



EL CAMINO COMMUNITY COLLEGE DISTRICT

16007 Crenshaw Boulevard, Torrance, California 90506-0001

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

www.elcamino.edu

April 21, 2014

Board of Trustees
El Camino College

Dear Members of the Board:

I trust you recognize the change of pace and activities this year with El Camino College's new academic calendar. We are less than a month away from the celebrations and joy culminating in our commencement ceremonies. The revised Spring 2014 Year-End Activities calendar, Attachment A, is included in your packet. Please join any celebration your schedule permits.

The Monday, April 21, 2014 Board agenda is presented for your review. Please note the Board meeting will be held in the East Dining Room of the Bookstore Building at El Camino College. If you prefer to come to my office at 3:00 p.m., transportation will be available from the office to the East Dining Room at 3:45 p.m. If you are going directly to the meeting, parking spaces will be reserved in Lot C. The enclosed map, Attachment B, will identify the location of Lot C.

The April Board agenda is relatively routine. The annual presentation of the El Camino College Citizens' Bond Oversight Committee will be presented by Mr. Kirk Retz. A copy of the report, Attachment C, is included in your packet and posted for public review.

The consent agenda is highlighted as follows:

- A. Academic Affairs presents Center for the Arts program for the 2014-15 season.
- B. Student and Community Advancement recommends a Board Policy on Accreditation for second reading and adoption, as well as four first readings recommended for deletion.
- C. Administrative Services presents a number of routine items. The 2012-13 General Obligation Bond Audit Report, Attachment D, is included in your packet.
- D. Administrative Services Measure E 2002 and 2012 Bond Fund displays routine fiscal information and recommends ratification of payment for services and items previously delivered or accepted.
- E. All Human Resources items are relatively routine.

The Superintendent/President's section includes recommendations for the California Community College Trustees Board of Director's Election. Trustee Combs, Community Relations Director Ann Garten, and I met to review the nominees. Considerations in reviewing the candidates included: state geographic location, e.g.,

Letter to the Board
April 21, 2014

north, central, south; number of years a candidate has served on a local board; and small, large or multi-college district.

The Closed Session, which could be extensive, includes two litigation cases, a real property negotiation issue, the Superintendent/President's performance evaluation, and negotiation issues related to the El Camino College Federation of Teachers and Classified Employees.

The following items are presented for your reading pleasure:

1. State Apportionment Revenue Estimate
2. Los Angeles Times Article: Compton Community College library opens seven years later than planned
3. ACEN Standards Cited for Non-Compliance
4. Facilities Master Plan Report 2014
5. Adult Education Consortium
6. International Student Program (F-1 Visa) and El Camino College Language Academy (ECLA)
7. Extended 60-month lease with Xerox Corporation for Copy Center equipment
8. Article from ACCJC website: The Way Forward for City College, by Sherrill Amador, Frank Gornick and Steven Kinsella
9. GASB 68
10. State Board of Equalization News Release: Chairman Horton, BOE Free Non-Profit Financial Conference Attracts 2,000 Registrants to El Camino College Auditorium

Again, thank you for your support throughout the academic year. Please join our faculty and staff in year-end activities celebrating student success. This is a joyful time in your tenure.

If you have any questions, comments or concerns about the April agenda, please feel free to call Ms. Cindy Constantino or me prior to the meeting so we may research responses to your requests. As always, I look forward to greeting you for social activities at 3:00 p.m. in my office prior to the meeting at 4:00 p.m.

Sincerely,

Thomas M. Fallo
Superintendent/President



SPRING 2014 YEAR-END ACTIVITIES (Revised – 4/17/2014))

<u>DATE</u>	<u>ACTIVITY</u>	<u>LOCATION</u>	<u>TIME</u>
(Wed) April 16, 2014	Scholarship Awards Ceremony	Tent	11:30am
(Wed) April 16, 2014	Academic Awards and Presidential Scholars Presentation & Reception Ceremony	East Dining Room	5:30pm
(Thurs) April 17, 2014	Scholarship Awards Ceremony	Marsee Auditorium/Tent	5:00pm
(Tues) April 22, 2014	CTE Annual Advisory Dinner	ECC Cafeteria	5:00pm
(Thurs) April 24, 2014	Project Success 26 th Awards Luncheon	Alondra Room	12 Noon – 2:00pm
(Fri) April 25, 2014	Annual Art Department Open House	Various Locations	5:00pm
(Sat) April 26, 2014	Associated Students and Inter-Club Council Banquet	East Dining	6:00pm
(Tues) April 29, 2014	First Year Experience Year-End Event	East Dining	12:45pm – 2:00pm
(Tues) April 29, 2014	Faculty & Staff Appreciation Day	Alondra Room	1:00pm-2:00pm
(Tues) April 29, 2014	Paramedic Training Institute Graduation	Marsee Auditorium	2:00pm
(Thurs) May 1, 2014	Hall of Fame Induction Ceremony	Ayers Hotel 14400 Hindry Avenue Hawthorne	5:30pm – Social 6:00pm - Dinner
(Thurs) May 1, 2014	Puente End-of-Year Celebration	East Dining	6:00pm-9:00pm
(Fri) May 2, 2014	EOPS/CalWORKS/CARE Recognition Awards Ceremony	Torrance Marriott 3635 Fashion Way Torrance	6:00pm-10:00pm
(Tues) May 6, 2014	Honors Transfer Program Awards Reception	East Dining Room	4:30pm-6:30pm
(Thurs) May 8, 2014	MESA/SSS-STEM Award Ceremony	STEM Center	4:00pm
(Thurs) May 8, 2014	STEM Center Grand Opening	Stem Center	5:00pm
(Fri) May 9, 2014	Mathematics & Natural Science Division Award	East Dining Room	12:00pm – 2:00pm

<u>DATE</u>	<u>ACTIVITY</u>	<u>LOCATION</u>	<u>TIME</u>
(Fri) May 9, 2014	Athletics Annual Golf Classic	Los Verdes Golf Course	1:00pm
(Fri) May 9, 2014	Fashion Show	Marsee Auditorium	7:30pm
(Fri) May 16, 2014	Commencement Reception	Library Lawn	1:00pm-3:00pm
(Fri) May 16, 2014	Commencement Ceremony	Softball Field	4:00pm
(Fri) May 16, 2014	Nursing Pinning Ceremony	Marsee Auditorium	6:00pm
(Sat) May 17, 2014	Fire Academy Graduation	Fire Academy 206 W. Beach Avenue Inglewood	10:00am
(Tues) May 20, 2014	UC/CSU Admit Reception	East Dining	2:00pm-4:30pm
(Mon-Fri) June 2-6, 2014	Classified Professional Development Week (Team Building Extravaganza – Friday, June 6)	ECC Campus	1:00pm – 4:00pm

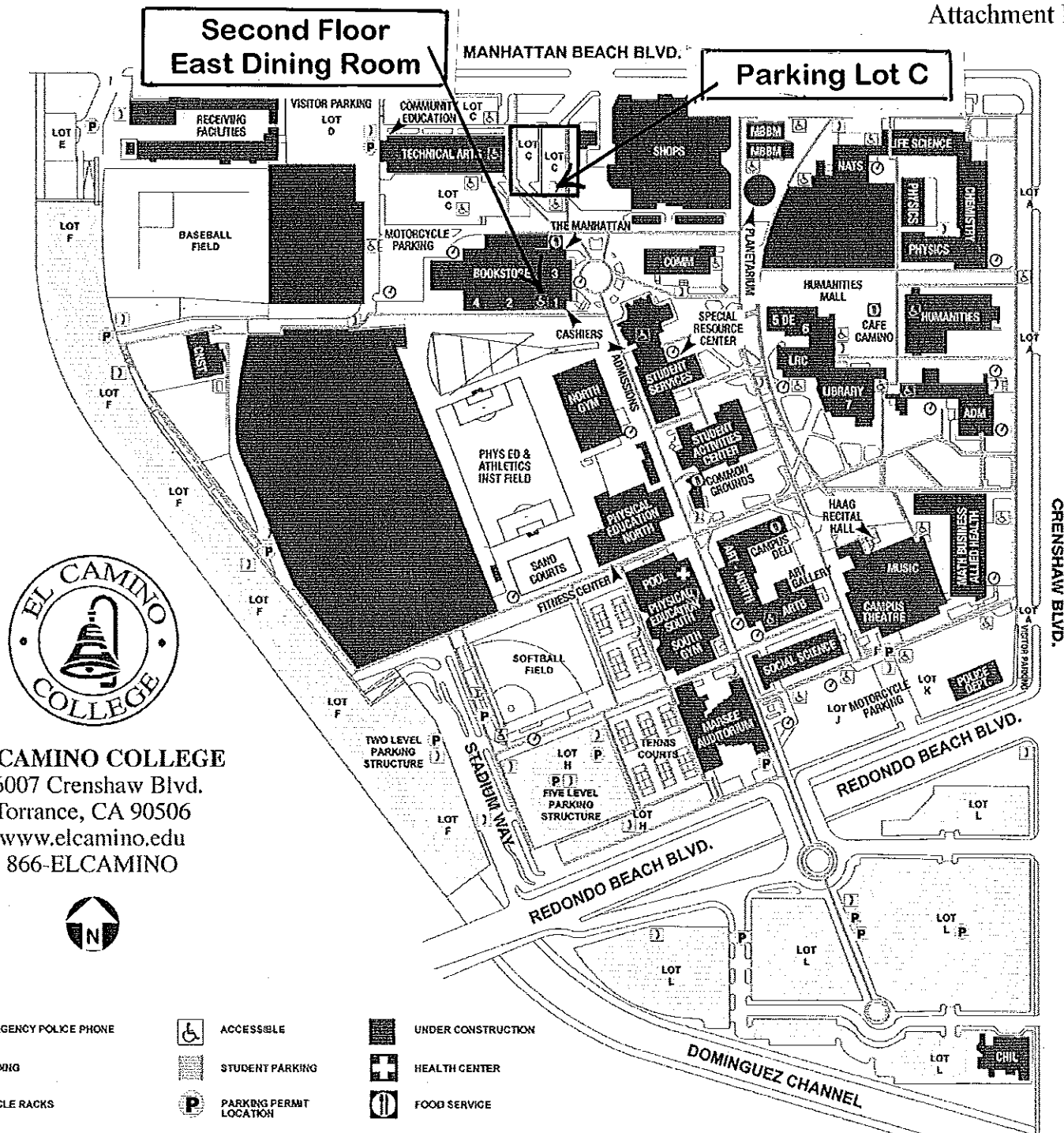
EL CAMINO COLLEGE COMPTON CENTER

SPRING 2014 YEAR-END ACTIVITIES

<u>DATE</u>	<u>ACTIVITY</u>	<u>LOCATION</u>	<u>TIME</u>
(Tues) April 15, 2014	Grand Opening LRC Center	LRC Building	2:00pm
(Fri) May 2, 2014	CalWORKS Student and Employer Recognition Breakfast	Student Lounge	8:30am
(Sun) April 27, 2014	Academic Awards Tea	Student Lounge	3:00pm
(Thurs) May 8, 2014	First Year Experience Program Year-End Celebration	Student Lounge	1:00pm-2:30pm
(Fri) May 9, 2014	Transfer Center Admit Celebration Reception	Staff Lounge	12 noon-2:00pm
(Fri) May 9, 2014	EOPS/CARE Spring Banquet	Double Tree Hotel 2 Civic Plaza Drive Carson, CA	6:00pm
(Tues) May 13, 2014	Nursing Pinning Ceremony	Gymnasium	6:00pm
(Thurs) May 15, 2014	Commencement Ceremony	Soccer/Football Stadium	5:30pm
(Thurs) May 29, 2014	ASB Awards Banquet	Student Lounge	6:30pm

March 4, 2014

Revised: April 17, 2014



EL CAMINO COLLEGE

BUILDING / LOCATION	ABBREVIATION	BUILDING / LOCATION	ABBREVIATION
ADMINISTRATION	ADM	NATURAL SCIENCE	NATS
ART AND BEHAVIORAL SCIENCE	ARTB	NORTH GYM	NGYM
ART BUILDING - NORTH	ARTN	PHYS ED & ATHLETICS INST FIELD	PEFD
BASEBALL FIELD	BBFL	PHYSICAL EDUCATION NORTH	PE-N
BOOKSTORE	BKST	PHYSICAL EDUCATION SOUTH	PE-S
CAMPUS THEATRE	TH	PHYSICS	PHYS
CHEMISTRY	CHEM	PLANETARIUM	PLAN
CHERRY TREE OFFICES	CTO	POLICE DEPARTMENT	ECPD
CHILD DEVELOPMENT CENTER	CHIL	POOL	POOL
COMMUNICATIONS	COMM	SAND COURTS	SAND
COMMUNITY ADVANCEMENT OFFICE	CADV	SCHAUERMAN LIBRARY	LIB
CONSTRUCTION TECHNOLOGY	CNST	SHOPS	SHOP
DISTANCE EDUCATION CENTER	DE	SOFTBALL FIELD	SBFL
FIELDHOUSE	FLDH	SOCIAL SCIENCE	SOCS
HUMANITIES	H	SOUTH GYM	SGYM
LEARNING RESOURCES CENTER	LRC	SPECIAL RESOURCE CENTER	SRC
LIFE SCIENCE	LS	STUDENT ACTIVITIES CENTER	ACTC
MANHATTAN BEACH BLVD. MODULES	MBBM	STUDENT SERVICES CENTER	SSVC
MARSEE AUDITORIUM	AUD	TECHNICAL ARTS	TECH
MATH BUSINESS ALLIED HEALTH	MBA	TENNIS COURTS	TENN
MURDOCK STADIUM	STAD	YARD	YARD
MUSIC	MUSI		

CONFERENCE ROOMS:

BOOKSTORE:	
ALONDRA	1
DECATHLON	2
EAST DINING	3
STADIUM	4

LIBRARY/LRC:

DISTANCE ED	5
ARCHIVES	6
LIBRARY 202	7



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April 16, 2014

TO: President Thomas Fallo

FROM: Jo Ann Higdon, Vice President, Administrative Services

RE: State Apportionment Revenue Estimate

Predicting apportionment revenue from the State has become even more challenging in the past five years. This challenge is a result of the declining California economy.

In attempting to fill the revenue gaps, the State added taxes (Prop 30) which will partially phase out in December 2016 with a final sunset of 2018. In addition, they also redirected existing taxes (RDA and ERAF) from other agencies to the apportionment allocation for community colleges. In some cases, Department of Finance overestimated the amount of revenue that would be generated from new and redirected funds.

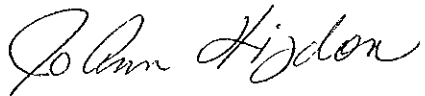
This resulting gap between estimated vs actual receipts is known as the "deficit factor". There is seldom a guarantee that a "deficit factor" will be backfilled. In response to significant deficit factors, the Chancellors office attempts to work collaboratively with Department of Finance to identify potential backfill funds. During this drought, these backfill funds have become increasingly scarce.

The attached chart (Attachment A) illustrates the wild swings in deficit factors over the past 5 years. Obviously, this results in budgeted revenue predictions being much less reliable than in the past.

Adding insult to injury, the State started delaying our monthly apportionment payments. Some State payments were delayed more than six months. This resulted in the district having to increase their temporary cash borrowing (TRANS) in order to make payroll and other critical payments. Rating agencies (who in reality control the TRANS and bond market) became more negative in response to the States' cash flow instability. Some districts were unable to sell TRANS. Even fiscally solid districts with good ratings were placed on "watch" status. This resulted in those districts paying higher interest rates for the bonds and TRANS they issued. These increased costs are automatically passed on to the taxpayer.

The need for protection with higher reserves to successfully withstand this turmoil was foreseen and planned by ECC. Expenditure reduction recommendations were made beginning FY09-10 (Attachments B and C). Due to these and other similar actions throughout this fiscal drought, ECC was positioned to withstand the recession without: (1) layoffs of permanent full-time staff, (2) reductions in pay for full-time staff, (3) furloughs, (4) freezing of step and column increases, (5) freezing of sabbatical leaves or other draconian measures implemented by other districts throughout the State.

ECC is considered a fiscal role model throughout the State due to its fiscal strength, stability of management, planning for anticipated threats and successfully implementing those plans. ECC has made substantial progress in funding future OPEB liabilities. I am proud to be an employee of ECC.

A handwritten signature in cursive script, reading "Jo Ann Higdon".

Jo Ann Higdon, M.P.A.
Vice President Administrative Service

Deficits in Our Apportionments

The Chancellor's Office has just posted the First Principal Apportionment (P-1) information for 2013-14 for the community colleges. The frightening aspect of it is the estimated statewide 4% deficit in the general apportionment. However, the Chancellor's Office cautions that the final deficit by the end of this year will almost certainly be much lower, as evidenced by last year's trend. Here is a chart of last year's deficits as well as for several prior years:

Statewide General Apportionment Deficits			
	P-1	P-2	Annual
2008-09	1.24%	1.43%	1.15%
2009-10	0.00%	0.11%	0.00%
2010-11	0.76%	0.51%	0.33%
2011-12	3.29%	2.22%	1.84%
2012-13	5.85%	4.31%	0.21%
2013-14	4.00%	?	?

(Note: Some of these apportionments were subsequently revised. In addition, actual district deficit factors are slightly higher than the statewide factor. For example, the 2012-13 deficit factor at P-1 for districts was originally 6.49%, revised down to 6.29% in the May revision version of the P-1.)

As can be seen, in all of the previous years the deficits have been reduced by the end of the year—most significantly so in 2012-13. Sometimes this has been due to the natural adjustments made as actual data is received, but in some cases it has been because of special legislation enacted to provide backfills.

Up until 2012-13, the apportionment deficits occurred because the amount of local property tax collections and/or student enrollment fee revenues statewide was over-estimated in the State Budget Act for the given year. Starting in 2012-13, two more estimated components were added to community college general apportionment calculations: revenues from the dissolution of redevelopment agencies (which are added to the local property tax collections) and revenues from the Proposition 30 Education Protection Account. As can be seen above, the amount and volatility of the deficits has significantly increased with these two added factors.

The challenge has been and continues to be at the local level is how much of a deficit to plan for by the end of each year. Districts that use the P-1 estimated deficit level and then adjust it when revised apportionment calculations are available will have estimated ending balances that fluctuate widely just due to this aspect. But not planning on a deficit can result in a negative budget surprise at the end of the year. Some local agencies may have enough of a buffer in their ending balance to handle a negative surprise, but many are deficit spending and reserves are already on the downward trend before a statewide deficit hits.

These higher and more volatile deficits, absent ongoing statutory relief, are expected to continue—at least until the redevelopment agencies are wound down and Proposition 30



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August 31, 2009

TO: President Fallo

SUBJECT: Supplemental Final Budget Information

As you know, the final budget proposal is still somewhat tentative because of continuing declines in property tax estimates, state income tax forecasts, sales tax receipts, and federal stimulus funds.

As previously reported to the Board, the most recent Chancellor's Office cap is 18,941 FTES (full-time equivalent students). The Chancellor's Office continues to advise districts of a potential mid-year workload adjustment which translates to funding of fewer students (FTES).

El Camino College's 2008-2009 ending balance and, therefore, 2009-2010 unaudited beginning balance is \$18.7 million. As previously briefed to the Board, because of the potential duration of the economic uncertainty, El Camino College will manage its ending balance and reserve for contingency over a three- to four-year period always maintaining a minimum 6% reserve for contingency.

We began the 2009-2010 budget process in April with direction to increase revenue or decrease appropriations by \$5 million in unrestricted general fund (fund 11) and an additional \$5 million in restricted general fund (fund 12); therefore, El Camino College reserves are budgeted to be reduced by \$2.8 million in this fiscal year.

The restricted general fund budget cuts are proportionately more devastating than general fund unrestricted, therefore, the College is using much of the special contract money (Compton Initiative) to assist the categorical fund (fund 12). These appropriations were prioritized through the planning process and, in addition, support of our funding retiree health benefits.

Although you and the Board have noted your reluctance to support on-going personnel appropriations from special contract money, this budget still positions the District to quickly respond to adjustments in categorical or specially funded programs.

We will be on constant watch for any developing budget information, and will inform you immediately of any such news.

Sincerely,

Jo Ann Higdon, M.P.A.

Vice President, Administrative Services



EL CAMINO COMMUNITY COLLEGE DISTRICT

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August 31, 2010

TO: President Thomas Fallo

RE: Budget 2010-11

The State's fiscal environment continues to be the driving force which dictates caution in all California community college budgets. El Camino College is fortunate to have initiated fiscal prudence early in this economic downturn. You will recall that the Board began taking restrictive budget actions relating to this economic downturn in December of 2008. We continued our cost cutting for the FY 09-10 budget and now must continue in this cautious mode.

The State's budget deficit is currently estimated to be more than \$19 billion for FY 10-11. While it is difficult to project when the State will have a budget, cautions are that the State will run out of cash in September unless a State budget is passed. In anticipation of the absence of apportionment revenue from the State, El Camino's Board took action at its April meeting to allow borrowing, for cash flow purposes, using Tax Revenue Anticipation Notes (\$8,850,000). Such borrowing, coupled with our reserves, will allow the College to continue normal operations and payments.

One of our most challenging issues is the reduction in course offerings. Partly in response to the State's reduction of apportionment funding and non-funded enrollment for FY 09-10, section offerings were reduced 10% from the previous year. The number of sections offered in FY 09-10 compared to FY 08-09, were cut from 5,417 to 4,861 sections. The reduction made it more difficult for students to enroll in all of their choices and across the board all divisions felt the effect. The section reduction resulted in a 4% decrease in the College FTES (full-time equivalent students).

Therein lies the complexity of enrollment management as student demand for higher education increases, the College's ability to meet the demand has decreased and this continues into next academic year. Although, the College reduced section offerings in FY 09-10, enrollment was over capacity in many courses resulting in approximately 1,645 unfunded FTES in FY 09-10. Student enrollment generated 20,555 FTES, the State funded 18,910. The unfunded apportionment resulted in \$7 million lost revenue to the District.

To ameliorate the effects of unfunded apportionment enrollment and to offer a more fiscally balanced course schedule the section offerings for FY 10-11 were reduced 7%. The revised enrollment goal next fiscal year is 19,400 FTES and section offerings were reduced from 4,861 to 4,539 sections. The section reduction will further affect student's ability to enroll in all the courses they need next year. We anticipate that the college will be fully enrolled, unless the State increases enrollment fees (the possibility is remote, however, not impossible). Historically in the last 30 years, enrollment fee increases resulted in a 10% enrollment decline, but since the College is overcap, it may have a leveling effect. It is difficult to know, we can only project.

In contrast to ECC the Compton Center needs to grow to reach its fully funded apportionment cap of 6400 FTES. While ECC is overcap, the Center is 1,700 FTES under cap and though this does not affect the El Camino College District funding, it created an opportunity for students needing additional courses. We are in the midst of assessing how many main campus students have opted to enroll at the Center, but preliminary studies project about 800 students from the main campus are enrolled there. The Center provided the main campus with an enrollment safety valve this year and this is likely to continue into the following academic year.

Reductions in categorical funding are another significant problem. During the past two fiscal years, several key categorical programs have experienced reductions from 32%-64% in their State funding. The fate of funding for these programs for the upcoming year remains unknown at this time. However, the College considers a balanced student support services program essential. The proposed budget includes categorical funding backfill in the amount of \$1,150,000 for DSP&S, Matriculation, EOP&S, CalWORKs and CARE. In addition, the District continues to backfill 100% of the categorical reduction to part-time faculty compensation, office hours and health insurance.

During these difficult budget times, the College has remained committed to retaining all permanent regular employees. The College hired twenty full-time faculty, and these positions have been included in the proposed budget. The College is also moving forward with the filling of sixteen vacant classified positions and four management positions.

Regardless of all of the above, the College has moved forward with our planning and budgeting cycle. Both on-going and one-time budget requests were prioritized using the College's established process. Plans were developed at the program level, prioritized by the unit (division), and forwarded to each area Vice President for prioritization.

Funding sources for plans with the highest priorities were identified from a variety of sources, including: The General Fund – Unrestricted (11) Special Programs Fund (15), General Fund Restricted – Instructional Equipment Block Grant and Parking Services (12), Bond Fund (44), and Capital Outlay Fund (41).

The following top priority requests will be funded in the 2010 – 11 fiscal year.

General Fund - Unrestricted (11)

1. \$340,531- Update Network infrastructure for currency and reliability.
2. \$400,000 - Update academic computer labs for currency and reliability.
3. \$350,000 - Hardware and software licenses update.
4. \$33,500 - Staff for Veterans Affairs program. (non certificated hourly) Anticipate an increase in the number of veterans as a result of the Iraq and Afghanistan conflicts and the new Montgomery GI Bill.
5. \$105,600 - First Year Experience/ Supplemental Instruction Adjunct Counselors (3) to backfill 50% as coordinator and to serve program students.
6. \$65,000 - Matriculation Advisor, (non-certificated hourly). Will conduct orientations, organize workshop materials, and conduct classroom presentations to promote follow up counseling, monitor students on probation, coordinate New Student Welcome Day and other activities
7. \$40,000 - Stadium and Gym Operations for Athletic events. Facilities budget overtime account for cleaning of the Stadium & Gymnasium restrooms, lockers, and re-painting athletic field after football games.
8. \$50,000 - Accreditation support. Continue appropriations in support of Accreditation recovery plan, primarily to support program review.
9. \$50,000 - Student Learning Outcomes. Provide support throughout the year for Student Learning Outcome (SLO) documentation.
10. \$10,000 - Industry and Technology - Supplies and materials (wood and related building materials) for green technology instructional program.
11. \$25,000 - Staffing support (hourly) - Fiscal services. To provide customer services for students due to Chancellor's Office Tax Offset Program (COTOP). Staff will research student accounts, provide payment and petition assistance, send out letters and invoices.

12. \$20,000 - Maintenance of Security camera.
13. \$10,000 - ADA Accommodations for Employees.
14. \$20,000 - Cultural Awareness activities to be conducted by the Office of Student and Staff Diversity.
15. \$60,000 - Staff development workshops and conferences. State funding has been eliminated.
16. \$430,000 – Equipment and supplies.

Special Programs Fund (15) and Other Funds.

1. \$200,000 EOPS - Backfill shortages due to State budget reduction
2. \$30,000 CARE - Backfill shortages due to State budget reduction
3. \$333,000 Matriculation - Backfill shortages due to State budget reduction
4. \$537,000 DSPS - Backfill shortages due to State budget reduction
5. \$50,000 Cal Works - Backfill shortages due to State budget reduction
6. \$307,000 - Student retention project. Provide appropriation for a number of student retention projects. Enrollment management, First-Year Experience, Honor Programs, Project Success and Puente Program.
7. \$25,000 - Remodel International Student Program and Veterans Center into two distinct student center offices.
8. \$8,200 - Magnetic Strip Reader System. The Counseling Division needs to accurately track the number of students that utilize the Counseling Appointment, Career and Transfer Center, special programs, and general counseling.
9. \$20,000 - Replacement of student band/orchestra instruments.
10. \$30,000 - Replacement of student pianos.
11. \$2,000 - Course supplies for Administration of Justice – Crime Scene Investigation.
12. \$2,000 - Standard utility tables (4) for Fine Arts program.

13. \$35,000 - Creation of a teaching & learning center for faculty & staff to develop new ideas.
14. \$100,000 - Legal Fees for negotiations, grievances, lawsuits.
15. \$75,000 - Main library data cabling.
16. \$100,000 - Library Books. Minimum allocation for library book and periodical increase.
17. \$125,000 - Computer hardware for labs.
18. \$770,000 - Equipment and supplies.
19. \$100,000 - Emergency equipment replacement/repair.
20. \$1,400,000 - Annual funding for future Retiree Health Benefits fund in compliance with generally accepted recommended GASB 45 annual required contribution (ARC) as recommended by most recent actuarial study (October 2009).

Parking Fund – General Fund Restricted (12)

1. \$80,000 - Purchase two new replacement patrol cars.
2. \$98,000 - Purchase and installation of new Mobile Data Computer systems for 9 patrol cars and replace radio frequency band width.
3. \$23,000 - Purchase new key control software program.

Bond (44) or Capital Outlay (41)

1. \$100,000 - Replacement weight machines and equipment.
2. \$75,000 - PE North Facilities.
3. \$30,000 - South Gymnasium storage area, entry ramp and door.
4. \$175,000 - Baseball facilities.
5. \$90,000 - Upgrade Anthropology Museum cabinets.
6. \$90,000 - Replace chairs, desk and carpet in Art 103 and 106 classrooms.
7. \$10,000 - Replace rubber floor mats around swimming pool.

8. \$20,000 - Ceiling fans in Dance studios PE-S 212 & 230.
9. \$15,000 - Construction of skin care area in industry and Technology.
10. \$500,000 - Purchase, install and maintain additional campus security cameras and related technology.

Block Grant – General Fund Restricted (12)

1. \$6,000 - Double standard multi-purpose desks.
2. \$3,500 - Classroom Clickers for student test applications.

External Grant

1. \$3,000,000 - STEM Center for MESA and student and community projects.

There remain many unknowns about FY 10-11 budget. Prime State concerns include: Prop. 98 potential set aside or reduction, continued speculation on student fees, renewed observations on PE FTES, increased rates for PERS and STRS, and further categorical changes.

As more information becomes available from the State, we will advise the Board on any impacts to our College budget.



Jo Ann Higdon, M.P.A.
Vice President, Administrative Services

#2

latimes.com/local/la-me-compton-library-20140416,0,5903936.story**latimes.com**

Compton Community College library opens seven years later than planned

The 45,000-square-foot building had been set to open in 2007, but the discovery of code violations led to extensive renovations. It finally opened last month.

By Jason Song

10:43 PM PDT, April 15, 2014

Jewel Wade remembers the tense atmosphere at Compton Community College in 2006, when it was rumored the school would close. advertisement

"The whole school was kind of depressing because nobody knew what was going on," Wade recalled Tuesday.

State officials did strip the school of its accreditation and turned the campus into a satellite of a nearby two-year college. The \$25-million library, which had been set to open in 2007, was found to be plagued with code violations and sat unused for nearly seven years before finally opening late last month after undergoing extensive renovations that cost an additional \$4 million.

"It's great," Wade said as he studied in the building, which has been renamed the El Camino College-Compton Library Student Success Center. Wade received his associate's degree from Compton but returned to get a nursing degree.

"The campus has changed a whole lot, and it doesn't feel like we're going anywhere," he said.

During a ribbon-cutting ceremony Tuesday, numerous officials recalled the defects in the original structure. One person said he found screws intended for wood rather than ones for metal holding the 45,000-square-foot building together.

Thomas Henry, the trustee appointed by the state to oversee the district, remembered tripping over a set of narrow stairs and saying, "Those can't be up to code" — and later finding out they weren't.

Barbara Beno, president of the state organization that accredits community and junior colleges, said she once saw rainwater dripping from the library's ceiling and furniture being pushed away from puddles.

"It was sad," she said. "You could see the bones of the building were beautiful but that there were so many problems."

The problems weren't limited to the library. State audits revealed financial fraud, fake enrollments and missing computer equipment. The school was eventually taken over by El Camino College, which is in nearby Torrance.

The Compton Community College District has not regained its accreditation but hopes to do so in several years.

Beno said the library is symbolic of the progress that has been made.

"They're in much better shape," she said of district officials.

Campus administrators agreed that the library, which is in the heart of campus, has special meaning, and that many students and community leaders have asked when it would be finished.

"It feels good not to have to answer this one question: 'When is that glass building going to open?'" said Keith Curry, the district's chief executive.

The two-story building has floor-to-ceiling windows in some parts and boasts four drop-in tutorial centers, an art gallery and a lab with 100 new computers.

The new computers have made a big difference to Ronda Brackins, who is finishing her second year. Brackins, who declined to give her age, works the overnight shift at Target and came to the library the first day it opened to use the high-speed Internet.

After an earthquake last month, she drove to school to make sure the library hadn't been damaged. "It's made such a big difference," said Brackins, who needs only three more classes to graduate. "I was hoping nothing bad happened to it."

jason.song@latimes.com

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**EL CAMINO COLLEGE**

Vice President – Academic Affairs

April 17, 2014

TO: President Thomas Fallo

FROM: Francisco Arce *FA*

SUBJECT: ACEN Standards Cited for Non-Compliance

In 2011, the Accreditation Commission for Education in Nursing (ACEN) conducted a routine site visit for the El Camino College Nursing Program. As a result of the visit, the Nursing Program was placed on warning status for non-compliance with three of the six ACEN standards. ACEN requires programs to demonstrate compliance with at least four of the standards to maintain accreditation. When a program is placed on warning status, it is given two years to demonstrate full compliance in all six standards for accreditation to continue. If a program on warning status is unable to demonstrate full compliance in all six standards, accreditation is revoked.

An October 2013 follow up ACEN site visit team recommended revocation of the Nursing Program's accreditation because it was unable to demonstrate compliance with three of the six ACEN standards. It is important to note, that while ACEN accreditation is desirable, it is not required to successfully operate the Nursing Program. ECC's Nursing Program is still approved by the Board of Registered Nurses (BRN).

Following is a summary of the three standards initially identified as areas of non-compliance; and the Nursing Program's plan to resolve each non-compliant standard.

Standard 1: Mission and Administrative Capacity

Area of Non-compliance: Standard 1 relates to a nursing program's administrative competence following ACEN's core values and defined outcomes. The ACEN site visit team observed limited documentation to support communities' of interest (hospital affiliates, advisory committees) contributions to decision-making processes for program development. The site team also inferred a lack of continuous leadership for program stabilization and development, as demonstrated by the number of nursing directors for the program over the past several years.

Program Response: The Nursing Program supplied documentation demonstrating how two communities of interest provided input contributing to decisions for improving program learning outcomes and graduate satisfaction. A response was submitted to ACEN to correct errors of fact found in the Site Visit Report.

Current Findings: Standard 1 areas are met.

Standard 2: Faculty and Staff

Area of Non-compliance: Standard 2 refers to qualified faculty and staff who are able to provide leadership and support for the goals and outcomes of the Nursing Program. The ACEN site visit team observed that some faculty files did not include the necessary documents to verify academic credentials as required by various governing agencies. The team also noted that the ratio of full-time to part-time faculty was not in compliance with the standards.

Program Response: The process for assessment of faculty transcripts and other academic credentials has been revised. The Human Resources Department will ensure all nursing faculty files are monitored for compliance with various governing agency requirements. Other documents such as BRN approval forms and proof of active licensure files will be maintained in the Nursing Department. All documents will be systematically reviewed twice per year, prior to the start of each semester to ensure all documents are current.

The ratio of full-time to part-time faculty members is not within the recommended guidelines. El Camino College is currently recruiting three full-time nursing faculty to improve this ratio.

Current Findings: Although the previous nursing director resigned after two years, the current nursing director position is stable. The full-time to part-time faculty ratio will improve significantly after filling three vacant faculty positions in Spring 2014.

Standard 6: Educational Outcomes

Area of Non-compliance: Standard 6 refers to the evaluation of student learning. This standard requires nursing graduates to achieve identified competencies consistent with the institutional mission, professional standards, and program outcomes of the Nursing Program. The ACEN site visit team observed that the Nursing Program lacked a cohesive Systematic Evaluation Plan (SEP) outlining ongoing assessment and evaluation of student learning and program outcomes. The team stated that the SEP lacked aggregate and trend data to successfully inform program decision-making for student learning outcomes and graduate/employer satisfaction. They also found a lack of data to confirm that graduates achieved competencies necessary for registered nursing preparation. The team also noted that the level of achievement for state licensure examination pass rates was not consistently met at the ECC Compton Center.

Program Response: The Nursing Department's Evaluation Committee has been restructured. This committee is responsible for the ongoing assessment and evaluation of student learning outcomes, program outcomes, and ACEN standards. The Evaluation Committee is tasked to develop new methods for collecting and analyzing data to evaluate student and program learning outcomes. In addition, the Committee will revise the program's SEP to establish specific and measurable levels of achievement that meet ACEN standards. The Committee is also working on new strategies for data collection, aggregation, trend analysis, and utilization. Required remediation for all fourth semester students who do not achieve the national mean on the Comprehensive Predictor Exam has also been implemented. This exam predicts how successful a student will be with the NCLEX exam. The remediation plan for these students will be comprehensive and address all four semesters of nursing content.

Current Findings: The SEP improvement plan revisions are in process.



EL CAMINO COMMUNITY COLLEGE DISTRICT

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

www.elcamino.edu

April 17, 2014

TO: President Thomas Fallo

FROM: Jo Ann Higdon, Vice President, Administrative Services

RE: Facilities Master Plan Report 2014

Attached is the most recent monthly Facilities Master Plan Report. This report is updated and presented each month to Cabinet. In addition, the applicable monthly report is provided to the Facilities Steering Committee. This outline includes projects currently in construction, in design, and future projects. Key components include the project's architectural firm, budget, and anticipated schedule.

Jo Ann Higdon, M.P.A.
Vice President Administrative Service

EL CAMINO COLLEGE

Facilities Master Plan Report April 2014

PROJECTS IN DESIGN & PRE-DESIGN

- I. Student Services Center Replacement – The scope of this project is the construction of a new building at the site of the existing Shops Building. This project will replace the existing Student Services Building and is a goal identified in the Campus Facilities Master Plan.

Programs in the new building will include; Admissions & Records, International Students, Veterans, Assessment and Testing, CalWorks/CARE/EOPS, Career & Transfer Center, Counseling, Enrollment Services, Financial Aid, First Year Experience, Outreach & School Relations, Special Resources, Community Education, Foster Care, Language Academy, and the Health Center. The Cashiers will remain in the Bookstore.

A. Design – The project's architectural firm, DLR Group, was awarded the contract at the August 19, 2013 board meeting.

B. Budget – The total project budget is \$38,351,116.

C. Schedule –

1. Design	10/07/2013 – 09/30/2014
2. DSA Review	10/31/2014 – 06/30/2015
3. Bidding	10/05/2015 – 01/18/2016
4. Construction	02/01/2016 – 08/07/2017

- II. Channel Parking Lot F Structure Improvement Project - The scope of this project is to repair all deficiencies identified in the conditions assessment report, and upgrade the structure to meet current code requirements including seismic upgrade. A major challenge in this upgrade is the phasing of the construction to accommodate this necessary retrofit while minimizing the impact on campus parking. The extent of this project was not envisioned in our current Campus Facilities Master Plan but was recognized as a high priority during our campus-wide exterior lighting project. The Facilities Steering Committee had discussed the possibility of adding a third level, complete with solar; however, further structural review has eliminated the possible addition of the third level as an option. This restriction has resulted in the need to expand the size of and number of parking spaces in the planned Lot "C" Parking Structure (see Item III page 2).

A. Design – The project’s architectural firm, IDS Group, was awarded the contract at the August 20, 2012 board meeting.

B. Budget – The total project budget is \$28,000,000.

C. Schedule –

- | | |
|-----------------|---------------------|
| 1. Design | 07/30/12 – 07/31/13 |
| 2. DSA Review | 08/01/13 – 05/01/14 |
| 3. Bidding | TBD |
| 4. Construction | TBD |

III. Lot “C” Parking Structure –The need for additional parking has always been an issue. Due to the fact that Lot F could not be expanded to a third level, a larger parking structure was needed. This parking structure is now planned as a five-level, 1400–1500 parking space lot. The budget for the parking structure in the 2012 FMP was estimated at \$20.8 million. The revised estimate for the project is \$33.2 million. The need for a parking structure on the north side of campus, near the Student Services Building, was a goal identified in the Campus Facilities Master Plan.

A. Design – International Parking Design was awarded the contract at the January 21, 2014 board meeting.

B. Schedule –

- | | |
|-----------------|-------------------------|
| 1. Design | 02/03/2014 – 10/31/2014 |
| 2. DSA Review | 11/03/2014 – 06/30/2015 |
| 3. Bidding | 07/01/2015 – 09/30/2015 |
| 4. Construction | 10/01/2015 – 10/31/2016 |

IV. Gymnasium – This building is the first project identified in the 2012 FMP. Constructing this building will allow P.E. and Athletic programs to continue during the implementation of the FMP. The scope of this project is the construction of a new gym building centralizing basketball, volleyball, and other indoor sports. It will consist of two basketball courts. This project was a goal identified in the Campus Facilities Master Plan.

A. Design – The project’s architectural firm, HMC, was awarded the contract at the February 18, 2014 board meeting.

B. Budget – The total project budget is \$30,159,074.

C. Schedule –

- | | |
|-----------------|-------------------------|
| 1. Design | 02/19/2014 – 02/06/2015 |
| 2. DSA Review | 02/16/2015 – 07/31/2015 |
| 3. Bidding | 08/03/2015 – 10/30/2015 |
| 4. Construction | 11/05/2015 – 01/13/2017 |

PROJECTS IN CONSTRUCTION

- V. Athletic Education and Fitness Complex Project Phase 2 - The scope of this project is the construction of a new stadium incorporating a running track and field for both football and soccer. Various support facilities such as a field house will also be included in this venue. At its November 2013 meeting, the Board of Trustees approved awarding the bid to the responsive low bidder, Sinanian Development, Inc. The bid amount is \$32,880,000. This project was a goal identified in the Campus Facilities Master Plan.

A. Design – The project architect is LPA.

B. Budget – The total project budget is \$37,167,859.

C. Schedule –

- | | |
|-----------------|---------------------|
| 1. Design | 01/28/11 – 05/21/12 |
| 2. DSA Review | 06/15/12 – 06/24/13 |
| 3. Bidding | 08/20/13 – 11/18/13 |
| 4. Construction | 12/09/13 – 12/31/15 |

- VI. Bookstore Elevator – This project is to provide an additional elevator on the north side of the Bookstore Building. At its April 2013 meeting, the Board of Trustees approved awarding the bid to the responsive low bidder, Avi-Com, Inc. The bid amount is \$617,400.

A. The architect is Flewelling & Moody (Bookstore Building architect)

B. Budget – \$803,000

C. Schedule –

- | | |
|-----------------|---------------|
| 1. Bidding | 01/13 – 04/13 |
| 2. Construction | 05/13 – 05/14 |

VII. Science Technology Engineering and Math (STEM) Center – The scope of this project is to convert the lower level of the Natural Science Building to support the program requirements of STEM.

A. Design - The project's architectural firm, HMC Architects, has completed the Division of the State Architect (DSA) submittal documents. The documents were submitted on February 6, 2012.

B. Budget - The project budget is \$2,607,695. As planned, Measure E will fund the entire project cost.

C. Schedule –

- | | |
|-----------------|---------------|
| 1. Design | 04/11 – 12/11 |
| 2. DSA Review | 02/12 – 11/12 |
| 3. Bidding | 01/13 – 04/13 |
| 4. Construction | 05/13 – 04/14 |
| 5. Occupancy | Spring 2014 |

VIII. Shops Building Replacement - The scope of this project is to construct a new building to house the Air Conditioning/Refrigeration, Auto Collision/Painting, Automotive Technology and Welding Programs of the Industry and Technology Division. Site improvements to the adjacent area are also included. At its March 2013 meeting, the Board of Trustees approved awarding the bid to the responsive low bidder, Pinner Construction Company, Inc. The bid amount is \$21,902,000. This project was a goal identified in the Campus Facilities Master Plan.

A. Design – The project architect, tBP, submitted to DSA on December 22, 2011 and received final approval on September 17, 2012.

B. Budget – The project budget is \$31.9 million. The College's program management firm, Lend Lease, prepared a construction cost estimate based on the design development document. The cost estimate indicates the project is within budget.

C. Schedule–

- | | |
|-----------------|---------------------|
| 1. Design | 09/01/10– 12/16/11 |
| 2. DSA Review | 12/22/11 – 09/17/12 |
| 3. Bidding | 11/27/12 – 03/18/13 |
| 4. Construction | 04/03/13 – 11/14/14 |
| 5. Occupancy | Spring 2015 |

IX. Industry & Technology Building Modernization – The scope of this project is to perform a complete building systems modernization and reconfiguration of internal space to accommodate the needs of the Industry and Technology Division Programs designated to occupy the area. Some programs outside of this division will also occupy portions of the renovated building. Included in this group is the Information Technology Services Division. At its March 2013 meeting, the Board of Trustees approved awarding the bid to the responsive low bidder, S.J. Amoroso. The bid amount is \$25,427,000. This project was a goal identified in the Campus Facilities Master Plan.

A. The architect for this project is HPI.

B. Budget – The total project budget is \$36,942,427. The College's program management firm, Lend Lease, prepared a construct cost estimate based on the design development document. The cost estimate indicates the project is within budget.

C. Schedule -

1. Design	01/21/11 – 01/31/12
2. DSA Review	02/01/12 – 09/28/12
3. Bidding	11/27/12 – 03/18/13
4. Construction	04/03/13 – 10/30/14
5. Occupancy	Spring 2015

OTHER ISSUES

X. Future Projects -

A. Administration Building

B. Campus Police – Lot D

C. Parameter Road/Campus Entrances

D. Vacant Land

E. Art in Public Places

#5



EL CAMINO COLLEGE

Office of the Vice President-Student & Community Advancement

Jeanie Nishime – Vice President

April 15, 2014

TO: President Thomas Fallo

SUBJECT: ADULT EDUCATION CONSORTIUM

The Board of Trustees, at its meeting on April 21, 2014, is asked to receive and accept the California Community Colleges Chancellor's Office Economic and Workforce Development – AB 86 Adult Education Consortium Planning Grant. This grant is administered by Mr. Jose Anaya, Dean of Community Advancement. The grant is comprised of the South Bay Adult Education Consortium, which include the Centinela Valley Union High School District, as well as Inglewood, Redondo Beach, and Torrance Unified School Districts. Each partner district will have a subgrantee contract that must be reviewed and approved by the individual districts and then sent to El Camino College's Board for approval. Redondo Beach Unified School District is the first to send through their agreement for Board approval to enter into the agreement. Agreements are expected within the coming weeks from Centinela Valley, Inglewood, and Torrance Districts and will be submitted to the El Camino College Board of Trustees for approval.

Jeanie M. Nishime, Ed.D.
Vice President



EL CAMINO COLLEGE

Office of the Vice President-Student & Community Advancement

Jeanie Nishime – Vice President

#6

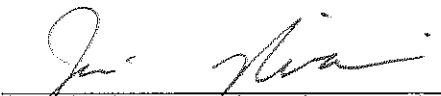
April 15, 2014

TO: President Thomas Fallo

SUBJECT: International Student Program (F-1 Visa) and
El Camino College Language Academy (ECLA)

The International Student Program (F-1 Visa) and the El Camino College Language Academy (ECLA) are two programs that bring in additional revenue to El Camino College. ECLA serves as a bridge for international students enrolling at El Camino College with limited English language skills. The ECLA program instructors prepare international students to transition and enroll as full-time students at El Camino College. The recruitment of international students is a competitive market and requires skilled agents to assist in this area. The International Student (F-1 Visa) and ECLA programs continue to utilize the services of recruiting agents to assist in the recruitment of students overseas.

These Educational Agents serve as key representatives in recruiting students and are paid on the successful enrollment of the student. For each referred full-time F-1 Visa student, El Camino College pays the agent \$250 at the conclusion of the student's first semester and an additional \$250 at the conclusion of the student's second semester. If the student does not attend, there is no contract and no payment is made to the agent. With respect to the agent's pay for referrals to ECLA, the fee is \$500 for each student that completes one, 12-14 week session at ECLA or \$300 for one 8-week Summer session. Agents are paid at the end of the student's first session. If the student continues at ECLA, no additional fee will be paid. Since the beginning of both programs and the use of educational agents, we have experienced a steady growth each year in student referrals.



Jeanie M. Nishime, Ed.D.
Vice President

#7



EL CAMINO COMMUNITY COLLEGE DISTRICT

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M-E-M-O-R-A-N-D-U-M

Date: April 14, 2014

To: President Fallo

From: Ann M. Garten 
Director, Community Relations

Re: Extended 60-month lease with Xerox Corp. for Copy Center equipment

The April board agenda includes the lease renewal of the Xerox duplication equipment for the El Camino College Copy Center. The current lease with Xerox ends June 30, 2014 and includes an option to renew without requiring a RFP.

The proposed lease will extend the length of the original lease by an additional five years, to June 2019 and will include new, updated black & white copiers; updated support software; and a new, simplified online system for faculty to submit work orders.

Benefits of the new copiers include: increased printing and scanning speeds; improved image quality; new finishing options which increase productivity required to finish duplication orders; and overall lower energy requirements.

The savings during the new five-year lease term is estimated to be \$42,165.00, or \$8,433.00 per year.

The Way Forward for City College

By Sherrill Amador, Frank Gornick & Steven Kinsella

As the clock ticks toward a July 31 deadline, there is a call to "give more time" to the City College of San Francisco to make the changes necessary to prevent its loss of accreditation. Unfortunately, the problem isn't the clock – it is the college's unprecedentedly flawed structure as well as federal law. However, there is a path forward that will protect students, taxpayers, and the San Francisco community served by the college.

During its 2012 evaluation by the Accrediting Commission for Community and Junior Colleges (ACCJC), City College was found to be in terrible condition; evaluators noted scores of deficiencies that needed fixing by the college. Problems included deficient student services, outdated instruction guides, antiquated computer systems, and lack of fiscal controls.

The college was in a precarious financial position -- laden with \$4.6 million in unpaid student fees dating back 10 years, a payroll system that allowed access to 125 people, and a self-insured workers compensation fund that had a \$4 million negative balance. Additionally, many internal control weaknesses resulted in overpayments and underpayments of staff salary, employees receiving unverified health and other benefits as well as underreporting of vacation time taken.

While CCSF continued to construct new buildings, many students attended classes in old buildings that were deteriorating due to deferred maintenance. There were also insufficient student resources for library and learning support.

The independent evaluators found that these and other problems occurred and persisted because CCSF had one of the worst organizational structures among the California community colleges, with decisions often made by committees that were not accountable to anyone, rather than by faculty or administrators responsible for their actions. These deficiencies are cheating students of the education they need and wasting millions of taxpayer dollar.

A year later, after having warned and advised the college to make significant improvements while still accredited, the Commission found that very little had been done. The college was still out of compliance with more than 50 accreditation standards. Only two of the 14 recommendations for improvement provided to the college in 2012 had been completed. The college's substandard structure and lack of progress left the Commission no choice but to terminate accreditation.

Despite the efforts of some leaders to help City College swiftly improve, internal discord has prevented sufficient progress. This dysfunction has been documented by independent parties, including the college's own external auditor and the state's Fiscal Crisis Management Assistance Team, an auditing agency that twice reviewed and

reported on portions of City College's operations. (A U.S. Department of Education audit that began in November 2013 is ongoing.)

It is important to put this in perspective. The Commission, made up of member colleges, has evaluated its member colleges in California – now numbering 117 – for more than 50 years, each school every six years. A team of expert peer evaluators (experienced faculty members and college administrators) assesses the school's academics, finances, facilities, technology, and governance. The Commission does not take over, or close, a failing college. Instead, like an auditor, it points out deficiencies and recommends improvements to help a college remain open. Each college determines its own future.

In recent history, only one other California college has been in a similar predicament. Compton Community College was so substandard that it lost its accreditation and was shuttered in 2006. Compton College has been rebuilding as a strong, effective educational institution under the guidance of El Camino College, and hopes to re-apply for accreditation soon.

While some plead that City College simply be given more time to fix its problems, this is not up to the Commission.

Congress and the Department of Education have specified that an accrediting body allow no more than two years for a substandard college to come into compliance or lose its accreditation. The "two-year rule" is designed to protect students and taxpayers. In fact, the Department of Education has put all accreditors on notice that they could lose their federal recognition if they do not apply the two-year rule. Without federal recognition of the Commission as an accrediting body, every community college in California could lose access to taxpayer dollars -- federal financial aid for students. Any change to the two-year rule requires Congress to enact a new law.

Since last summer, critical leadership changes have occurred at City College, and the school is beginning to turn things around. However, by their own testimony, City College representatives estimate that it requires up to four years to fully recover.

Yet there is a plan that protects students and the college:

CCSF could seek accreditation anew by applying for "candidacy" status. A candidate college is eligible for federal financial aid and state funding; its students' course credits are generally transferrable, and its degrees or certificates are recognized, as long as the college is eventually successful in obtaining accreditation after a period of candidacy. Currently there is a candidate institution in the State Center Community College District, and within the last five years Woodland Community College, Moreno Valley College and Norco College were candidates before becoming accredited.

Candidate status would allow City College a fresh start. It would provide two to four years of time for it to complete its recovery and to ensure that it meets all accreditation standards.

ACCJC has advised and supported City College throughout the college's accreditation history, and especially since 2012. All the other member colleges in California are fulfilling peer accreditation standards that they themselves have established. This begs the question: Why should City College be accredited without meeting the same standards?

The solution for City College is clear: candidacy leading to re-accreditation, while administrators, faculty and staff work together to address the school's remaining structural deficiencies.

About the Authors:

Sherrill Amador, ACCJC Chair, is a public member of the Commission. Dr. Amador began her service on the Commission July 1, 2004 after retiring from a 32-year career in community college education wherein she worked as an instructor in career and technical education, a dean, a vice president, and a president.

Dr. Frank Gornick serves as an administrative member of the Commission. Dr. Gornick began his service on the Commission July 1, 2009. He is Chancellor of the West Hills Community College District beginning 2001.

Dr. Steven Kinsella, Vice Chair of the Commission, is an administrative member of the Commission, and has been President/Superintendent at Gavilan College for the last 11 years.

#9

Higdon, Jo Ann

From: Higdon, Jo Ann
Sent: Thursday, April 17, 2014 3:32 PM
To: Fallo, Thomas
Cc: Constantino, Cindy; Warriar, Shobhana
Subject: GASB 68 Implementation

Most CBOs believed that GASB 68 would be delayed for many years. To everyone's complete surprise, the AICPA announced it was to be implemented for FY 14-15. GASB 65 requires each agency to record on the agency's balance sheet their prorated share of pension liabilities. For ECC, that translates to our recording the actuarially computed portion of PERS and STRS liability. It is unclear the extent of the journal entry (e.g. is it both assets and liabilities or the net amount). Regardless of the answers to many questions, the net negative amount will be huge. We are unable to estimate that amount at this time. With such a negative liability added to our balance sheet, two key questions must be answered: (1) what impact will this have on the audit opinion letter? and, (2) what impact will this have on future Bond sales and borrowing for cash flow? I am asking question of experts in those fields; one response is below.

From: Bill Rauch [<mailto:brauch@vtcdcpa.com>]
Sent: Friday, March 28, 2014 2:22 PM
To: Higdon, Jo Ann
Cc: Fallo, Thomas; Curry, Keith; Carter, Roderick
Subject: RE: GASB 68 Implementation

Hi Jo Ann,

You are correct. This liability will be recorded on the entity-wide financial statements at year-end (not at the fund level). I agree that this liability could be huge and could result in a negative net position for the District. At this time, we have not discussed whether we would modify our opinion on the financial statements. I would imagine that we will have some type of explanatory paragraph in the opinion and there will definitely be additional information disclosed in the footnotes. I will keep you informed as we discuss this issue further as a partnership.

Thanks,
Bill

Bill Rauch, CPA
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From: Higdon, Jo Ann [<mailto:jhigdon@elcamino.edu>]
Sent: Tuesday, March 25, 2014 6:16 PM
To: Carter, Roderick; Bill Rauch
Cc: Fallo, Thomas; Curry, Keith
Subject: GASB 68 Implementation

Most CBOs felt GASB 68 was going to be delayed beyond FY 14-15, but now I see the announcement by School Services (below) that it will not be. If I am understanding correctly, we will now be reporting our district's

share of CalPERS and CalSTRS on our balance sheets—which, of course, will result in huge negative balances. It appears our 311 reporting will not include these numbers. So, my questions:

1. Rod—how are the bond rating agencies going to cope with this?
2. Bill—what kind of “opinion” letter will we be encountering as a result of this requirement?

No Delay of GASB 68 Implementation

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions, which becomes effective for years beginning after June 15, 2014. A number of stakeholder groups requested that GASB consider delaying implementation because of the significant audit procedures that are related to the new requirements. GASB has just issued a press release announcing that the implementation will not be delayed.

GASB 68 will require all public employers that employ individuals covered by defined benefit pensions to recognize the long-term pension liability on their financial statements. Also, more information will be required in note disclosures and required supplementary information. One could argue that this does not make sense for local educational agencies (LEAs), as they do not have the authority to set benefit levels, determine contribution levels, or make investment decisions on the funds in the California State Teachers' Retirement System (CalSTRS) or the California Public Employees' Retirement System (CalPERS). Further, LEAs have fulfilled their obligation by contributing the statutorily required amount every year to both plans. These plans are governmental plans, and it is the state government that controls all of the parameters. These arguments were made when GASB issued the exposure draft more than two years ago, but we now have the requirements as laid out in GASB 68, and LEAs need to start getting prepared to implement them.

CalSTRS staff members have been proactive in getting the word out on this to LEAs. They are providing workshops throughout the state, and have a webpage dedicated to GASB 68 here: <http://www.calstrs.com/gasb-accounting-changes>. We have written much about the unfunded CalSTRS liability—it is \$71 billion as of June 30, 2012, using the discount rate of 7.5%, the earnings assumption adopted by the CalSTRS Board. GASB 68 requires the use of a lower discount rate, which increases the unfunded liability to \$167 billion. This is the calculation that will be used to determine the unfunded “net pension liability” that is to be allocated among LEAs.

The CalPERS plan for school employees also reflects a significant unfunded liability—the plan is 75.5% funded as of June 30, 2012, which will get worse as the lower discount rate required by GASB 68 is applied. CalPERS has announced that it is hiring additional staff and modifying its internal systems so that LEAs can be provided the necessary actuarial information for their local financial statements for a fee, estimated to range from \$675 to \$1,400, as plan assets cannot be used to pay for the costs. CalPERS plans to issue more information about this work, as well as the fee amount this fall.

It has been mentioned that once these liabilities are recorded on the financial statements, the fund balance could be driven down to a negative number. However, it would be the net assets that will decrease, as the net pension liability will be recorded similar to the liability for retiree benefits—on the financial statements only. It would not be reflected in the budget or actuals reported on the Standardized Account Code Structure forms—only on Form DEBT, which does not affect fund balance.

Financial statements are used by rating agencies, so the recognition of the LEA's portion of these unfunded pension liabilities could impact the cost and/or ability to borrow. But all public employers participating in defined benefit programs are going to be similarly impacted.

We recommend that you work closely with your external audit firm to get prepared for the implementation of GASB 68 for your 2014-15 financial statements. In the meantime, we will keep you informed of any further developments from CalSTRS or CalPERS.

—Lewis Wiley, Jr., and Sheila G. Vickers

posted 03/25/2014

#10



State Board of Equalization

News Release

Chairman Jerome E. Horton
4th District – Los Angeles

 Cynthia Bridges
 Executive Director
www.boe.ca.gov
**For Immediate Release
 March 21, 2014**
**Contact: NR XI-28-H
 Bob Jimenez
 310-297-5201**
**Chairman Horton, BOE Free Non-profit Financial Conference
 Attracts 2,000 Registrants to El Camino College Auditorium**

Los Angeles - Over 2,000 non-profit executives, administrators, and others who provide not for profit services in the Los Angeles area, registered to attend the Free Non-profit Financial Conference hosted by Board of Equalization Chairman Jerome E. Horton, his wife the Honourable Yvonne Horton, the California Association of Non-profits, California Educational Solutions, and Beta Pi Sigma sorority, at El Camino College on Friday, March 21.

"Non-profit organizations in Southern California provide a broad range of services to everyone in our community," said Horton. "It is important that they understand how to operate within the law and a broad range of topics like strategies for successful fundraising and using hiring tax credits to build staffing, to name only a few. This conference is designed to address those concerns."

The panel of featured speakers ranged from some of California's most prolific charitable donors to tax and investment experts who are knowledgeable about non-profit organization finances.

Gigi Garcia, aspiring executive director of Enhancing Latina Leadership Alliances, a non-profit organization, mentoring middle and high school Latinas, came to the conference to get information on fundraising techniques. "My appointment is contingent upon our organization's funding and I am looking forward to gathering some information that will assist in our fundraising efforts."

The free, one-day conference provided an opportunity for community-based organizations and service providers to network with other organizations and gain financial information that will help them either start, build or sustain their not-for-profit enterprises.

"My mission for attending was accomplished," said Jose Rodriguez, a principal in a Homeless Services Program operation that provides a broad range of services to homeless persons in his community. "I was anxious to network with comparable service providers and I made a number of contacts that I will definitely explore and pursue over the next few weeks," he said.

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Join the Conversation with Chairman Jerome E. Horton:



Elected in 2010, Chairman Jerome E. Horton is the Fourth District Member of the California State Board of Equalization, representing more than 8.5 million residents in Los Angeles County. He is also the Board of Equalization Legislative Committee chairman. He is the first to serve on the Board of Equalization with over 21 years of experience at the BOE. Horton previously served as an Assembly Member of the California State Assembly from 2000-2006.

The five-member California State Board of Equalization is a publicly elected tax board. The State Board of Equalization collects more than \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.