Dan Walters: California's 'wall of debt' is really a mountain

By Dan Walters
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Gov. Jerry Brown's new budget says that the state's shaky finances are "exacerbated by an unprecedented level of debts, deferrals and budgetary obligations," which he describes as "a wall of debt."

However, California's debt, much of it run up over the last decade, is more like a mountain, at least a Mount Whitney and perhaps a Mount Everest.

Brown's budget cites the $33 billion in on- and off-the-books debt run up in recent years to cover the state's operational shortfalls – notwithstanding various constitutional prohibitions on deficit spending. It also cites constitutional obligations to restore school financing and mounting payments for the state's formal bonded indebtedness that will double to $6 billion a year by 2014.

But those numbers, as large as they may appear, are only the foothills of the debt mountain that state and local governments have amassed in recent years.

Take, for example, those formal bonds.

California voters have approved nearly $130 billion in active general obligation bonds, of which $73 billion are still outstanding and $33 billion remain unissued, according to the state treasurer's office, and even if no more are sold, it will cost the state nearly $135 billion to repay them over the next 30 years.

Other bond issues that lack dedicated revenues and therefore must be repaid from the state treasury will cost another $20 billion.

Local redevelopment agencies may have been abolished, but they've run up more than $100 billion in debt that must be repaid, mostly from property taxes that otherwise would finance local services. With interest, it may be $200 billion. And local governments and school districts have many billions more in non-redevelopment debt.

The state owes the federal government $10 billion in loans to prop up the Unemployment Insurance Fund.

But all of those pale next to the "unfunded liabilities" of state and local pension funds and obligations for retiree health care.

Brown's budget pegs the state's pension debt at $45.2 billion and retiree health care at $59.9 billion, but independent estimates of the pension gap have ranged as high as a half-trillion dollars, depending on assumption of future investment earnings.

In all, state and local governments may be a trillion dollars in debt, equal to half of California's annual economic output.

Brown says he wants to reduce state debt. "That's one thing I'm really committed to," he said last week, adding, "We see what's going on in Europe. We see the pathetic situation in Greece."

That sounds good, but Brown still hasn't acknowledged the full extent of California's debt, and he's also committed to issuing more than $9 billion in bonds to finance a fanciful bullet train system and billions more for water development.

Brown’s Prop 98 contortion

Shifting debt expense to Prop 98 would be cut to schools

Posted on 1/11/12 • Categorized as Jerry Brown, Revenue and taxes, State Budget, Taxes

By John Fensterwald - Educated Guess

Governors and legislatures have shifted programs and revenues in and out of Proposition 98 – based on policy and expediency – ever since the school funding law was created two decades ago. But what Gov. Jerry Brown is proposing in the event voters reject his tax increase in November is unprecedented in terms of impact on K-12 schools and community colleges – and brazenness.

If the 5-year, $6.9 billion sales and income tax** increase fails, Brown would cut K-14 education by $4.9 billion. Half of that would reflect the drop in Prop 98 obligation (more on that shortly). But the other $2.4 billion would come from saddling Prop 98 with the responsibility for repaying general obligation education bonds – a burden that until now was handled through the General Fund. The effect would be to cut school funding by $2.4 billion without going through the formal process of suspending Prop 98.

The rationale is done through “rebenching,” and it’s one reason that education groups and district officials are reacting ambivalently to Brown’s budget.

Proposition 98 was passed to create a minimum funding level for K-12 and community colleges of about 40 percent of the General Fund, though the amount will vary yearly based on various “tests.” Whenever the Legislature moves items in and out of Prop 98, it goes through an adjustment process to weigh the impact on the Prop 98 obligation. It’s called rebenching, but Rick Simpson, deputy chief of staff for Assembly Speaker John Perez and key adviser to the Legislature for decades, reminds me that it’s a term of art, not found in Prop 98. The courts have not yet ruled on the legality and methods for rebenching, although the California School Boards Association is suing the state over a related move by Brown and the Legislature this year (more on that, too).

Tradition of holding schools harmless

Usually, when the Legislature moves programs in or out of Prop 98, it creates a neutral impact, holding schools and community colleges financially harmless. They did this when they moved child care out of Prop 98, deciding it was not a K-12 expense; when they put Prop 49 after-school activities into Prop 98; and when they shifted the responsibility for funding children’s mental health care.

One method to calculate the impact of rebenching is to go back to 1986-87, when Prop 98 was written, to determine what a program was costing the state at the time and then make certain adjustments to determine the current value. That’s the method that Brown and the Department of Finance have chosen for jamming school bond payments into Prop 98, because, frankly, it works to their benefit. The state was paying several hundred million in interest and principal on school bonds in 1986-87; today, as a result of $23 billion in school bonds that state voters approved in 2002 and 2006, it's paying $2.6 billion yearly. Subtract about $200 million that Brown would add in new revenue under rebenching, and the net loss to schools – money they won't get to run programs – is $2.4 billion.

"If the Governor and Legislature can arbitrarily move billions of dollars out of the General Fund to provide a specific government service and at the same time reduce the Proposition 98 guarantee, then they can manipulate the minimum guarantee to be whatever they want,"Robert Manwaring, a former deputy analyst for education for the Legislative Analyst's Office, told me. "At that point, the constitutional guarantee becomes meaningless."

On that point, Robert Miyashiro, vice president of the consulting firm School Services of California and another budget expert, agreed. There have been so many contortions of Prop 98 over the years that Miyashiro has called for abolishing the law and replacing it with a simpler, more comprehensible funding system.

Dennis Meyers, assistant executive director of the California School Boards Assn., says CSBA believes that the school bonds shift, if it happened, would be illegal.

Illegal or not, whether you think it's necessary depends on your view of the total budget. By cutting K-14 funding an additional $2.4 billion, Brown can avoid further cuts to social services, child care, Medi-Cal and higher ed.

Skirting Prop 98 suspension

But in doing the cutting this way, Brown avoids having to formally vote to suspend Prop 98, which is what voters intended in passing it. Suspension requires a two-thirds majority vote of the Legislature – never easy for a governor to obtain and even harder since voters OKed passage of the total budget by a simple majority. (Refusing to suspend Prop 98 is one of the few remaining levers that the Republican minority still has.)

If Proposition 98 were suspended, the Legislature would have to eventually pay back the $2.4 billion that Prop 98 was shorted, an amount called the maintenance factor. But Brown and the Legislature – assuming it goes along – would not have to pay anything back by rebenching.

Dispute over realignment money

There's another big reason Meyers says there is "very little to like" about the governor's budget for education.

In the current budget, Brown and the Legislature moved some state services to counties and cities. To pay for this realignment, they diverted revenue from 1.06 percent of the state sales tax, worth $5 billion, from the General Fund. Doing so also subtracted $2 billion that would have gone to Prop 98. CSBA has sued over this point.

Brown didn't cut $2 billion for schools, per se. He deferred payment of it until the 2012-13 budget, which allowed school districts to count the money in their budgets this year. And, in the budget trailer bill, AB 114, Brown and the Legislature promised to pay the money back to schools if a tax increase passes – and to find some other way to handle realignment if it doesn't.

But now Brown is saying that if the tax fails, the $2 billion would stay with the locals, and the schools would be out the money.

CSBA, along with two dozen education and community groups who signed a letter last week, has withheld support of the governor's tax initiative. There would have to be changes – including a steady, sure source of money for schools – for CSBA's backing, Meyers said.

** This week, the LAO forecast that the tax initiative would raise only $4.8 billion – $2.1 billion less than the Department of Finance's projection.

Viruses stole City College of S.F. data for years

<u>Nanette Asimov, Chronicle Staff Writer</u>

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Places like City College of San Francisco, where officials have done little to protect against cyber attacks over the years, are especially vulnerable, Hotchkiss said. He arrived at City College in July 2010, and was astonished to learn how porous its computer systems have been.

"When I found out they hadn't changed passwords in over 10 years, I hit the roof," said the tech expert, who ordered them all changed last summer.

But cash-strapped City College has worse vulnerabilities than that, he said. They include poor network design and old equipment, a "draconian system" for agreeing on new policies - including urgent security issues - and little money for new, virus-resistant technology.

Some college leaders also suffer bouts of technophobia, he said, leading to lax attention to the need for cyber security. Hotchkiss' efforts to secure City College's computer systems have also run up against a competing need: academic freedom.

Shortly before Hotchkiss arrived at City College, a new firewall was installed. Technicians set it up to block pornography sites, which are notorious for transmitting computer viruses.

Then faculty began complaining to Hotchkiss that students needed access to porn sites. For research.

Eventually, given examples of the academic necessity, Hotchkiss had to remove the porn block.

He eventually hired a data security service, USDN of San Francisco, which detected the virus problem.

On Thursday evening, Trustees John Rizzo, Chris Jackson and Jeffrey Fang listened to Hotchkiss and USDN Network Security chief scientist Anthony Castillo describe how they may be looking at only the tip of the problem.

They talked about hundreds of thousands of dollars spent over the last 10 years on consultants who failed to secure the systems and learned that they lack even basic virus protections.

"Given the outright mismanagement of our networks, if someone's information is stolen, are we liable for that?" Jackson asked.

No one had an answer.

College District releases proposed boundaries for board trustees service areas
Daily Breeze
January 16, 2012

The **El Camino Community College District's** Boundary Review Committee has released a map showing proposed new trustee areas. Area residents are invited to review the map online and submit comments at www.elcamino.edu/administration/board/brc

In addition, the public is invited to comment at a BRC meeting scheduled for 4 p.m. Wednesday in the board room.

The committee scheduled five public forums this past fall to gather community input as part of the process to modify the district's trustee area boundaries.

Residents were also able to add comments online and create and submit maps indicating their communities of interest through an online interactive redistricting map.

The proposed boundaries were drawn by a mapping consultant from Caldwell Flores Winters Inc., based on recommendations provided by the committee and community comments. Minor adjustments were made by the mapping consultant to ensure proportionate population in each trustee area.

In the fall of 2010, the El Camino Board of Trustees initiated discussions regarding the process required to modify trustee area boundaries and change from "at large" to "trustee area" elections. The redistricting process includes utilizing 2010 census data to review current trustee areas to ensure they are representative of the district's constituents.

A final proposed plan of new trustee areas will be presented for a public hearing and for consideration for adoption by resolution or ordinance at the regular board meeting scheduled for Feb. 21.

Dan Walters: California civil service unions in denial on pension costs

By Dan Walters
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Whenever someone suggests that California's public employee pension systems need reform, civil service unions react dismissively, often with attacks on the credentials or even the morals of critics.

When, for example, a Public Policy Institute of California poll found strong support – even among public workers themselves – for Gov. Jerry Brown's middle-of-the-road pension reform plan, the union-backed Californians for Retirement Security reacted thusly:

"These poll results are not surprising. They amount to more fallout from a sustained and unrelenting misinformation campaign being fed to Californians," and continued: "Millions of public servants in California are doing their jobs and planning their futures with the promise of retirement security made to them. Even they are being peppered, however, with misleading and disproportionate examples of the tiny fraction of six-figure pensions and isolated cases of abuse. Pensions equal less than 3 percent of this state's beleaguered budget, while California corporations swim in profits and are dodging contributing tens of billions to state coffers through a slew of tax breaks."

A day after that poll was published, a research team based at Stanford University and headed by former Democratic Assemblyman Joe Nation released an updated analysis of state and local pension funds, concluding that they are hundreds of billions of dollars underfunded, and unless reformed, will seriously erode future financing of schools, health care and other services.

The reaction from Californians for Retirement Security was even more scathing, to wit:

"This so-called academic study is an irresponsible exercise in manipulating numbers and relying on faulty data to support a political agenda. … In its latest hit piece, which also is full of inaccuracies and false assumptions, facts and input from several groups that did not support the study's preset conclusions were roundly ignored."

The irony is that the hundreds of thousands of teachers, firefighters, police officers, clerks, janitors, garbage collectors and other public employees whose futures depend on the systems have the most to lose if they are not reformed.

Brown is not their enemy. During his first stint as governor, he signed the collective bargaining legislation that allowed the unions to become politically powerful, and received heavy union support as he was running again in 2010.

Are the unions claiming that he's lying when he says that "the arithmetic doesn't add up" and pension obligations "are on an unsustainable path"?

Are their members willing to gamble their futures that Brown and other critics of the status quo are wrong?

And are they certain that voters won't adopt some draconian pension changes if his modest reforms are rejected?

« Pension fund big earner becomes political issue

New pension forecasts: what if earnings falter?
A new advisory panel, following a move by CalPERS last year, recommends that public pensions take a small step that touches on a big issue: What happens if pension fund earnings fall below the forecast?

Investment earnings are expected to provide two-thirds or more of the money needed to pay pensions in future decades. Critics say earnings forecasts, 7.75 percent a year for CalPERS and CalSTRS, are too optimistic and conceal massive taxpayer debt.

To make more pension information public, the first report of an actuarial panel recommends, among other things, that retirement systems add a "sensitivity analysis," which is likely to show what happens if earnings miss their target in the next few years.

It's not a long-term forecast like a Stanford graduate student study two years ago. Using a lower risk-free bond rate advocated by some economists, 4.1 percent, the study showed how state pension debt ballooned from the reported $55 billion to $500 billion.

Pension debt has become a political issue cited by reform advocates, who say public pensions must be overhauled to prevent the growing cost from eating up money needed for basic government services.

A short-term "sensitivity analysis" is intended to be practical, a way to help state and local governments know how much their annual pension costs may vary in the next few budget cycles if investment earnings or other factors miss their target.

For the first time, the annual California Public Employees Retirement System actuarial report last fall on state and non-teaching school pensions included a sensitivity analysis.

The report showed how employer contributions could vary if, all other factors remaining unchanged, earnings during three fiscal year are above or below the target by a little or a lot.

For example, if earnings hit the target of 7.75 percent the employer contribution in fiscal 2015-16 for most state workers would be 19.5 percent of pay. (The employee contribution, 8 percent of pay, is bargained with labor and presumably unchanged.)

But if total investment earnings this fiscal year and the next two fiscal years show a loss, minus 3.64 percent, the employer contribution in 2015-16 would increase by about half to 28.9 percent of pay.

Falling short of the 7.75 percent target with earnings of 2.93 percent would increase the 2015-16 contribution to 22.6 percent of pay. Exceeding the target with earnings of 19.02 percent would produce little change, dropping the rate to 18 percent.

The sensitivity analysis may not be the long-term debt calculation sought by reformers. But it does clearly show the risk of how a double-dip recession, and another plunge in the stock market, could drive up government costs.

The California Actuarial Advisory Panel, with eight members appointed by public officeholders and agencies, was created by legislation recommended by the California Public Employee Post-Employment Benefits Commission four years ago.

“There is no single clearinghouse for funding policies and practices from around the state and country which can be used to evaluate the actuarial assumptions, crediting rates, or proposed actions of a particular retirement system,” the commission said.

Actuaries have a key role in setting the annual payment that state and local governments must make to pension funds. During a push to cut pension costs, former Gov. Pete Wilson obtained legislation giving lawmakers control of the CalPERS actuary.

A labor-backed initiative, Proposition 162 in 1992, returned control of the actuary to the CalPERS board, while also giving all public pension boards control of their administration and pension funds to prevent Wilson-like “raids” on “surpluses.”
The importance of actuary control was seen in a major state pension increase, SB 400 in 1999. The trendsetting benefits now called “too rich” and “unsustainable” by some are being rolled back for new hires and blamed for soaring pension costs.

CalPERS, the SB 400 sponsor, told legislators the increased pensions would be paid for by a surplus, investment earnings and inflating pension fund assets, leaving state pension costs unchanged for a decade, said a legislative bill analysis.

A 17-page CalPERS brochure touting SB 400 that was distributed to legislators said in capital letters: “NO INCREASE OVER CURRENT EMPLOYER CONTRIBUTIONS IS NEEDED FOR THESE BENEFIT IMPROVEMENTS.”

The bill negotiated by public employee unions and the administration sailed through the Legislature in September 1999 during the last two days of the session, passing the Assembly 70-to-7 and the Senate 39-to-0 without questions or debate.

A report issued by the nonpartisan Legislative Analyst’s Office in December 1999 estimated the SB 400 pension increase would cost the state $420 million the first year. But CalPERS agreed to two actuarial changes lowering the net cost to $205 million.

CalPERS had used its actuarial power as leverage, agreeing to the cost-cutting changes only if pensions were increased. The worth of assets was increased from 90 to 95 percent of market value, and the amortization of excess assets was shortened.

"Coupled with the benefit increases, PERS agreed to change the two actuarial valuation methods discussed above, but only if the increases were adopted," said the analyst's report. "(PERS could have made these changes independent of the improved benefits.)"

Legislators also were not told of an accurate forecast made by CalPERS actuaries in 1999. If investment earnings hit the target, then 8.25 percent, the state payment a decade later in fiscal 2010-11 would be $679 million, similar to the 1988 payment.

But if earnings averaged 4.4 percent, the actuaries predicted that the state payment in fiscal 2010-11 would be $3.9 billion — almost precisely the amount expected before unions agreed to employee contribution increases lowering the current payment to $3.5 billion.

If legislators had been shown something like the sensitivity analysis recommended by the actuarial panel, would there have been some discussion of SB 400 in the Senate, possibly even opposition?

The public pension "disclosure" recommendations issued by the panel last month are the first step. The panel is working on a "model for actuarial polices and methods" that may be released for comment early next year.

A bill enacted last year, AB 1247, requires CalPERS to issue an annual report showing state pension contribution rates and liabilities if investment earnings miss the target, currently 7.75 percent, and are 2 percent above or 2 percent below.

Within 30 days of receiving the CalPERS report, the chairman of the actuarial panel (currently Alan Milligan, the CalPERS chief actuary) or someone named by the chairman is supposed to give a legislative hearing an analysis of the report.

But the panel would like to work with lawmakers on two concerns about the new law: targeting the work of another public agency actuary, which is outside the scope of the panel charter, and the ability of the panel to handle the additional workload.

Reporter Ed Mendel covered the Capitol in Sacramento for nearly three decades, most recently for the San Diego Union-Tribune. More stories are at http://calpensions.com/
Posted 23 Jan 12

Higher taxes, little relief

Districts unenthusiastic about Brown's tax plan

Posted on 1/23/12 • Categorized as Jerry Brown, Revenue and taxes

By **John Fensterwald - Educated Guess**

Gov. Jerry Brown will have a heck of a time persuading voters to raise taxes by $6.9 billion to benefit schools if he can't get the education community excited about it first. And so far it's proving to be a hard sell.

District officials do fear the downside if Brown's tax proposal fails, but they don't see a lot of upside if it passes. Many feel like they're being used by Brown and his administration, who are characterizing a general temporary sales and income tax increase as a tax for K-12 schools and community colleges.

If parents and teachers end up reaching the same conclusion – and being equally unexcited – the governor's plan could be in big trouble.

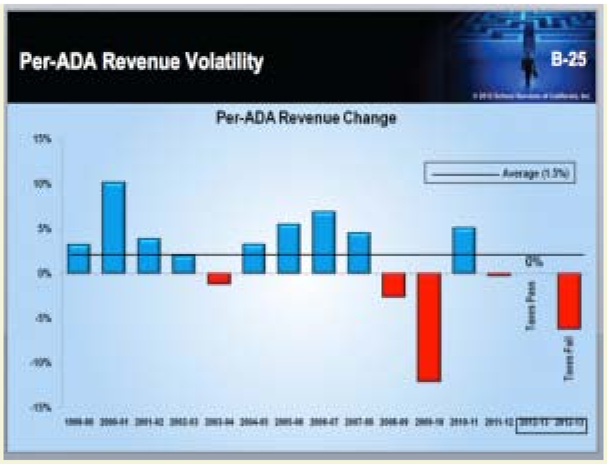
On Friday, Brown got the first pushback on the current and proposed budget, which assumes his tax increase will pass. In amending SB 81, the Senate budget committee proposes restoring $248 million in school bus funding that's part of the midyear budget cuts. Brown is proposing to kill the whole bus program – worth about $570 million – next year.

Home-to-school transportation comprises a little more than 1 percent of total Proposition 98 funding, but, because of the quirks in the formula, the funding's impacts vary greatly among districts. In a few districts in Humboldt County and in remote regions like Death Valley Unified School District, it amounts to $600, even $1,000-plus per child, compared with an average statewide of $55 per child. Districts like those can't simply move money around to keep the buses going; a cut of that magnitude could put them under.

SB 81 would spread the pain equally among all districts. In restoring the midyear bus cuts, the bill would reduce general school spending by $42 per child across the board, thus still netting a $248 million reduction that Brown demands to help solve a $9 billion overall budget deficit.

Paying down deferrals

But looking ahead to the fall, the prospect of cutting bus funding in the next budget, potentially forcing tiny rural districts into bankruptcy, while telling voters that higher taxes will save schools, presents a PR problem – and a contradiction for Brown. And it underscores the bigger problem with his tax increase and budget plan.



Even if Brown's tax initiative passed, per student funding – ADA or average daily tuition – would not increase (second bar from the right) but would decrease about 7 percent or $370 per child if it failed. Click to enlarge (courtesy of School Services of California, Inc.).

If the taxes – a half-cent increase in the sales tax and an increase in the income tax on the wealthy – pass, Proposition 98 spending would rise nearly $5 billion, to about $52 billion. But money that districts will see – dollars for the classroom – would remain essentially flat: $5,281 per child ($50 per child more, about 1 percent). That’s because Brown is proposing to use the new money to pay down the state’s “wall of debt.” In the case of K-12 schools and community colleges, those are deferrals – money that the state pays schools a year late.

Deferrals are an accounting trick and a dangerous trap, and Brown is right to begin to pay them off. About $10 billion – 20 percent of K-14 spending – is in deferrals, raising borrowing costs for schools and threatening their credit ratings.

But districts, in real dollars, have lost 10 percent of their funding since 2007-08 and are down 20 percent relative to what they’re entitled to by law. They’re desperate to start seeing money they can use – to restore teaching positions and programs they’ve cut. Here again, it’s tough to sell voters on a tax increase whose benefits are invisible. I’d be surprised if the Education Coalition – the California Teachers Association, the state PTA, administrators, and school board associations – didn’t lobby Brown to offer some immediate relief, with a longer-term approach to the debt problem.

If the tax initiative fails, Brown’s proposing to cut schools by $4.9 billion. He’d dump the responsibility for school construction bond payments onto districts – a state expense they haven’t had to pay before. The consultancy group School Services of California is telling districts to build a cut of $370 per student into the budget year starting July 1, to be prudent and not assume the tax initiative will pass.

Small wonder, then, that districts are skeptical about an initiative that’s supposedly in their best interests.

Dan Walters: Jerry Brown's budget ups the stakes over California education

By Dan Walters
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The state budget contains hundreds of specific provisions but none is bigger, more complicated, more politicized, more emotional – or more important – than the 30 or so billion dollars that it spends on K-12 education.

That was true even before Gov. Jerry Brown proposed to increase state school aid and raised its political and societal stakes even higher, although he claims it would be less complicated.

Brown's proposed 2012-13 budget would increase K-12 spending by $4.4 billion – but only if voters pass temporary increases in sales and income taxes next fall. School officials worry, however, that the supposed increase would be more a bookkeeping exercise than new cash-in-hand. And if the taxes fail, the schools would lose the money.

Is Brown using schools as a pawn in the chess game over taxes, knowing that they are the most popular piece of the budget? Does the sun rise in the East?

At the very least, it forces local school officials to make difficult assumptions about whether the taxes will pass or fail and fashion their own 2012-13 budgets accordingly. It's a new version of the game that Brown and the Legislature played with the 2011-12 budget and its last-minute assumption that the state would get another $4 billion in revenue.

John Fensterwald, a veteran journalist who blogs about schools for the Silicon Valley Education Foundation, puts it this way:

"District officials do fear the downside if Brown's tax proposal fails, but they don't see a lot of upside if it passes. Many feel like they're being used by Brown and his administration, who are characterizing a general temporary sales and income tax increase as a tax for K-12 schools and community colleges."

Educators don't see much upside because about half of the supposedly new school money would "pay down" aid deferrals – money that's already counted but doesn't actually show up until months later. They are already spending that money, using reserves or loans to cover cash delays.

While the Capitol digests that Brown political ploy, it also must deal with his plans to eliminate more of the narrowly focused "categorical aids" in the state's very complex school finance package, thereby making school finances more flexible, while recasting the way aid is calculated.

The latter is aimed at giving more money to schools with large numbers of poor or non-English speaking students – and therefore less to affluent districts.

Finally, the governor would eliminate much of the academic testing that has mushroomed in recent years under the rubric of "accountability," thereby, or so it would seem, short-circuiting the nascent effort to use academic tests for teacher evaluation.

It's a tall order for a Capitol that measures change in education policy in micrometers and usually misses even that mark.

ACCJC in control over college accreditation

The Compton Bulletin, January 25, 2011

SPECIAL REPORT

By Cheryl Scott

Committee determines timeline, criteria for accreditation of community colleges

This is the first in a three-part series on the status of accreditation for El Camino Community College Compton Center. Future articles will focus on the members of the Accrediting Commission of Community and Junior Colleges and an update on the accreditation process that has been under way since 2006.

COMPTON—The accreditation of El Camino Community College Compton Center is entirely in the hands of the Accrediting Commission of Community and Junior Colleges, a board that draws its authority from the Western Association of Schools and Colleges (WASC), one of six regional accrediting organizations in the United States.

The ACCJC accredits private and public colleges that provide students two-year education programs and offer the associate degree. There are 142 "member" colleges, and the commission's decisions directly affect millions of students, faculty, staff, administrators and trustees.

In 2004 Chancellor of Education Marshall Drummund took over operation of the college when he was informed by the Compton Community College Board of Trustees that it could not make payroll. The executive order issued by Drummond cited longtime fiscal mismanagement and weak leadership at the administrative level as reasons for stepping in to operate the college.

Citing a total of 30 "deficiencies," the ACCJC revoked accreditation in 2006. Since then the college has been operating under the accreditation of El Camino Community College District as a remote learning center. Efforts are underway to get the college accredited as a separate college, at which time El Camino will return it to the Compton Community College District, which owns the property and the buildings but has no part in its operation.

The ACCJC is the sole agency that can accredit the college, and it has a complex and time-consuming set of steps that have to be taken in order to qualify the college to apply for accreditation and will only accredit it after that has been accomplished. At this point the college is working to resolve all issues and gain eligibility to apply for accreditation. This is being done according to ACCJC standards and its timeline. Neither the El Camino

Community College District, the Compton Community College District, nor any other party can change the timeline or the criteria for accreditation.

The ACCJC was formed in 1962 when several accrediting agencies joined to create WASC. The ACCJC is not a governmental entity but an independent organization of educators and others representing the public interest. Colleges apply to become members of the ACCJC and volunteer to participate in the accreditation process. However accreditation is mandatory for these colleges in order to receive state funding and ensure that its credits and degrees will be recognized by other accredited colleges.

The accreditation process is based on the concept that the ACCJC and the colleges together shape the values and best practices of the educational community into the policies, requirements and standards by which colleges are evaluated. It is the Commission's policy that the ACCJC and its member institutions share this right and responsibility.

However, there is no appeal process once a college has begun the accreditation process. In the case of the Compton Center, it is the first time that a community college's accreditation has been revoked. That means that there are no precedents for the process.

Activists in the Compton community remain impatient with the lengthy accreditation process. Members of the boards of trustees of both college districts are equally frustrated, but they have no choice but to go through each step for accreditation no matter how long it may take.

According to sources at El Camino, the process is likely to take another six years, a fact that further angers community members who are eager to have the college returned to the Compton district.

El Camino has been accused of dragging its feet in the effort to accredit the college. Some have even accused it of a secret plan to keep the college in order to continue receiving the $2 million a year it receives from the state for operating it.

However, those charges appear to be groundless because the El Camino district is following the ACCJC's process step by step and must satisfy the commission before it can move to the next step.

The commission's authority is controversial because it has absolute power of accreditation, and some of its members have made statements that appear to indicate bias in the case of the Compton Community College District.

In addition, the ACCJC requires member colleges to carry out a self-study, compose a report, and undergo peer review every six years. The ACCJC process consists of two elements: the college's evaluation of itself and the ACCJC's evaluation of the college. These evaluations determine the extent to which the college is meeting the ACCJC's policies, requirements, and standards, and their purpose is to help the school improve itself.

However, while the ACCJC and its representatives are considered peers of the college they are evaluating, ultimately it is the ACCJC, not the college, that will decide the college's accreditation status and any subsequent steps the college must take to better this status.

California community colleges prepare to ration their offerings

By Kevin Yamamura
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Published: Sunday, Jan. 29, 2012

Now in his third year at Yuba College, a year he once hoped to spend in Chico or Davis, Robert Bond said every student he knows has struggled to get the classes they need.

"My first semester here, no math classes were open, so I couldn't get a math class," Bond, 20, lamented on the Yuba campus quad, decked in a sweat shirt and shorts on an unseasonably warm afternoon. "Basically it took me two years until I could get a math class, college-level Math 52. So I'm like way behind."

Faced with state budget cuts since the recession – annual funding is now 12 percent below its 2008-09 high-water mark – community colleges have pared back course offerings. Yet demand remains sky high as costs at four-year universities shoot upward and unemployed Californians seek retraining.

Community college leaders say it has become necessary to ration classroom seats like water in a drought. They plan to impose statewide rules that prioritize students working toward a degree, certificate or basic academic skills. To meet that end, students who make little progress or take classes for enrichment purposes will move to the back of the line.

The hope, says California Community Colleges Chancellor Jack Scott, is that new students won't get locked out. State leaders want to increase the percentage of students who graduate or transfer to universities, rates that suffer when students can't register for classes.

"It was never my wish to ration attendance at community colleges, but this was forced upon us by the very severe budget cuts," Scott said. "The reality is, we just can't offer everything to everybody."

State lawmakers two years ago required the California Community Colleges to address low completion rates, and the colleges' Board of Governors this month approved a 22-point Student Success Task Force plan. The board can move ahead with some aspects of the plan this fall, while others require legislation. Lawmakers will evaluate the proposal Wednesday.

Estimates on community college completion differ. A 2007 study by Sacramento State's Institute for Higher Education Leadership & Policy (IHELP) found that less than 25 percent of degree-seekers completed a transfer, degree or certificate within six years.

The task force said 53.6 percent of degree-seeking students ever achieve at least one of those goals, a figure it called "a cause of concern."

Besides prioritizing access for degree-minded students, some of the planned changes include designing a uniform diagnostic test across all 112 campuses, working with K-12 schools to improve college preparation, restricting fee waivers and requiring students to declare a program of study early on.

In the Sacramento region, the Los Rios Community College District has reduced its course offerings by 8.5 percent over the last three years, said Chancellor Brice Harris.

"Higher education in American has protected for a long time the idea that students ought to be able to experiment until they find out what they want to be," Harris said. "Now when you get into rationing, we want to give you some opportunity to try things, but we also want you to set a goal, complete it and move on."

When students can't get the classes they need, they may register for courses of little use to them. Some do so because they know the registration system rewards students who accumulate units.

"Rationing has gotten so bad that a lot of students are taking classes right now solely to gather units to advance in priority registration," said Scott Lay, president and CEO of the Community College League of California. "They know the system, and have no better choice. It's irrational rationing."

Many students unprepared

Despite recent fee hikes, the state's community colleges remain among the nation's most affordable and have prided themselves on offering open access. The system serves 2.5 million students, down from 2.7 million three years ago as campuses have cut back.

The proposed changes have raised questions of fairness and sparked debate about what role community colleges should play.

Besides serving degree-seeking students, the colleges help students catch up on skills they never developed in high school. More than seven in 10 students are underprepared for college-level work, according to the task force report.

While the plan includes ways to help those students, some may also be at greatest risk under the changes.

Karen Saginor, president of the Academic Senate at City College of San Francisco and a vocal critic, said it is more difficult for low-income students to navigate the higher education maze. Those who don't commit to a program of study, akin to a major, or take too many units without graduating would lose registration priority and fee waivers. At the same time, colleges have cut counselors that could help those students stay on track.

Saginor also said the plan ignores students who may benefit without a degree or certificate: "They're here to learn some specific things, then go out into the workforce and get a job. This system doesn't have them in mind and doesn't count them as successes."

Working adults and retirees who take recreational courses like yoga or tennis stand to lose out as well. The plan recommends ending state subsidies for classes that "solely serve an enrichment or recreational purpose."

"If someone is taking tennis for six semesters, sure, maybe they'll resent having go to the athletic club and pay for it," Scott said. "But I can tell you who may be irritated now are those kids who can't get into any classes."

State's graduates get older

Faculty members and their labor unions opposed the legislation that led to the task force, Senate Bill 1143 by Sen. Carol Liu, D-La Cañada Flintridge. Some fear the state eventually will fund community colleges based on how many students meet interim goals, graduate or transfer.

The task force decided against awarding dollars based on performance for now. But Gov. Jerry Brown's budget summary briefly hints at this as part of his long-term plan for higher education.

Kathy Kelley, a childhood development instructor and president of the Academic Senate at Chabot College in Hayward, said it would be unfair to penalize community colleges if they struggle to help students catch up on learning that the K-12 system didn't provide.

"I think it starts with adequate funding," she said. "One of their goals is to have every student oriented and counseled before they really start. We need enough resources and enough counselors, but what they're doing is adding more responsibilities when our resources are significantly reduced."

Absent changes directed at greater program completion, the state faces the risk of having too few college graduates in the workforce, warned Nancy Shulock, director of Sacramento State's Institute for Higher Education Leadership and Policy and a task force member. She cited international data showing that California's college graduates skew older, while nations like Canada and Japan have a higher concentration of young graduates.

"Hundreds of thousands of students are falling off track, and I think it's a very urgent situation if you look at the demographics," Shulock said. "It's a downward trajectory that we have to turn around, and I've been concerned about the lack of urgency."

In a gleaming new Yuba College building that stands out on the 1960s-era campus, Scott met Wednesday with community college leaders and toured classrooms designed for training nurses and public safety workers. The $20 million gem was built with bond funds approved in better economic times five years ago.

In the sun-splashed foyer, several psychiatric technician students praised their two-year program, though they said they had to wait two or three years to gain entry.

In a nearby classroom, over lunch of almond chicken, beef roulade and cream-filled éclairs crafted by culinary arts students, Scott explained the financial straits facing community colleges, as well as the new task force plan.

"We're trying to say to the public, 'We're spending your money very well because the fact that these people don't finish doesn't mean we didn't do something,' " he said. "That's not a very sellable kind of thing."

Dan Walters: Think Long committee falls short of ballot goal

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Would it be churlish to say that the much-ballyhooed Think Long Committee for California fell short on fortitude?

Or merely accurate?

Billionaire Nicolas Berggruen created the committee and invited a Who's Who of California's political, civic and economic upper crust – including two former governors, one former chief justice and two former secretaries of state – to become members.

It issued a "Blueprint to Renew California" that advocated major changes in how government is organized and financed, to be put before voters this year.

Berggruen, the committee and the plan received loads of mostly positive media attention – including much outside California – because it appeared to be the first potentially viable effort at structural reform to cure the state's political dysfunction. But one segment would have been an extensive overhaul of California's cockeyed taxation system, and it interfered politically with Gov. Jerry Brown's relatively modest proposal for a temporary hike in income and sales taxes.

Brown doesn't want competing tax measures on the November ballot, fearing that voters could be confused and reject them all. He and his allies pressured the Think Long Committee to back off and it did.

Instead, Think Long is endorsing some relatively minor, incremental changes in governance, such as a two-year budget cycle, proposed by California Forward, another blue-ribbon civic group.

Briefly put, an organization whose declared goal was to rise above politics-as-usual and improve governance succumbed to politics-as-usual.

Its retreat is, of course, a tactical win for Brown. And he scored another over the weekend when the powerful California Teachers Association endorsed his tax measure over its competitors, including one sponsored by the other teachers' union, the California Federation of Teachers, and another specifically aimed at raising school spending, sponsored by Molly Munger, a wealthy civil rights attorney.

Munger is also under pressure from Brown, et al., to drop her measure, which would raise income taxes permanently and devote the proceeds to increasing per-pupil spending, but so far she appears to be sticking to her guns – and she has the personal wherewithal to finance a first-class campaign.

Privately, many educators prefer Munger's measure to Brown's because it's much larger and longer-lived. And while Brown says his tax hike would help schools, much of its supposed aid boost is really just repaying debts that the state already owes them, not new money.

If voters reject new taxes this year, Think Long could return with a reform proposal in 2014, as the state's fiscal crisis continues.

But if Brown's and/or Munger's plans are passed, Think Long may be out of the reform picture for a long time.