



EL CAMINO COMMUNITY COLLEGE DISTRICT

16007 Crenshaw Boulevard, Torrance, California 90506-0001

Telephone (310) 532-3670 or 1-866-ELCAMINO

February 23, 2012

Board of Trustees
El Camino Community
College District

Dear Members of the Board:

At the last Board meeting, I was not able to make the President's Report so am sending you some quick comments.

The American Association of Community College Trustees Conference in Washington, D.C. centered on the community college proposals that are highlighted in the two handouts. "2012 Community College Federal Legislative Priorities," and "Obama Administration Community College to Career Fund Proposal."

The most startling pictures in Washington, D.C., were presentations on the future health care costs and the effect on the federal budget. The baby boomers' health care costs will soar.

Closer to home, in California, you are probably aware that the California Community Colleges have taken another \$149 million mid-year budget cut. Please see the attachment "A Defining Moment, Community Colleges Hit by February Surprise of Unexpected Additional \$149 Million Budget Cut." Additionally we have received a preliminary estimate of Board election costs last November of \$1.1 million; an increase of \$700,000 over our current budget and we project a potential payback of \$450,000 for our Fire Technology Program. All told, we probably have \$1.8 million budget short fall beyond our current projections. I believe the District continues to be well situated in this environment.

A summary of the Compton Community College District Annual Financial Report for year ending June 30, 2011, was included in your materials for the February Board meeting. The audit itself is enclosed.

Ms. Irene Graff, our superb Director of Institutional Research, provided the enclosed e-mail about the discussion on the Trustee Areas at the last Board meeting.

If you have any questions, comments or concerns, please contact Kathy or me.

Sincerely,

A handwritten signature in cursive script that reads "T.M. Fallo".

Thomas M. Fallo
Superintendent/President

Cc: Vice Presidents, Director of Community Relations



2012 COMMUNITY COLLEGE FEDERAL LEGISLATIVE PRIORITIES

FUNDING PRIORITIES

Preserve the Current Appropriated Pell Grant Maximum Without Limiting Student Eligibility

Pell Grants assist roughly 3.5 million low- and moderate-income community college students each year by helping cover tuition, books and equipment, and living expenses. Total aid to community college students exceeds \$11 billion annually. Last year, the \$5,550 maximum grant was preserved, but only by limiting student eligibility, including ending aid for those who lack a high school diploma or GED. Pell Grants expand access and enhance completion for community college students. Congress must keep this program whole.

Maintain the Community College and Career Training Grant Program (TAACCCT)

Community colleges have received the first round of funding through the Trade Adjustment Assistance Act Community College and Career Training Grant Program. The program will deliver high quality training to TAA-eligible and other workers. Designed to encourage innovation in program structure and generate new cooperative agreements between institutions and business, the program has three more dedicated years of funding. Community colleges urge Congress to ensure that those funds remain available.

Support the Community College to Career Fund

The President has proposed a three-year, \$8 billion program to enhance the role of community colleges in closing the skills gap. The program would bolster community college training activities while ensuring that hard-to-serve populations are not left behind. The program would emphasize the need for business, education, and government to work hand-in-hand to meet evolving economic needs. Community colleges support this bold proposal.

The Carl D. Perkins Career and Technical Education Act

The Basic State Grant helps community colleges improve their career and technical education offerings that lead to high-demand, high-skilled occupations. The program has tight accountability standards. Congress should preserve funding for the Basic State Grants.

Institutional Aid Programs

Investments in direct institutional aid to colleges that serve disproportionate numbers of minority, low-income and first-generation college students are critical, particularly given state funding reductions. Congress should continue its support for the Strengthening Institutions program, Hispanic Serving Institutions, Asian American and Native American Pacific Islander Serving Institutions, Tribal Colleges, and Predominantly Black Institutions.

Workforce Development

American businesses are facing a shortage of workers with the requisite skill levels. The Workforce Investment Act's job training and adult basic education programs provide workers, particularly those with little means or skills, with the education and training they need to meet this growing demand.

Science, Technology, Engineering, and Math (STEM)

The National Science Foundation's Advanced Technological Education (ATE) program is a pillar of support for community college STEM programs that are developed in conjunction with businesses in nanotechnology, alternative energy, advanced manufacturing, and many others.

Obama Administration Community College to Career Fund Proposal

President Obama's budget includes landmark investments in community colleges, notably an \$8 billion "Community College to Career" fund that builds on the Trade Adjustment Assistance Community College and Career Training Grant Program to infuse more resources into job training programs at community colleges. It is designed to train 2 million workers with skills that lead directly to employment. The proposal includes bonus funds for especially effective programs, money for state and local governments to help them attract businesses and jobs to America, and money for entrepreneurship training programs.

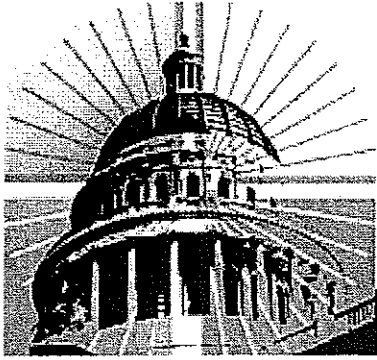
These investments will require congressional approval, which will be challenging to obtain in the current budget climate and in an election year. Many of the proposals also would require new laws (authorizations) to be enacted in advance of this funding.

Further details, from the White House fact sheet, are as follows:

The President's Commitment to Build a High-Skilled Workforce Through a Community College to Career Fund

The Community College to Career Fund in the President's Budget will advance skill building through funding a number of priority areas:

- **Developing community college partnerships to train skilled workers for unfilled jobs:** The Fund will support community college-based training programs that will: expand targeted training that will meet the needs of employers in growth and demand sectors; provide workers with the latest certified training and skills that will lead to good-paying jobs; and invest in registered apprenticeships and other on-the-job training opportunities. The Fund will also support paid internships for low-income community college students that will allow them to simultaneously earn credit for work-based learning and gain relevant employment experience in a high-wage, high-skill field. States will also be able to seek funding to support employer efforts to upgrade the skills of their workforce. Additionally, the Fund will provide support for regional or national industry sectors to develop skills consortia that will identify pressing workforce needs and develop solutions such as standardizing industry certifications, development of new training technologies, and collaborations with industry employers to define and describe how skills can translate to career pathways.
- **Instituting "Pay for Performance" in job training:** The Community College to Career Fund will support pay for performance strategies to provide incentives for training providers, community colleges, and local workforce organizations to ensure trainees find permanent jobs. For instance, states would be eligible for funding to support bonus programs for training programs whose graduates earn a credential and find quality jobs shortly after finishing the program. Pay for performance structures would provide stronger incentives for programs that effectively place individuals who face greater barriers to employment.
- **Bringing jobs back to America:** The Fund will allow federal agencies to partner with state and local governments to encourage businesses to invest in America. State and local governments will be able to apply for grants to encourage companies to locate in the U.S. because of the availability of training to quickly skill up the local workforce.
- **Training the next generation of entrepreneurs:** The Community College to Career Fund will support pathways to entrepreneurship for 5 million small business owners over three years through the nation's workforce system and its partners, including: a six-week online training course on entrepreneurship that could reach up to 500,000 new entrepreneurs and an intensive six-month entrepreneurship training program resulting in entrepreneurship certification for 100,000 small business owners.



A DEFINING MOMENT

Community College League of California

February 21, 2012

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COMMUNITY COLLEGES HIT BY FEBRUARY SURPRISE OF UNEXPECTED ADDITIONAL \$149 MILLION BUDGET CUT *Additional cut brings total 2011-12 reductions to \$564 million; relief would maintain access*

Already reeling from \$313 million in cuts in the 2011-12 enacted budget and \$102 million in “triggered cuts” in January, California’s 112 community colleges learned late Thursday that they will likely face an additional \$149 million cut in the current fiscal year. The latest cuts amount to an additional reduction of \$135 per student and threatens more class cuts.

Before the latest cuts, community college were operating with \$996 million (23%) is less funding since 2008-09, and have reduced enrollment by nearly 284,000 students at a time when demographically they should have significantly increased enrollment. Even with the reduced enrollment, funding per student has dropped by \$554, or 9.3%.

“It is unconscionable that the state continues to foreclose on educational opportunity at this time of record demand and high unemployment,” said Scott Lay, President and CEO of the Community College League of California. “These latest cuts threaten the elimination of even more classes and more faculty and staff layoffs.”

The surprise cut came when districts were provided the first state community college financial update of the year, which showed that revenue from state-determined student enrollment fees were \$106 million below projections, and that property tax revenues included in the budget lagged state estimates. This resulted in insufficient resources for the state to meet its promised per-student funding and instead a determination that the funding should be deficated by 3.4%.

“We call on the Legislature to quickly pass legislation to address this unexpected cut,” said Theresa Tena, the League’s Director of Fiscal Policy. “By fulfilling this funding commitment by June, we can ensure that students will have access to summer school classes in many parts of the state where access is threatened and avoid further layoffs.”

“This latest development brings the one-year cut to California’s three segments of public higher education to over \$2.1 billion, and demonstrates why it is essential to support the governor’s plan to ask taxpayers to support a balanced approach that gets our state’s budget back on the right track,” said Lay.

The Community College League of California is a nonprofit association of California’s 72 community college districts, serving the districts in governmental relations, leadership development and district services.

The February Surprise: Community Colleges Hit With \$149 million Unexpected Cut

District	Enacted Budget Cut	January "Trigger Cut"	Expected Shortfall	February Surprise Additional Cut	Total 2011-2012 Cuts
Allan Hancock	-\$2,673,000	-\$615,000	-\$259,000	-\$1,289,000	-\$4,836,000
Antelope Valley	-\$3,222,000	-\$741,000	-\$306,000	-\$1,522,000	-\$5,791,000
Barstow	small district exemption		-\$83,000	-\$414,000	-\$497,000
Butte	-\$3,186,000	-\$733,000	-\$303,000	-\$1,507,000	-\$5,729,000
Cabrillo	-\$3,264,000	-\$751,000	-\$310,000	-\$1,540,000	-\$5,865,000
Cerritos	-\$4,813,000	-\$1,107,000	-\$435,000	-\$2,164,000	-\$8,519,000
Chabot-Las Positas	-\$4,866,000	-\$1,119,000	-\$455,000	-\$2,265,000	-\$8,705,000
Chaffey	-\$4,072,000	-\$937,000	-\$385,000	-\$1,913,000	-\$7,307,000
Citrus	-\$3,195,000	-\$735,000	-\$297,000	-\$1,479,000	-\$5,706,000
Coast	-\$9,919,000	-\$2,282,000	-\$908,000	-\$4,516,000	-\$17,625,000
Compton	-\$1,835,000	-\$422,000	-\$175,000	-\$871,000	-\$3,303,000
Contra Costa	-\$8,514,000	-\$1,958,000	-\$791,000	-\$3,936,000	-\$15,199,000
Copper Mt.	small district exemption		-\$62,000	-\$309,000	-\$371,000
Desert	-\$2,183,000	-\$502,000	-\$205,000	-\$1,019,000	-\$3,909,000
El Camino	-\$5,508,000	-\$1,267,000	-\$526,000	-\$2,616,000	-\$9,917,000
Feather River	small district exemption		-\$64,000	-\$319,000	-\$383,000
Foothill-DeAnza	-\$8,716,000	-\$2,005,000	-\$822,000	-\$4,087,000	-\$15,630,000
Gavilan	-\$1,462,000	-\$336,000	-\$147,000	-\$729,000	-\$2,674,000
Glendale	-\$4,287,000	-\$986,000	-\$397,000	-\$1,973,000	-\$7,643,000
Grossmont-Cuyamaca	-\$5,149,000	-\$1,185,000	-\$480,000	-\$2,385,000	-\$9,199,000
Hartnell	-\$1,981,000	-\$456,000	-\$189,000	-\$941,000	-\$3,567,000
Imperial	-\$2,006,000	-\$461,000	-\$190,000	-\$944,000	-\$3,601,000
Kern	-\$5,586,000	-\$1,285,000	-\$556,000	-\$2,767,000	-\$10,194,000
Lake Tahoe	small district exemption		-\$72,000	-\$358,000	-\$430,000
Lassen	small district exemption		-\$71,000	-\$352,000	-\$423,000
Long Beach	-\$5,911,000	-\$1,360,000	-\$541,000	-\$2,692,000	-\$10,504,000
Los Angeles	-\$28,900,000	-\$6,648,000	-\$2,651,000	-\$13,183,000	-\$51,382,000
Los Rios	-\$14,780,000	-\$3,400,000	-\$1,366,000	-\$6,795,000	-\$26,341,000
Marin	excess local property tax				
Mendocino-Lake	small district exemption		-\$105,000	-\$522,000	-\$627,000
Merced	-\$2,709,000	-\$623,000	-\$262,000	-\$1,305,000	-\$4,899,000
Mira Costa	excess local property tax				
Monterey Peninsula	-\$2,114,000	-\$486,000	-\$201,000	-\$998,000	-\$3,799,000
Mt. San Antonio	-\$7,991,000	-\$1,838,000	-\$712,000	-\$3,541,000	-\$14,082,000
Mt. San Jacinto	-\$2,931,000	-\$674,000	-\$281,000	-\$1,399,000	-\$5,285,000
Napa Valley	-\$1,599,000	-\$368,000	-\$160,000	-\$795,000	-\$2,922,000
North Orange County	-\$9,200,000	-\$2,116,000	-\$834,000	-\$4,148,000	-\$16,298,000
Ohlone	-\$2,362,000	-\$543,000	-\$226,000	-\$1,126,000	-\$4,257,000
Palo Verde	small district exemption		-\$69,000	-\$344,000	-\$413,000
Palomar	-\$5,530,000	-\$1,272,000	-\$509,000	-\$2,531,000	-\$9,842,000
Pasadena Area	-\$6,220,000	-\$1,431,000	-\$568,000	-\$2,823,000	-\$11,042,000
Peralta	-\$5,514,000	-\$1,268,000	-\$546,000	-\$2,713,000	-\$10,041,000
Rancho Santiago	-\$7,964,000	-\$1,832,000	-\$735,000	-\$3,656,000	-\$14,187,000
Redwoods	-\$1,476,000	-\$340,000	-\$153,000	-\$759,000	-\$2,728,000

The February Surprise: Community Colleges Hit With \$149 million Unexpected Cut

District	Enacted Budget Cut	January "Trigger Cut"	Expected Shortfall	February Surprise Additional Cut	Total 2011-2012 Cuts
Rio Hondo	-\$3,690,000	-\$849,000	-\$340,000	-\$1,689,000	-\$6,568,000
Riverside	-\$7,612,000	-\$1,751,000	-\$708,000	-\$3,523,000	-\$13,594,000
San Bernardino	-\$4,009,000	-\$922,000	-\$383,000	-\$1,902,000	-\$7,216,000
San Diego	-\$11,063,000	-\$2,545,000	-\$1,037,000	-\$5,158,000	-\$19,803,000
San Francisco	-\$9,562,000	-\$2,200,000	-\$884,000	-\$4,396,000	-\$17,042,000
San Joaquin Delta	-\$4,590,000	-\$1,056,000	-\$422,000	-\$2,101,000	-\$8,169,000
San Jose-Evergreen	-\$4,271,000	-\$983,000	-\$402,000	-\$1,998,000	-\$7,654,000
San Luis Obispo	-\$2,632,000	-\$605,000	-\$256,000	-\$1,272,000	-\$4,765,000
San Mateo	-\$6,112,000	-\$1,406,000	-\$577,000	-\$2,872,000	-\$10,967,000
Santa Barbara	-\$4,261,000	-\$980,000	-\$401,000	-\$1,993,000	-\$7,635,000
Santa Clarita	-\$4,274,000	-\$983,000	-\$396,000	-\$1,968,000	-\$7,621,000
Santa Monica	-\$6,283,000	-\$1,445,000	-\$573,000	-\$2,850,000	-\$11,151,000
Sequoias	-\$2,512,000	-\$578,000	-\$246,000	-\$1,221,000	-\$4,557,000
Shasta-Tehama-Trinity	-\$2,175,000	-\$500,000	-\$204,000	-\$1,016,000	-\$3,895,000
Sierra	-\$4,375,000	-\$1,006,000	-\$405,000	-\$2,014,000	-\$7,800,000
Siskiyou	small district exemption		-\$80,000	-\$399,000	-\$479,000
Solano	-\$2,609,000	-\$600,000	-\$254,000	-\$1,262,000	-\$4,725,000
Sonoma	-\$5,583,000	-\$1,284,000	-\$521,000	-\$2,593,000	-\$9,981,000
South Orange			excess local property tax		
Southwestern	-\$4,447,000	-\$1,023,000	-\$410,000	-\$2,040,000	-\$7,920,000
State Center	-\$7,700,000	-\$1,771,000	-\$719,000	-\$3,576,000	-\$13,766,000
Ventura	-\$7,463,000	-\$1,717,000	-\$699,000	-\$3,475,000	-\$13,354,000
Victor Valley	-\$2,716,000	-\$625,000	-\$257,000	-\$1,276,000	-\$4,874,000
West Hills	-\$1,403,000	-\$323,000	-\$159,000	-\$791,000	-\$2,676,000
West Kern	small district exemption		-\$111,000	-\$552,000	-\$663,000
West Valley-Mission	-\$4,880,000	-\$1,123,000	-\$457,000	-\$2,271,000	-\$8,731,000
Yosemite	-\$4,878,000	-\$1,122,000	-\$457,000	-\$2,270,000	-\$8,727,000
Yuba	-\$2,263,000	-\$521,000	-\$237,000	-\$1,179,000	-\$4,200,000
	-\$313,000,000	-\$72,000,000	-\$30,000,000	-\$149,000,000	-\$564,000,000

Notes:

"Enacted Budget Cut": In the state's enacted budget, the state general fund appropriation was cut by \$400 million, and the state raised fees from \$26 to \$36/unit to mitigate the cuts. Along with other state shortfalls, this resulted in a \$313 million cut, which districts were told to accommodate by reducing "workload," or classes to students.

"January Trigger Cut": As part of the state's budget deal, certain cuts were automatically made in January, including this \$72 million leading to reduced "workload," or course sections, and an additional \$30 million as an "Expected Shortfall."

"February Surprise": Due to the fee increase and course reductions, fewer students are enrolling and paying the \$36/unit fee (as more qualify for the state-required fee waiver). This has resulted in a \$106 million reduction in state-projected student fee revenue that, combined with a \$43 million shortfall in property tax revenue and other state calculations, results in an additional mid-year, surprise cut of over 3%.

"Excess Local Property Tax" districts are funded entirely by local revenues and thus are not affected by apportionment deficits, and "Small district exemption" districts did not have their workload reduced in the current year and, in turn, forfeit enrollment restoration funds in future years.

From: Graff, Irene
Sent: Thursday, February 23, 2012 10:10 AM
To: Fallo, Thomas
Cc: Nishime, Jeanie; Arce, Francisco; Garten, Ann Marie; Oswald, Kathy
Subject: Citizens vs. Adult Population for Trustee Areas

Dear President Fallo:

Apologies for leaving the Board meeting early amid discussion of the proposed trustee areas. I was not feeling well.

I wanted to comment briefly regarding Trustee O'Donnell's statement that adult populations in high minority areas, such as in the proposed Area 2, overestimate citizen populations. This is a valid point, technically speaking, but the reality is more complicated and easily overstated. In a recent UC study (link below) that compared the Census *adult* population with *citizen* estimates based on the continuous American Community Survey (ACS), the difference in Latino counts of adults vs. citizens was less than 1.5% statewide. For Asians, the counts were different by about 0.5%.

However, any estimate produces an *undercount* of Latinos and Asians as a decade progresses, partly because these groups contain a larger percentage of younger-aged citizens, many of whom will become eligible voters during the decade. In analysis of these data sources compared with the 2000 Census, Latino and Asian citizens of voting age were underestimated in California by about 5 and 3 percentage points, respectively, erasing the overestimate of these populations before the middle of the decade.

Although the proposed new trustee areas have been approved by the Board, a similar concern may be raised at Compton. Hence, I am sharing this recent study in case there is interest in applying a different method of demographic analysis there or to validate the method used for ECCCD.

http://www.law.berkeley.edu/files/Redistricting_PolicyBrief4_forWeb.pdf

Irene

Irene Graff
Director, Institutional Research



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KEITH CURRY, Ed.D.
Chief Executive Officer

THOMAS E. HENRY
Special Trustee

Tuesday, February 14, 2012

Special Trustee

Dear Special Trustee Henry:

On February 14, 2012, Vavrinek, Trine, Day and Company LLP, an independent, external auditing firm completed the Compton Community College District annual financial audit. Vavrinek, Trine, Day and Company, LLP is required to conduct its audits in a manner consistent with both federal accounting standards and the California Community Colleges Board of Governor's audit requirements. This audit covers the fiscal year ending June 2011.

The audit report and findings are included in the February 15, 2012 Special Board Meeting packet material. We are pleased that we received an unqualified opinion audit report. The audit findings for 2010-2011 fiscal year begin on page 61 of the audit report. There are twenty-six audit findings, most of which are the results of compliance testing by the auditors. Below are a brief summary of the findings:

1. Audit findings # 1-7, are various adjusting journal entries that were proposed by the auditors. The Administrative Services staff has begun the required research and the District will implement additional training for staff. Additionally, the District is in the process of hiring a Chief Business Officer who will be responsible for implementing procedures and internal controls to resolve these audit findings.
2. The auditors recommend that the District hire an Internal Auditor. The auditors recommend that the Internal Auditor position will maintain and monitor the internal control process throughout the District. The District has taken this recommendation under advisement. The Chief Business Officer will be responsible for reviewing and ensuring that proper internal control procedures are adhered to.
3. Audit finding #11, the auditors recommend that cash reconciliation of the clearing account is completed on a monthly basis. The District agrees and has taken steps to implement this recommendation.
4. Audit finding # 12, the auditors recommend that all payments to employees through the Associated Student Body should be processed through the District payroll system. The Administrative Services staff has begun to implement this recommendation.
5. Audit finding # 13, the auditors recommend that the District implement controls for using District credit cards to ensure that receipts are submitted to Administrative Services and to ensure payments are made on timely basis to avoid late charges. The District's Director of Fiscal Affairs will take immediate steps to implement this recommendation.

6. Audit finding # 14, the auditors recommend that the District develop detailed desk procedure guidelines for staff preparing contracts. The District agrees with this recommendation and the Director of Fiscal Affairs will take immediate steps to implement this recommendation.

7. Audit finding # 18, the auditors recommend that the District train an employee in the proper reconciliation of the payroll clearance fund procedure to ensure all balances owed to third parties are remitted to the proper agency in a timely manner. The District's Manager of Accounting will implement this recommendation.

8. Audit finding # 19, the auditors recommend that management monitor and ensure employees use their vacation on time. The District will review and revise existing board policies and administrative regulations to implement this recommendation.

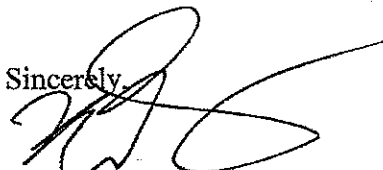
9. Audit finding # 22, the District is not in compliance with the 50 Percent Law calculation. The District has submitted a waiver of the 50 Percent Law calculation requirement for the 2010-2011 fiscal year to the State Chancellor's office.

10. Audit finding # 25 is an apportionment (FTES) finding for contracted services with Universal College of Beauty. The District was not in compliance with guidelines and legal opinion provided by the State Chancellor's Office for instructional services agreements. All instructors providing educational services to students are to have valid contracts with the District and are to be under the monitoring and control of a District Instruction Dean. The District has begun to address this deficiency by generating contracts for faculty working under an instructional services agreement that are not paid directly by the district. The District will initiate discussions with the Chancellor's Office with regards to prior year funding.

11. Audit finding # 26, the District under reported student enrollment fees to the State Chancellor's Office. The Manager of Accounting has begun the required research of this finding.

In closing, over the next month I would like to inform you that District staff will develop a plan to address all of the audit findings and recommendations. The plan will be presented to you at the April 2012 Board Meeting.

Sincerely,



Keith C. Curry
Interim CEO

c. CCCD Board of Trustees
Tom Fallo, President, El Camino College
Vice President, Deans, Directors