

May 16, 2017

Mario Rodriguez, Vice Chancellor of Finance and Facilities
California Community Colleges Chancellor's Office
1102 Q Street, Suite 4550
Sacramento, CA 95811

Mr. Rodriguez,

On June 30, 2006, Governor Arnold Schwarzenegger signed AB 318 (D-Dymally) into law, giving the Compton Community College District (district) a \$30 million loan for recovery due to insolvency and the opportunity to partner with a college of good standing to offer accredited courses due to losing its accreditation. This was as a result of the Accrediting Commission for Community and Junior Colleges (ACCJC) finding that the college did not meet accreditation standards. The college partnered with El Camino Community College to provide uninterrupted educational services to students. Under this partnership, instructional services have been provided on the Compton campus by the El Camino College Compton Center (Compton Center).

As the district transitions from its partnership with El Camino College, the future Compton College will become an accredited college within the district. Due to the transition, the district will incur one-time costs for services and purchases, which it has indicated it does not have funding to cover, and has developed a proposal for additional funding.

In response to the request for additional funding, in May 2017, the California Community Colleges Chancellor's Office (CCCCO) and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to provide a fiscal analysis. In relation to one-time costs associated with the transition, FCMAT was asked to perform the following:

FCMAT will review the college's estimates of costs it will incur for the services and purchases related to the transition, validate what those items and costs are, and report the outcome of that validation.

The district's funding request proposal reflects its estimates and needs relative to the El Camino College Compton Center (the future Compton College) becoming an accredited college within Compton Community College District. The district's request reflected a variety of anticipated needs for 2017-18 and five subsequent fiscal years. A summary of the district's proposal is:

FCMAT

Joel D. Montero, Chief Executive Officer

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District's Funding Proposal	Total Request
Re-establish the Personnel Commission	2,225,823
Increase Compton Staffing for IT	4,005,735
ERP System, Total	4,000,000
Enrollment Outreach; Rebranding	800,000
Information Technology Equipment	1,000,000
Information Technology Maintenance/Service Contracts	3,250,000
Re-create Police Department	1,000,000
Total	\$16,281,558

FCMAT, working with the Cambridge West Partnership LLC, reviewed the district's proposal, met with district administrators, and then performed an independent review to determine if the request was reasonable in terms of what could be considered one-time costs. FCMAT's work was not intended to be a comprehensive review of the district's budget; rather, the scope of work was to determine if the identified costs were reasonable and one-time in nature.

Summary of Findings, Observations, and Recommendations

FCMAT reviewed the college's estimates contained in its proposal. There was also a meeting at the district to discuss the request with district administrators to gain further details.

It was not within the scope of the review for FCMAT to evaluate alternatives to reduce costs and/or to see if the college could afford such one-time costs within its normal budget.

FCMAT focused on what a reasonable cost estimate might be for these specific areas based on the team's expertise and what is considered a reasonable amount in other similar colleges. Based on this review, FCMAT believes that the amount of \$11,302,425 for one-time costs associated with the transition is accurate and within reason. The amount can be broken down as follows:

FCMAT's Revision to Compton Funding Proposal	
Re-establish the Personnel Commission	0
Increase Compton Staffing for IT	3,402,425
ERP System, Total	4,100,000
Enrollment Outreach; Rebranding	800,000
Information Technology Equipment (ERP related)	1,000,000
Information Technology Maintenance/Service Contracts (non-ERP)	1,000,000
Re-create Police Department	1,000,000
Total	\$11,302,425

One reason that differences exist between the district's and FCMAT's amounts is that FCMAT defined the nature of one-time costs for this scope of work to be those estimated to be incurred annually through 2021-22 related to the transition. The district included costs through 2023-24.

Total differences are described below:

Re-establish the Personnel Commission

Total Requested: \$2,225,823

FCMAT's Recommended One-Time Funding: \$0

AB 318 suspended the authority of the Compton CCD Personnel Commission. Under AB 318, the special trustee assumed the responsibilities of the Personnel Commission and the Compton CCD chief human resources officer assumed the day-to-day operations. FCMAT recommends that the Personnel Commission remain suspended until 2029-30, as 2028-29 will be the last year a payment will be necessary to fully pay off the state \$30 million loan. At that time, the approximate \$1.1 million annual loan repayment amount can be used for various priorities, which could include supporting the Personnel Commission, or other budget funds could be identified by that time for this purpose. While FCMAT does not question the validity of the Personnel Commission itself, the recommendation to postpone the re-establishment is based on the concern that the district will have numerous priorities during the next several years while Compton College becomes accredited, and this portion of the transition does not need to immediately occur since there is already an established classified personnel recruitment and selection process that can continue until the district's loan payments end.

Increase Staffing for Information Technology (IT)

Total Requested: \$4,005,735

FCMAT's Recommended One-Time Funding: \$3,402,425

Under the partnership with El Camino College, several of the administrative functions at the Compton Center have been provided by El Camino College, particularly information technology services. To prepare to establish an accredited Compton College within the Compton District, the district has estimated that additional staff will need to be employed in the Information Technology Department. The district identified several positions, including business analyst, database administrator, help desk supervisor, help desk technician, network support specialist, program analyst, and systems & network support manager.

FCMAT is estimating the addition of 7 FTE, which would allow the department to staff at 12.0 FTE, which was the department staffing prior to the loan. This is not to say that additional staffing is not needed or would not benefit the college. This one-time funding could at least allow the district to staff the department as it was before such significant budget cuts were made, and allow time for the ongoing costs (after four years) to be absorbed by the regular budget. Basically, this would allow staff to be positioned, trained, and in place as a new ERP system is transitioned, as well as other upgrades implemented.

Enterprise Resource Planning (ERP) System for Compton CCD

Total Requested: \$4,000,000

FCMAT's Recommended One-Time Funding: \$4,100,000

The Compton Center and Compton CCD utilize the El Camino College ERP system for student information/registration, human resources, and for all finance-related items. The district will need to purchase an ERP system for the future Compton College. This purchase price will include technical consultants to assist the Compton CCD with development and implementation. The new system will need to be purchased before the 2019-20 year, as it is anticipated Compton College will begin registering its first students as an accredited college for the summer 2020 session. Although the district estimated \$4 million as one lump sum, FCMAT estimated the amount slightly higher, as follows:

ERP – Initial hardware	500,000
ERP - Initial software license	600,000
ERP - Maintenance/service contracts	1,200,000
ERP - Implementation services and staff backfill	\$1,800,000

Enrollment Outreach; Rebranding

Total Requested: \$800,000

FCMAT’s Recommended One-Time Funding: \$800,000

As the partnership with El Camino College concludes, the future Compton College anticipates a decline in enrollment in the 2020-21 academic year. At that time, Compton College will re-register all new students in the new ERP system. Also, the college will need to rebrand/market itself to the community, change all campus signage, and develop and implement a new Compton College logo.

FCMAT concurs with the district’s estimates.

Information Technology Equipment (ERP related)

Total Requested: \$1,000,000

FCMAT’s Recommended One-Time Funding: \$1,000,000

Compton CCD anticipates the need to purchase additional hardware equipment to support the new ERP systems at a one-time cost of approximately \$1 million to support the transition from Compton Center to Compton College.

FCMAT concurs with the district’s estimates.

Information Technology Maintenance/Service Agreements (non-ERP related)

Total Requested: \$3,250,000

FCMAT’s Recommended One-Time Funding: \$1,000,000

Under the current partnership, El Camino College provides the service agreements for student systems, such as the student information system, learning management system, and several others. Compton CCD anticipates this cost to be \$650,000 a year beginning in the 2019-20 year. FCMAT is recommending a lesser amount due to a number of these costs being included in the ERP system estimate.

Police Services

Total Requested: \$1,000,000

FCMAT’s Recommended One-Time Funding: \$1,000,000

Compton CCD has a separate contract with El Camino College for police services at the Compton Center and pays approximately \$1.5 million annually for this service. Once the partnership with El Camino College has concluded, Compton CCD intends to operate its police department again, anticipating the one-time cost for the transfer of the officers, equipment, supplies, and communication equipment to be \$1 million.

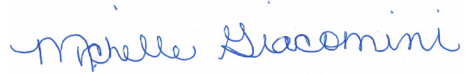
FCMAT concurs with the district’s estimates.

Recommendation

FCMAT agrees that one-time funding is needed to restart Compton College as an independent institution and to be fully accredited. The amount that FCMAT can validate is \$11,302,425, which would facilitate the transition and allow the college to register students beginning with the 2019-20 year.

FCMAT would like to thank the staff of Compton College and the California Community Colleges Chancellor's Office for their assistance with this analysis.

Sincerely,



Michelle Giacomini
Chief Management Analyst