Commission carefully considered the points that you made on behalf of the institution's position during those meetings. After considering all of the evidence before it, including the Compton Request for Review and Statement of Reasons, its supporting documentation, the Report of the Review Committee and Compton's written response to that Report, the Commission voted to reaffirm its June 2005 decision to terminate Compton's accreditation.

The Commission found that the evidence supporting the June decision was substantial, sound, and credible. The Commission further finds that none of the changes which the institution has brought to the attention of the Commission in connection with this review are of sufficient magnitude to warrant a change in its June decision. The Commission finds that in June of 2005 the institution was and continues to be significantly out of compliance with the Commission's standards and conditions for eligibility.

The Commission's decision to terminate Compton's accreditation followed a decision in January of 2005 to place the institution under "show cause." This action was based upon the results of a special team which visited the institution in July of 2004. This special team visit had been prompted by the action of the California State Chancellor which took control of Compton by imposing a special State trustee with authority to override the decisions of the Board of Trustees on May 21, 2004. The State Chancellor also directed a Fiscal Crises Management Assistance Team (FCMAT) to audit the institution's financial condition and provide financial management assistance. The institution, while under show cause, was required to submit a progress report responding to the Commission's concerns and was visited by a further special visiting team in April of 2005. Following the visit of

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this second visiting team, and after reviewing the Report of that special visiting team, the Commission voted in June of 2005 to terminate Compton's accreditation. In the Commission's June decision, the Commission found, on the basis of all of the evidence before it, including the Show Cause Visit Team Report, a draft report from the 2005 FCMAT team, a 2004 Fiscal Audit and on the basis of other available information, that Compton was significantly out of compliance with Eligibility Requirements 3, 4, 5, 10, 13, 14, 17, and 18 and Standards I. A and B, II. A, B. II. A, C and D, IV. A and B. Compton requested a review of that decision. Under the Commission's procedures described in the policy *Review of Commission Actions*, when an institution requests a review, it must specify the grounds for that review. This is done in a document called a Statement of Reasons. In this document, the institution is expected to point to those aspects of the decision which it believes were in error. In the Statement of Reasons, the institution is also given the opportunity to direct the Commission to changes in institutional condition which may have occurred since the visit (which in this case occurred in April of 2005) which the institution believes present material reasons for the Commission to reconsider its decision. Compton submitted a Statement of Reasons with voluminous exhibits attached. Following its procedures, the Commission appointed a special committee, the Review Committee. As is expected by Commission procedures, the Review Committee reviewed the Statement of Reasons with its exhibits, and it met with the President and other key representatives of the institution which it considered might provide pertinent information. The Review Committee visited Compton on October 3, 2005, and thereafter prepared its Report to the Commission.

The Report of the Review Committee concluded that the serious institutional problems which served as the basis for the Commission's decision were still present at the time of its review. The review focused on four broad areas which had been cited in the June action letter as the basis for the Commission's decision: 1) fiscal management, integrity and solvency; 2) governance; 3) human resources; and 4) planning and research. With respect to each of these four broad areas, the Review Committee affirmed what the April 2005 Show Cause visiting team report had found and the Commission had noted in its decision that were examples of significant noncompliance with the eligibility criteria and the Standards cited in the June action letter.

As one example, with respect to the area of fiscal management, the Standards require,

The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. (Standard III.D)

The serious and broad-based financial problems the institution was facing in 2004 which in part led to the Chancellor of the California Community Colleges in May of 2004 to suspend the authority of the Board of Trustees and substitute a "special trustee" to manage the affairs of the

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College, continues to this date. The Commission notes that the Chancellor chose to extend that authority in June of 2005, rather than returning the operations of Compton to its Board of Trustees for reasons that are stated in that Order. The Commission notes that the FCMAT audit

team's Report of June 8, 2005, continued to find many areas where the fiscal operations of the institution are well below any reasonable standard of performance. The Commission notes that the independent auditing firm of Vicenti, Lloyd and Stutzman, LLP, was unable to express an opinion for the fiscal year 2003-4 on the financial statements, including the FTES amount reported. This being the case, there is no way to verify the accuracy of the financial statements (which thus far remain un-audited) for fiscal year 2004-05. The Commission notes that there continue to be many liabilities that have been caused by questionable past practices at the institution.

The Commission observes that there were significant differences between some of the assertions the institution made in its documents to the Commission and the evidence it provided. For example, although the institution asserts that there was an "audit report" that concluded that \$3,592,565, noted as potentially inappropriate expenditures in a special audit of the bond fund performed by Vavrinek, Trine, Day and Co. LLP, was in fact appropriately spent, Compton provided neither the Review Committee nor the Commission with evidence supporting this claim.

Although it is apparent that, under the authority of the special trustee and the interim president and in response to the audits, findings and recommendations of FCMAT and the Commission, some signs of improvement are occurring, nevertheless, the deficiencies are so great that, even with these improvements, Compton continues to fall far short of Standard III.D.

As another example, with respect to the area of "governance," the "Eligibility Requirements for Accreditation" require in part as follows:

3. Governing Board

The institution has a functioning governing board responsible for the quality, integrity, and financial stability of institution and for ensuring that the institution's mission is being carried out. This board is ultimately responsible for ensuring that the financial resources of the institution are used to provide a sound educational program. Its membership is sufficient in size and composition to fulfill all board responsibilities.

The governing board is an independent policy-making body capable of reflecting constituent and public interest in board activities and decisions.... The board adheres to a conflict of interest policy that assures that those interests are disclosed and that they do

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not interfere with the impartiality of governing body members or outweigh the greater duty to secure and ensure the academic and fiscal integrity of the institution.

At the present time, the Board of Trustees is not functioning and is not able to carry out its responsibilities. Its powers have been stripped by an extraordinary Order from the State Chancellor's office, and a special trustee, appointed by the Chancellor, has been substituted with full power to act on behalf of the Board of Trustees. The Commission notes that the Chancellor chose, in June of 2005 to extend the power of the special trustee, originally set to expire on August 30 1, 2005, through July 31, 2006. That Order noted in part:

WHEREAS, the evidence clearly supports the conclusion that Compton has failed to maintain fiscal integrity and all efforts short of intervention have been unsuccessful; and

...

Whether the Chancellor will extend the authority of the special trustee beyond July 31, 2006 is uncertain. Although, at the time of the April visiting team's visit to the institution, the Board was still conducting meetings and taking actions (subject to the approval of the special trustee) the special trustee removed that ability after the Commission's June decision. At the time the Review Committee met, the Board of Trustees was not meeting in any capacity. In other words, at the present time, the Board of Trustees is completely nonfunctioning. Under the circumstances, there can be no question but that the Board of Trustees is not functioning as an independent policymaking body capable of reflecting constituent and public interest as required by the eligibility criteria. It is therefore incontrovertible that the institution is not in compliance with this eligibility requirement.

The Commission does not accept the argument by Compton that it should consider the institution in compliance because the trustee may be acting in a responsible matter and attempting to rectify many of the problems faced by the institution. The Commission does not consider a State appointed trustee, acting under the "direction and supervision" of the Chancellor as required in the Order, to be the substantive equivalent of an independent policymaking body.

Under direction from the special trustee, the current members of the Board of Trustees were urged to attend a series of educational workshops, designed to provide them with ethics training and overall board governance training. The Review Committee noted that, even under these extraordinary circumstances, it does not appear that all of the Board members have been regularly attending these training sessions. This fact alone casts serious doubt as to the capacity of the members of the Board of Trustees to resume their duties at any time in the reasonably foreseeable future. The institution asserted in its Statement of Reasons and in its Response to the Review Committee's report that the Board of Trustees has adopted an "ethics policy." The Commission found no evidence that the Board of Trustees, as opposed to the special trustee, had

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adopted any such policy. The Commission's Conditions of Eligibility not only require that a governing body adopt a well formulated conflicts of interest policy but that it "adhere" to that policy. In view of the pervasive and serious integrity and ethics problems that have occurred at the Board of Trustee's level in the past, the Commission has been presented with no reasonable evidence upon which it may reasonably conclude that the institution has progressed in this regard.

Finally, it should be noted that the "Eligibility Requirements for Accreditation" are conditions which an institution is expected to satisfy before it is considered to be eligible to apply for accreditation. In other words, the Eligibility Requirements are more basic than are the Standards of accreditation. If Compton had come to the Commission and applied for initial accreditation under circumstances where its board was not functioning and where all authority was being exercised by a State appointed trustee, that application would not even have been considered.

Compton has raised a number of issues in the first 12 pages of the Statement of Reasons, under the heading, "II. Procedural Foundation for Review." The issues raised are essentially legal in nature in that they made legal arguments as to why the Commission's decision should be reversed or modified. They included assertions that various actions taken by the Commission violated Compton's right to be treated fairly or that they violated the Commission's own rules. Although the Review Process, as outlined in the Commission's Handbook, does not contemplate that the institution will raise such issues or that the Commission will consider such issues at this level of review, the Commission has considered these arguments before reaching this decision.

The Commission does not find that any of the arguments raised provide persuasive reasons as to why the Commission should modify or reverse its decision. Briefly, the arguments and the Commission's response are stated below for the benefit of the institution.

1. Compton challenges the action on the ground that it was taken "hastily." The institution states on page 3, ". . . the Commission went directly and hastily to the drastic 'Show Cause' status, without stopping at any other prior steps (i.e., a warning or probation), and then issued the termination-of-accreditation decision." The institution is introducing two related arguments. The first is the assertion that the institution simply was not given enough time in which to respond to the criticisms. The second is the argument that the Commission erred by not following a precise sequence in the manner in which the sanctions escalated. The institution alleges, in other words, that the Commission should have begun by imposing a warning, then could have moved to probation, followed by show cause and finally by a termination. Since the Commission did not follow this sequence, the institution argues that the Commission erred.

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Regarding the assertion that the Commission simply acted too "hastily," the Commission does not agree that it acted "hastily." In fact, the Commission believes that it acted in a manner that placed the institution on adequate prior notice regarding the gravity and the seriousness of the deficiencies. The Commission is not aware of any legal principle that requires that it provide an institution with any particular length of time in which to respond to its criticisms before taking a termination action. The Commission's own written rules regarding sanctions (contained in the Accreditation Reference Handbook, Policy on Commission Actions on Institutions at pages 50 through 58 ("Actions Policy")) do not require this.

The Commission finds that it complied with its own rules, as contained in its Actions Policy, when taking its action to terminate in June of 2005. The Commission's Actions Policy expressly gives the Commission the power to terminate whenever, "... an institution has not satisfactorily explained or corrected matters of which it has been given notice, or has taken an action that has placed it significantly out of compliance with Commission Standards .."(Actions Policy, p. 57). The Commission's Actions Policy does not require that it follow any particular escalation in sanctions before the termination action is imposed. The Commission believes that it has a responsibility to the public at large, to present and prospective students, and to the institution's faculty and administration to take appropriate action, including termination, whenever it finds that an institution is "significantly out of compliance." So that the record will be clear on this point, the Commission finds that, notwithstanding the progress that has been made since the April 2005 special team visit, the institution continues to be significantly out of compliance with the Commission's Standards and Eligibility Criteria.

2. Compton contends that the Commission failed to follow its own written policies, because, Compton contends, the Commission's January action letter did not "specify a time within which the institution must resolve deficiencies," as required by Commission Policy. In effect, the institution contends that the January show cause action letter did not contain a sufficiently specific time frame.

In order to examine this assertion, it is useful to review the content of the January action letter which placed Compton on "show cause." This letter followed the usual format for such letters. The key substantive distinction between the show cause sanction and some lesser sanction is the fact that show cause shifts the burden to the institution to convince the Commission that its accreditation should not be withdrawn. By doing this, it emphasizes the gravity of the challenge facing the institution. Borrowing language directly from the Policy, the action letter put the institution on formal notice that the "burden of proof" rested on the institution. The action letter then recited a list of specific Standards and Eligibility Criteria, identifying those as areas where the institution was seriously out of compliance. It identified three main categories: fiscal management and stability of the college, personnel practices, and college governance. The letter next proceeded to identify 23 specific areas where the institution should direct its

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immediate attention. On the final page of the letter, it stated in part, "The action letter asked that the institution submit a Progress Report by March 15, 2005 addressing the issues reviewed in the action letter." The letter further informed the institution that the Progress Report would be followed up by a visit by Commission representatives. Finally, the action letter announced to the institution that the report and findings of the Commission representatives would be considered at the June 2005 meeting.

The Commission finds that the January action letter placed the institution on adequate notice and satisfied the policies and practices of the Commission. It is clear from the content of the letter that the timeframe for reviewing the show cause order was from the institution's receipt of the January 31 action letter until the dates of the special team visit and next Commission meeting. The Action letter adequately notified the institution that it faced possible termination at the June meeting unless it met its "burden" and convinced the Commission that it had made sufficient progress in rectifying the areas of deficiency noted in the action letter.

At the bottom of page 4 and the top of page 5 of the Statement of Reasons, Compton proceeds to cite two examples which it contends illustrate both the failure of the Commission to follow the Policy and alleged failure to comply with due process. The first involves the observation by the visiting team that institution personnel were assigned positions without appropriate expertise. The institution points out that it might be constrained by collective-bargaining agreements and other external forces from being able to remedy, at least completely, the deficiencies within the timeframe that was ultimately permitted. The second alludes to the fact that institution had been criticized for not meeting the Commission's governance Standards. The institution argues that "due process" would require that the Commission give the institution a specific and reasonable period of time in which to comply (presumably with each area of deficiency). To be reasonable, the institution argues the timeframe would have to take into account the inability of the institution to meet the governance Standard because of the Chancellor's actions.

On page 6 of the Statement of Reasons, Compton further argues this position by pointing to a number of places in the visiting team report where it was "conceded" that the institution would need more time in which to correct various deficiencies than it was ultimately given. If one places these arguments in a broader perspective, it becomes apparent that they support the position of the Commission: that the institution is and was significantly out of compliance with the Standards. In other words, by arguing that it needed more time to come into compliance, the institution is underscoring the gravity of the deficiencies with the Commission's position regarding the seriousness of its noncompliance.

Without conceding whether any particular legal standard of "due process" applies in this instance, the Commission believes that it has in fact fully complied with its own written policies and practices and with any legal requirements relating to the issues the institution has raised. The Commission does not believe that there is a "due process" standard which requires that an

institution be given some "stated" or "reasonable" period of time in which to correct deficiencies. The Commission believes that the institution's arguments confuse and misapply the concept of "reasonable notice." The Commission's procedures are designed to assure that, before a decision which would result in the termination of an institution's accreditation is implemented, the institution is given reasonable advanced notice of the reasons for this decision and an opportunity to respond to those reasons before that decision is actually implemented. The Commission's review and appeal procedures assure that the institution will be afforded of a full statement of the reasons before the action is implemented and an opportunity to refute those reasons or point out any errors which may underlie them. Those procedures include the fact that the institution is permitted the opportunity to respond in writing to all reports of visiting teams and the review committee. They also include the fact that the institution's accredited status remains in effect until the review process is completed, and, if triggered, also before the subsequent appeal process is concluded. In fact, the purpose of the review process is to make certain that, before any termination decision becomes final, the institution is given an ample opportunity to respond to and to take issue with the findings and reasons which served to support the decision.

3. The institution makes an argument on page 5 that somehow the length of time between the Commission's show cause letter and its decision to terminate violated USDE regulations. The institution states, ". . . for a two-year community college, federal law provides for a maximum of a two-year period for compliance." USDE regulations state a maximum, not minimum, time period in which, once an institution has been found to be out of compliance with a Standard, the institution may be given to come into compliance. In point of fact, the concern of the federal government was precisely the converse of the concern of the institution in this instance. The government was concerned that accrediting associations not be able to permit institutions to remain out of compliance for an indefinite period of time before taking decisive action, and the two year maximum requirement was imposed for this reason (34 C.F.R., Section 602.20(a)(iii).

4. At the last paragraph on page 5, Compton argues that the June 17, 2005, action letter, which terminated the institution's accreditation, was defective because the action letter made reference to the fact that the decision was made, "following a six month period." The institution points out that it was under show cause for a period of between four and five months, not six months, before it received the June action letter terminating its accreditation.

The institution is correct that it was under show cause for a period of less than six months although the action letter refers to a six-month period. The question becomes whether this factual error in the action letter is material in the sense that it is the type of error that would indicate that the Commission should reconsider its decision. The Commission finds that it was not material, and that the fact that the time period was only four to five months did not violate

Commission Policy and does not provide a persuasive reason why the Commission should modify or reverse its decision.

5. On page 7, Compton argues that the Commission's June action letter violated the institution's right to due process because it cited seven reasons for termination that were not also contained in the show cause action letter. Compton is correct that the June action letter added seven areas of deficiency to those that were mentioned in the show cause action letter. The Commission does not believe, however, that this fact somehow violated the institution's right to due process.

As pointed out above, the Commission does not believe that the law requires that, before an accrediting body may take action, it has to give the affected educational institution some period of advanced notice of its deficiencies and an opportunity to correct those deficiencies. The Commission does not believe that the fact that the June action letter added additional areas of deficiency violated any legal right of the institution. Further, it did not violate any Commission rule. Its Policy, pointed out above, expressly permits it to impose the termination sanction, without any advanced notice, where the institution has taken "an action that has placed it significantly out of compliance with Commission standards"

6. At page 8, the institution argues that the institution was again deprived of "fundamental fairness and due process" because the show cause visiting team report raised issues which were not expressly contained in the January action letter, placing the institution on show cause. In effect, the institution argues that the show cause visiting team was limited to examining only the areas of deficiency which were contained in the January action letter. The Commission does not agree with this position. For reasons that have been previously explained, the Commission does not believe the concept of due process has been applied in the manner argued by the institution. Further, the Commission's written rules do not require that a special team confine its review only to those items expressly raised in the action letter. In point of fact, the Commission finds that such a rule, if it were enacted, would be very injurious of the accrediting process since it would significantly limit the ability of a visiting team and the Commission to take into consideration problems that were not observed previously and areas of deficiency which had developed since the previous visit.

7. At page 9, Compton critiqued the June action letter on the basis that it included, as one of its reasons, unresolved concerns about the financial condition of the institution and, more specifically, that it cited an interview with a representative from the FCMAT team. The institution raises two related issues. The first is the same argument the institution previously raised in various other contexts, discussed above: that the Commission was required to provide the institution with prior notice and an opportunity to correct any cited area of deficiency before it took action based on that area of deficiency. We believe this argument is without merit for the reasons previously discussed. Secondly, the institution raises a question about whether it was

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appropriate to place any reliance on the draft FCMAT report and on an interview with Mr. Montero. At the request of Compton, Commission staff agreed at an earlier stage that it would cooperate with FCMAT and limit its own review of the financial issues facing the institution in order to lessen the burden on the institution of having two independent bodies reviewing much of the same material. If the institution takes serious issue with some aspect of the FCMAT report, either in its draft or final form, the time for raising these objections would be in its Statement of Reasons. The Commission does not believe, however, that there is any legal basis for objecting to the fact that the Commission placed some reliance on the content either on the draft or final FCMAT report or upon an interview with a person involved in preparing that report.

8. At page 11, the institution argues that, in determining whether the conditions for Eligibility are met the Commission should disregard the fact that the Board of Trustees is not functioning and consider the issue only from the perspective of whether the Chancellor and special trustee are doing a competent job in responding to the areas of deficiency. The Eligibility Requirements for Accreditation provide in part as follows: "The governing board is an independent policy-making body capable of reflecting constituent and public interest in board activities and decisions." By virtue of the two Chancellor orders, the governance of the institution has been removed from the elected Board of Trustees and replaced by a special trustee who, in turn, is "directed and supervised" by the Chancellor. The elected Board of Trustees is not functioning at all, let alone functioning as an "independent body." Further, from the language of the Order it appears that the "Special Trustee" also lacks independence since he or she operates under the "direction and supervision" of the Chancellor. For these reasons, the Commission finds that the institution is not in compliance with this eligibility requirement.

Unless Compton files a timely appeal, this decision will become effective 30 days from Compton's receipt of this notice. This decision is final as far as the ACCJC is concerned. However, Compton may file an appeal with the President of the Western Association of Schools and Colleges through the President of the ACCJC in accordance with the provisions of Article VI of the Constitution of WASC. The grounds for appeal are to be found in section 3.f. of Article VI. If it files a timely appeal, Compton will retain its accredited status until the appeal with WASC has been heard or decided. A copy of Article VI of the Constitution is enclosed for your information and can be found in the Commission's *Accreditation Reference Handbook*.

Although this is an undoubtedly very stressful time for the institution, its employees and its students, the Commission asks that you consider actions necessary to protect the interests of current and former students as the institution contemplates next steps. Compton Community College is asked to consider whether loss of accreditation will cause closure of the institution. If closure is a possibility, the institution is required to follow the Commission's *Policy on Closing an Institution*. This policy addresses retention and securing of student records, provisions for transcript services, teach out and articulation arrangements to ensure students are able to reach

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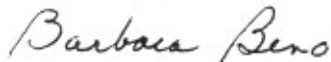
their educational goals. The U.S. Department of Education will provide additional advice to the institution on securing student transcripts and financial aid records.

The Commission wishes to convey to you and to Dr. Ratliff its respect and regard for all that you and others at the institution have tried to accomplish over the months since June 2005. It is with deep sadness that the Commission conveys its decision to you. Please feel free to call Commission president, Dr. Barbara Beno, if she can be of any assistance to you in understanding Commission policies regarding the appeal.

Sincerely,



Joseph Richey, Commission Chair
Public Member



Barbara Beno
Commission President

Enclosures

Cc: Dr. Charles Ratliff, Special Trustee
Chancellor Mark Drummond, California Community Colleges
Mr. Gerald Burgess, Chair, Compton College Board of Trustees
Mr. John Barth, U.S. Department of Education