

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Fiscal Health Risk Analysis

January 4, 2022



Compton Community College District

Michael H. Fine
Chief Executive Officer

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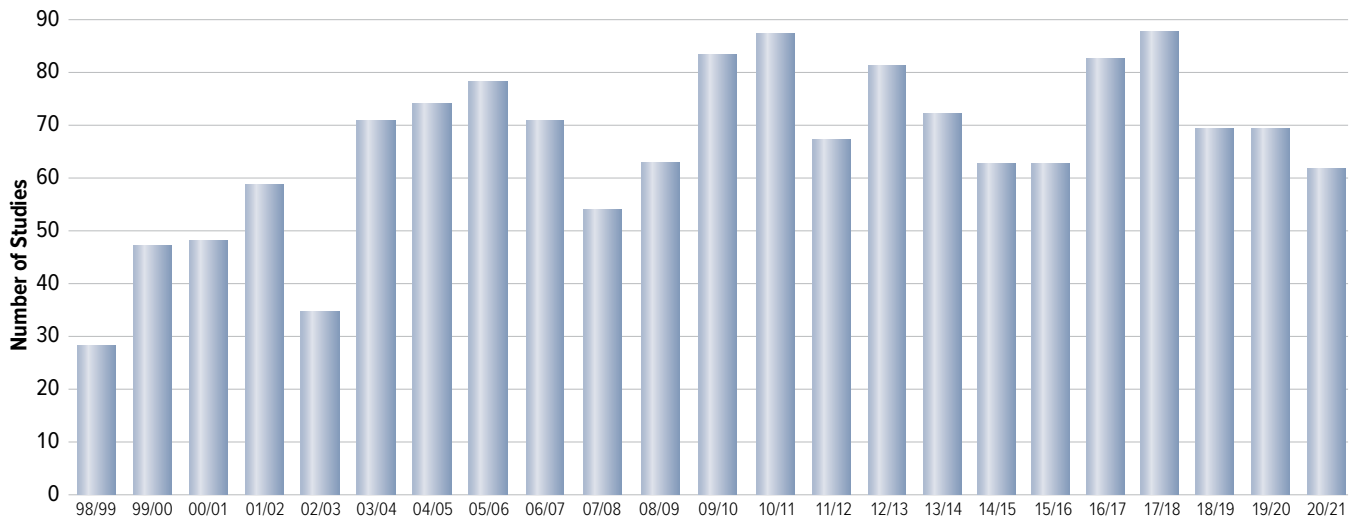
About FCMAT

FCMAT’s primary mission is to assist California’s local K-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT’s fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices, support the training and development of chief business officials and help to create efficient organizational operations. FCMAT’s data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and inform instructional program decisions.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state superintendent of public instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the LEA to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

Studies by Fiscal Year



FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of K-14 LEAs and the implementation of major educational reforms. FCMAT also develops and provides numerous publications, software tools, workshops and professional learning opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS). CSIS also hosts and maintains the Ed-Data website (www.ed-data.org) and provides technical expertise to the Ed-Data partnership: the California Department of Education, EdSource and FCMAT.

FCMAT was created by Assembly Bill (AB) 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. AB 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. AB 1115 in 1999 codified CSIS’ mission.

AB 1200 is also a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. AB 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, Senate Bill 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT’s services to those types of LEAs.

On September 17, 2018 AB 1840 was signed into law. This legislation changed how fiscally insolvent districts are administered once an emergency appropriation has been made, shifting the former state-centric system to be more consistent with the principles of local control, and providing new responsibilities to FCMAT associated with the process.

Since 1992, FCMAT has been engaged to perform more than 1,400 reviews for LEAs, including school districts, county offices

of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Michael H. Fine, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Background

The Compton Community College District (CCCD) was originally established in 1927. Encompassing an area of approximately 29 square miles, the district makes educational services available to nearly 300,000 residents in 12 cities. It has approximately 290 full- and part-time faculty teaching 41 certificate and 42 degree programs.

In December 2020, the California Community Colleges Chancellor's Office requested that the Fiscal Crisis and Management Assistance Team (FCMAT) assist the district by conducting a Fiscal Health Risk Analysis, with additional focus on district governance and the role of the special trustee.

Study and Report Guidelines

FCMAT virtually visited the district from May 3 to June 18, 2021 to conduct interviews, collect data, and review documents. This report is the result of those activities and is divided into the following sections:

- Executive Summary
- Fiscal Health Risk Analysis
- Summary

FCMAT's reports focus on systems and processes that may need improvement. Those that may be functioning well are generally not commented on in FCMAT's reports. In writing its reports, FCMAT uses the Associated Press Stylebook, a comprehensive guide to usage and accepted style that emphasizes conciseness and clarity. In addition, this guide emphasizes plain language, discourages the use of jargon and capitalizes relatively few terms.

Study Team

The study team was composed of the following members:

Michelle Giacomini	Cambridge West Partnership, Inc.
FCMAT Deputy Executive Officer	FCMAT Consultant

John Lotze
FCMAT Technical Writer

About the Analysis

FCMAT has developed the Fiscal Health Risk Analysis (FHRA) as a tool to help evaluate a community college district's fiscal health and risk of insolvency in the current and two subsequent fiscal years.

The FHRA includes 18 sections, each containing specific questions. Each section and specific question are included based on FCMAT's work since its inception; they are the common indicators of risk or potential insolvency for districts that have neared insolvency and needed assistance from outside agencies. Each section of this analysis is critical to an organization, and lack of attention to these critical areas will eventually lead to a district's failure.

The greater the number of "no" answers to the questions in the analysis, the higher the score, which points to a greater potential risk of insolvency or fiscal issues for the district. Not all sections in the analysis, and not all questions within each section, carry equal weight; some areas carry higher risk and thus count more heavily toward or against a district's fiscal stability percentage. For this tool, 100% is the highest total risk that can be scored. A "yes" or "n/a" answer is assigned a score of 0, so the risk percentage increases only with a "no" answer or with an unanswered question.

Identifying issues early is the key to maintaining fiscal health. Diligent planning will enable a district to better understand its financial objectives and strategies to sustain a high level of fiscal efficiency and overall solvency. A district should consider completing the FHRA annually to assess its own fiscal health risk and progress over time.

Fiscal Health Risk Analysis For Community College Districts



FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Date(s) of fieldwork: May 3 to June 18, 2021

District: Compton Community College District

1. Annual Independent Audit Report		Yes	No	N/A
1.1	Has the independent audit report for the most recent fiscal year been completed and presented to the board by the statutory timeline of December 31?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<i>The 2019-20 audit was completed in April 2021.</i>			
1.2	Was the district's most recent independent audit report free of material findings?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<i>The 2019-20 audit report includes material findings regarding financial reporting and enrollment.</i>			
1.3	Has the district corrected all audit findings from the current and past two audits?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.4	Can the district correct prior year audit findings without affecting its fiscal health (e.g., material apportionment or internal control findings)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.5	Does the district issue a request for proposal for audit services every 3 - 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Budget Development and Adoption		Yes	No	N/A
2.1	Does the district develop and use written budget assumptions and multiyear projections that are reasonable, clearly articulated, and aligned with the signed state budget and the Student-Centered Funding Formula (SCFF)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.2	Does the district use a budget development method other than a prior-year rollover budget, and if so, does that method include tasks such as review of prior year estimated actuals by major object code and removal of one-time revenues and expenses?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.3	Does the district use position control data for budget development?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.4	Are clear budget development processes codified in Board Policies and Administrative Procedures?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.5	Does the budget development process include input from faculty/staff, administrators, the governing board, and the budget advisory committee in accordance with the district's documented planning model?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.6	Does the budget development process include a calculation of the SCFF with reasonable assumptions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.7	Does the district budget and expend restricted funds as authorized by the funding source before expending unrestricted funds?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.8	Does the district have a documented policy and/or procedure for evaluating the proposed acceptance of grants and other types of restricted funds to assess their congruency with the institution's strategic plan and the potential multiyear impact on the district's unrestricted general fund?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.9	Are expected revenues more than or equal to expected expenditures in the district's adopted budget (budget is not dependent on carryover funds to be balanced)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 2.10 Has the district refrained from using negative or contra expenditure accounts (excluding appropriate abatements in accordance with the Budget and Accounting Manual (BAM)) in its budget? ✓
- 2.11 Does the district adhere to a board-adopted budget calendar that includes statutory due dates, major budget development tasks and deadlines, and the staff member/ department responsible for completing them? ✓

3. Budget Monitoring and Updates

Yes No N/A

- 3.1 Are actual revenues and expenses consistent with the most current budget? ✓
- 3.2 Are budget revisions posted at least quarterly in the financial system? ✓
- 3.3 Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at least quarterly? ✓
- 3.4 Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs before the next financial reporting period? ✓
- 3.5 Does the district include the interim CCFS 311Q reports on board agendas? ✓
- 3.6 Has the district addressed any budget-related deficiencies identified in the most recent ACCJC accreditation report? ✓
- 3.7 If a college in the district has been notified that it is on an enhanced monitoring or watch-list status based on the college’s ACCJC Annual Fiscal Report, have the district and college(s) taken steps to address the issues of concern identified by the ACCJC? ✓
- 3.8 Does the district’s enterprise software system include hard budget blocks that prevent the processing of requisitions or purchase orders when the budget is insufficient to support the expenditure? ✓
- 3.9 Does the district encumber and adjust encumbrances for salaries and benefits? ✓
- 3.10 Are all balance sheet accounts in the general ledger reconciled each quarter, at a minimum? ✓

The district’s business office experienced employee turnover during the past two years. Timelines were not met and reporting was not completed on time.

4. Cash Management

Yes No N/A

- 4.1 Does the district balance all cash and investment accounts with bank statements monthly? ✓
- 4.2 Are outstanding amounts in the cash and investment account reconciliations less than one year old, or if older, have a resolution? ✓
- 4.3 Are accounts held by the county treasurer reconciled with the district’s and county office of education’s reports monthly? ✓
- 4.4 Does the district comply with its county treasurer and/or county office of education’s requirements for balancing accounts? ✓
- 4.5 Has the district had a positive cash balance at the end of the month during the most recent 12 months? ✓

4.6	Does the district forecast its cash receipts and disbursements at least 18 months out, updating the actuals and reconciling the remaining months to the budget monthly to ensure cash flow needs are known?	✓	<input type="checkbox"/>	<input type="checkbox"/>
4.7	Does the district have a plan to address cash flow needs during the current fiscal year?	✓	<input type="checkbox"/>	<input type="checkbox"/>
4.8	Does the district have sufficient cash resources in its other funds to support its current and subsequent two fiscal years' projected obligations in those funds?	✓	<input type="checkbox"/>	<input type="checkbox"/>
4.9	If interfund borrowing is occurring, does the district comply with Object Code 7300 requirements in the BAM?	✓	<input type="checkbox"/>	<input type="checkbox"/>
4.10	If the district is managing cash in any funds through external borrowing, such as a TRANS, has the district set aside funds for repayment attributable to the same year the funds were borrowed?	✓	<input type="checkbox"/>	<input type="checkbox"/>

5. Collective Bargaining Agreements

Yes No N/A

5.1	Does the district quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections?	✓	<input type="checkbox"/>	<input type="checkbox"/>
5.2	If the district has conducted a pre-settlement analysis and identified related costs or savings, if any (e.g., statutory benefits, and step and column salary increases), for the current and subsequent years, has it identified ongoing revenue sources or expenditure reductions to support the agreement?	<input type="checkbox"/>	<input type="checkbox"/>	✓
5.3	In the prior three years has the district settled all new employee compensation costs (salary, benefits, load factoring, etc.) in the bargaining agreements at or under the funded cost of living adjustment (COLA)?	<input type="checkbox"/>	✓	<input type="checkbox"/>
	<i>On-schedule salary increases were given in 2020 in a year when COLA was zero.</i>			
5.4	If settlements have not been reached, has the district identified resources to cover the estimated costs of settlements?	✓	<input type="checkbox"/>	<input type="checkbox"/>
5.5	Has the district settled with all its bargaining units for at least the prior two years?	✓	<input type="checkbox"/>	<input type="checkbox"/>
5.6	Has the district settled with all its bargaining units for the current year?	<input type="checkbox"/>	✓	<input type="checkbox"/>
	<i>The district and the bargaining unit for classified staff have not settled for 2020-21.</i>			

6. Intrafund and Interfund Transfers

Yes No N/A

6.1	Does the district have a board-approved plan to eliminate, reduce or control intrafund transfers from the general fund unrestricted subfund to the general fund restricted subfund?	✓	<input type="checkbox"/>	<input type="checkbox"/>
6.2	Does the board approve any intrafund transfers (contributions/encroachments) from the unrestricted general fund prior to occurrence?	✓	<input type="checkbox"/>	<input type="checkbox"/>
6.3	If the district has deficit spending in funds other than the unrestricted general fund that create instability, has it included in its multiyear projection any transfers from the unrestricted general fund to any resulting negative fund balance (e.g., interfund transfers)?	<input type="checkbox"/>	<input type="checkbox"/>	✓
6.4	If any interfund transfers were required for other funds in either of the prior two fiscal years, and the need is recurring in the current year, did the district budget for them at reasonable levels?	✓	<input type="checkbox"/>	<input type="checkbox"/>

7. Deficit Spending		Yes	No	N/A
7.1	Is the district avoiding a structural deficit in the current and two subsequent fiscal years? (A structural deficit is when ongoing unrestricted expenditures and contributions exceed ongoing unrestricted revenues.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.2	If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7.3	Has the district decreased deficit spending over the past two fiscal years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

8. Employee Benefits		Yes	No	N/A
8.1	Has the district completed a recent actuarial valuation to determine its unfunded liability under Governmental Accounting Standards Board (GASB) other post-employment benefits (OPEB) requirements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.2	Does the district have a plan to fund its liabilities for retiree health benefits?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.3	Does the district have a multiyear plan to fund its projected employer contributions to CalSTRS and CalPERS?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.4	Has the district followed a policy or negotiated a collectively bargained agreement to limit faculty banked hours?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.5	Within the last three years, has the district conducted a verification and determination of eligibility for benefits for all active and retired employees and dependents?.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.6	Does the district track, reconcile and report employees' compensated leave balances on the balance sheet?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9. Enrollment and Attendance		Yes	No	N/A
9.1	Has the district's enrollment been increasing or flat for the current and two prior years? <i>Enrollment has been decreasing. In 2017-18 the number of full-time equivalent students (FTES) was 5,979; in 2018-19, the number of FTES was 4,494; in 2019-20, the number of FTES was 4,173; and in 2020-21, FTES was 3,574.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9.2	Does the district monitor and analyze enrollment, weekly student contact hours (WSCH) and full-time equivalent students (FTES) data at least monthly through the second reporting period (P2)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.3	Does the district track historical WSCH and FTES data to establish future trends?.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.4	Do colleges within the district maintain a record of WSCH or FTES that is reconciled monthly at the college and district levels at least through the second reporting period?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.5	Do the colleges within the district have and utilize an electronic enrollment management and class scheduling program?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.6	Are the district's enrollment projections and assumptions based on historical data, demographic trend analysis, high school enrollments, community participation rates and other industry standards, in addition to any board policies that limit enrollment?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.7	Do the institutional research staff and business/fiscal staff agree on enrollment and FTES predictions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 9.8 Has the district verified that the colleges’ comprehensive enrollment plans address the funding elements of the SCFF? ✓
The plan was updated in 2020 but did not include the SCFF elements. An enrollment snapshot was taken in 2021 but did not include the elements of the SCFF. In addition, the topic of classroom efficiency data was not included in the plan.
- 9.9 Does the CEO annually approve academic productivity goals that correspond to the estimated SCFF resources? ✓
The district provided no evidence of academic efficiency or productivity. The enrollment management plan does not include classroom efficiency or productivity goals. Historical FTES trends were provided as well as FTES goals.

10. Facilities **Yes No N/A**

- 10.1 Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects? ✓
- 10.2 Does the district properly track and account for facility-related projects? ✓
- 10.3 Does the district use lecture classrooms for at least 48 or 53 hours per 70-hour week as defined by the Board of Governors (BOG) policy on Utilization and Space Standards? ✓
- 10.4 Does the district use laboratory classrooms for at least 27.5 hours per 70-hour week as defined by the BOG policy on Utilization and Space Standards? ✓
- 10.5 Does the district include facility needs (maintenance, repair and operating requirements) when adopting a budget? ✓
- 10.6 Has a quantitative Facilities Condition Index assessment been conducted sometime in the last three years through the Foundation for California Community Colleges? ✓
- 10.7 Does the district have a five-year scheduled maintenance plan? ✓
- 10.8 If the district passed a Proposition 39 general obligation bond, has it met the requirements for audit, reporting, and a citizens’ bond oversight committee? ✓
- 10.9 If the district has passed a Proposition 39 general obligation bond or a parcel tax and it has received any legal challenges or program audit findings concerning the use of those funds, has it addressed those complaints and/or findings? ✓
- 10.10 Is the district following a facilities master plan that was developed with the last 5 - 10 years? ✓
- 10.11 Has the district improved its capacity to load ratios from prior year on the required annual CCCC Space Inventory Submission? ✓
- 10.12 Is the district following an Americans with Disabilities Act (ADA) transition plan that was developed within the past 5 - 10 years? ✓
The district was not able to provide an ADA transition plan.

11. Fund Balance and Reserve for Economic Uncertainty **Yes No N/A**

In this section, all questions refer to the unrestricted general fund (URGF). See the end of the section for additional definitions.

- 11.1 Does the district have at least a 5% Reserve for Economic Uncertainty in the current year? ✓

- 11.2 Did the district’s adopted budgets for the subsequent two years include at least a 5% Reserve for Economic Uncertainty? ✓
- 11.3 Does the district have at least a 5% Reserve for Economic Uncertainty in its budget projections for the two subsequent years? ✓
- 11.4 If the district’s budget projections for the subsequent two years do not include at least a 5% Reserve for Economic Uncertainty, does the district’s multiyear fiscal plan include a board-approved plan to restore at least a 5% Reserve for Economic Uncertainty? ✓
- 11.5 Is the district’s projected unrestricted general fund budget stable or increasing in the two subsequent fiscal years? ✓
- 11.6 If the district has unfunded or contingent liabilities or one-time costs, does the unrestricted general fund balance include any dedicated reserves above the recommended minimum 5% reserve level? ✓

Definitions:

Unrestricted General Fund (URGF)

URGF ending fund balance, Object 9700: The amount equal to the sum of the beginning balance, total revenue and total incoming transfers less total expenditures and total outgo to Object 7000.

URGF ending fund balance = (Beginning balance + total revenue + total incoming transfers - total expenditures - total outgo to object 7000)

URGF ending fund balance percentage: The amount equal to the unrestricted ending fund balance divided by total expenditures.

URGF ending fund balance percentage = URGF ending fund balance / total expenditures

Reserve for economic uncertainty (REU), Object 9750: The amount designated in Object 9750 within the unrestricted general fund balance, Object 9700.

Reserve for economic uncertainty percentage (REU%): The amount equal to the reserve for economic uncertainty divided by total expenditures.

REU% = REU / Total expenditures

12. General Fund – Current Year **Yes** **No** **N/A**

- 12.1 Does the district ensure that one-time revenues do not pay for ongoing expenditures? ✓
- 12.2 Is the percentage of the district’s general fund unrestricted budget that is allocated to salaries and benefits and instructional service agreement expenses at or below 85% for the three prior years as reported by the CCCCCO? ✓
- 12.3 Is the district in compliance with the Fifty Percent Law (Education Code Section 84362)? . . . ✓
- 12.4 Is the district at or above its Full-Time Faculty Obligation Number (FON)? If the district is over its FON, is the overage reasonable? ✓

The district’s FON was 30 in fall 2020. The district employed 101 full-time faculty during the same period.

- 12.5 Does the district either ensure that restricted dollars are sufficient to pay for staff assigned to restricted programs or have a plan to fund these positions with unrestricted funds? ✓
- 12.6 Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time? ✓
- 12.7 Does the district consistently account for all program costs, including maximum allowable indirect costs, for each restricted resource? ✓

13. Information Systems and Data Management **Yes No N/A**

- 13.1 Does the district use a human resources system and position control system that is integrated with the financial reporting system? ✓
- 13.2 Does the district have emergency electrical backup and data recovery systems? ✓
- 13.3 Are enrollment management and budget development systems integrated? ✓
- 13.4 If the district is using a separate financial system from its county office of education and is not fiscally independent, is there an automated interface with the financial system used by the county office of education? ✓
- 13.5 Does the district conduct regularly scheduled evaluations of the security measures that protect student and employee personal information? ✓
According to the district's chief business official (CBO), the district does not conduct regular security evaluations.
- 13.6 Does the district use reports from its integrated systems to validate the supplemental and success outcomes funded in the SCFF? ✓

14. Internal Controls and Fraud Prevention **Yes No N/A**

- 14.1 Does the district have controls that limit access to and include multiple levels of authorizations within its financial system? ✓
- 14.2 Are the district's financial system's access and authorization controls reviewed and updated upon employment actions (e.g., resignations, terminations, promotions or demotions) and at least annually? ✓
- 14.3 Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?
 - a. Accounts payable ✓
 - b. Accounts receivable ✓
 - c. Cash management. ✓
 - d. Budget monitoring and review. ✓
 - e. Purchasing and contracts ✓
 - f. Payroll ✓
 - g. Human resources ✓
 - h. Associated student body ✓
 - i. Warehouse and receiving ✓

14.4	Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year?	✓	<input type="checkbox"/>	<input type="checkbox"/>
14.5	Does the district review and clear prior year accruals by October 31?	<input type="checkbox"/>	✓	<input type="checkbox"/>
	<i>The district's business office experienced employee turnover during the past two years. Timelines were not met and reporting was not completed on time.</i>			
14.6	Does the district reconcile all suspense accounts, including salaries and benefits, at least each quarter and at the close of the fiscal year?	<input type="checkbox"/>	✓	<input type="checkbox"/>
	<i>The district's business office experienced employee turnover during the past two years. As a result, timelines were not met and reporting was not completed on time during the last fiscal year.</i>			
14.7	Has the district reconciled and closed the general ledger (books) within the time prescribed by the county office of education?	<input type="checkbox"/>	✓	<input type="checkbox"/>
	<i>The district's business office experienced employee turnover during the past two years. Timelines were not met and reporting was not completed on time.</i>			
14.8	Does the district have processes and procedures to discourage and detect fraud?	✓	<input type="checkbox"/>	<input type="checkbox"/>
14.9	Does the district maintain an independent fraud reporting hotline or other reporting service(s)?	✓	<input type="checkbox"/>	<input type="checkbox"/>
14.10	Does the district have a process for collecting and following up on reports of possible fraud?	✓	<input type="checkbox"/>	<input type="checkbox"/>
14.11	Does the district have an internal audit department or dedicated staff?	✓	<input type="checkbox"/>	<input type="checkbox"/>

15. Leadership and Stability

Yes No N/A

15.1	Does the district have a chief business official who has been with the district more than two years?.	<input type="checkbox"/>	✓	<input type="checkbox"/>
	<i>The current CBO began in January 2021.</i>			
15.2	Does the district have a chief executive officer (CEO) who has been with the district more than two years?	✓	<input type="checkbox"/>	<input type="checkbox"/>
15.3	Does the CEO meet with all members of the administrative cabinet weekly?	✓	<input type="checkbox"/>	<input type="checkbox"/>
15.4	Is training on financial management and budget provided to district, college and department administrators who are responsible for budget management?	✓	<input type="checkbox"/>	<input type="checkbox"/>
15.5	Does the governing board review and revise policies and administrative regulations at least annually?	✓	<input type="checkbox"/>	<input type="checkbox"/>
15.6	Are newly adopted or revised board policies and administrative regulations formally implemented, communicated and available to staff?	✓	<input type="checkbox"/>	<input type="checkbox"/>
15.7	Is training on the budget and governance provided to board members at least every two years?	✓	<input type="checkbox"/>	<input type="checkbox"/>
15.8	Is the CEO's evaluation performed annually and according to the terms of the contract?	✓	<input type="checkbox"/>	<input type="checkbox"/>

16. Multiyear Projections

Yes No N/A

16.1	Has the district developed multiyear projections that include detailed assumptions aligned with industry standards, including CCCCCO and ACCJC?	✓	<input type="checkbox"/>	<input type="checkbox"/>
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- 16.2 Did the district use the SCFF with multiyear considerations to help calculate its multiyear projections? ✓
- 16.3 Does the district use its most current multiyear projection when making financial decisions? ✓

17. Non-Voter-Approved Debt and Risk Management **Yes No N/A**

- 17.1 Are the sources of repayment for non-voter-approved debt (such as certificates of participation (COPs), bridge financing, and bond anticipation notes (BANS)) predictable and stable, and not from the unrestricted general fund? ✓
- 17.2 If the district has issued non-voter-approved debt, has its credit rating remained stable or improved? ✓
- 17.3 If the district is self-insured, does the district have a recent (every two years) actuarial study and a plan to pay for any unfunded liabilities? ✓
- 17.4 If the district has non-voter-approved debt (such as COPs, bridge financing, BANS, TRANS and others), is the total of annual debt service payments no greater than 2% of the district’s unrestricted general fund revenues? ✓

18. Position Control **Yes No N/A**

- 18.1 Does the district account for all positions and costs (position control)? ✓
- 18.2 Does the district analyze and adjust staffing based on enrollment? ✓
During the past five years the district’s enrollment has decreased but its staffing costs paid from the unrestricted general fund has not decreased at the same rate.
- 18.3 Does the district reconcile budget, payroll and position control regularly, meaning at least at budget adoption and quarterly reporting periods? ✓
- 18.4 Does the district identify a budget source for each new position before the position is authorized by the governing board? ✓
- 18.5 Does the governing board approve all new positions and extra assignments before positions are posted? ✓
- 18.6 Is the approval of hiring staff using categorical or other restricted dollars subject to adequate program funding? ✓
- 18.7 Do managers and staff responsible for the district’s human resources, payroll and budget functions meet regularly to discuss issues and improve processes? ✓

Total Risk Score, All Areas **10.7%**

Key to Risk Score

High Risk: 40% or more

Moderate Risk: 25-39%

Low Risk: 24% and lower

Summary

This report includes the findings from the Fiscal Health Risk Analysis (FHRA), an observation of governance-related improvements, and the recommendation to prepare for the sunset of hold harmless. In addition to the hold harmless provisions, as part of the adoption of the Student-Centered Funding Formula (SCFF), the Compton Community College District (CCCD) received additional protections based on its 2017-18 levels of FTES production (5,979). This provision does not include protection for supplemental or success metrics. The other special protection the district received is the option to receive funding based on applying 2017-18 SB 361 rates plus cost of living increases to current year FTES. This analysis uses the higher of each protection, which is the SCFF hold harmless provision of 2017-18 total computational revenue (TCR) plus cost of living increases.

The FCMAT team identified some challenges the district has faced recently because of turnover in key positions in administrative services, primarily the CBO. The turnover in the past two years has contributed to many of the “no” answers in this FHRA. The late or delayed completion and submission of reports, closing of financial books, and completion of the annual audit are the main contributors. The district has seen increased stability in recent months and has improved in these areas. The remaining “no” answers in this FHRA focus on the district’s enrollment trends, enrollment management strategies, information technology (IT) security, and lack of a districtwide ADA transition plan. The district’s FHRA score is 10.7%, which indicates the district has a low probability of fiscal insolvency in the near future.

District Size and Scope

The entire institution will be well served to better understand what it means to operate as a small California community college. Enrollment production levels have dropped significantly during the past decade, contributing to the need for increased funding and special appropriations. The institution will need to better understand that once apportionment levels align with FTES and revenue production (and hold harmless ends), every aspect of operations, human resources, academic affairs, administrative and student services will need to operate extremely efficiently and with fewer financial resources. Until FTES increases occur, any comparison of compensation levels, operational structure, release time, and employee and student services should be made using the California community college system’s 10 smallest California community college districts. Do not compare district operations with the system’s smallest individual colleges. Small colleges have resources and staffing at district offices that provide high levels of operational, reporting and planning requirements. Aligning services provided with revenues based on FTES production is the basis of any California community college operational model.

Below are the concerns identified as a result of FCMAT’s fiscal analysis.

Enrollment Management

The district has recently (2020) updated its enrollment management plan. The plan includes much of the pertinent data needed to inform the development of the course schedule and improve on institutional goals such as student success. The plan does not establish classroom efficiency goals or standards that would help with budget development. The standard measure for classroom efficiency is either weekly student contact hours (WSCH) per full-time equivalent faculty (WSCH/FTEF), or full-time equivalent students (FTES) produced per full-time equivalent faculty (FTES/FTEF), as described in the Chief Instructional Officer (CIO) manual. This calculation is the basis for determining the cost to deliver a proposed course schedule.

The district’s fiscal management plan needs to have earned revenues aligned with actual expenses. A five-year plan needs to be developed to achieve this goal, with enrollment strategies improved in the following areas:

- Improve the current districtwide classroom efficiency standard. According to the California Community Colleges Chancellor’s Office (CCCCO) Fall 2020 FON report, the district’s total FTEF for full- and part-time faculty was 199.9. According to the district’s own data, 22 of the FTEF are counselors and librarians (11 of which are funded from unrestricted general fund and 11 from the restricted general fund). The data suggest the district used 178 FTEF to deliver the class schedule, producing 4,173 FTES. This means the district has approximately 23 FTES per FTEF (FTES/FTEF). The CCCCCO standard identified in the CIO manual is 35 FTES per FTEF.
- Improve the balance of full-time (contract) and part-time teaching faculty districtwide. California community colleges funding has never funded colleges at a level that would support the district’s current level of contract faculty.

Teaching Faculty Balance

The district has more than 70 full-time contract faculty in excess of the state’s required FON according to the published report from the CCCCCO. Although there is no penalty for being above their required FON, the additional cost to deliver courses using a contract teacher compared to using adjunct instructors was approximately \$82,000 per full-time teaching load in fiscal year 2020-21.

Enrollment Trends

The district has experienced enrollment declines during the past several years. The enrollment decline prior to the pandemic (2016-17 through 2019-20) was 18%. Enrollment declined an additional 14% during the pandemic (2019-20 and 2020-21).

The district will need to consider increasing enrollment to prior FTES levels. For every 200 FTES the district produces annually, the potential shortfall when hold harmless provisions end is reduced by approximately \$1,000,000.

As mentioned, the current estimated shortfall is based on prepandemic enrollment levels, currently projected COLAs, and unchanged expenses.

Note: As hold harmless funds are saved, these one-time funds should be budgeted following best practices for the use of one-time funds. It is common and best practice, and will be essential for the district, to ensure that one-time funds are used only for one-time expenses.

The approach outlined above requires the district to focus on enrollment, scheduling (classroom efficiency), and improving the balance of full- and part-time faculty used to deliver the schedule of courses. Taking these steps and reducing nonclassroom expenses at the same rate year after year will ensure the district is fiscally stable and can meet the 50% law long after hold harmless protections end.

FTES History from the 320 Attendance Reports

FTES/Year	2016-17	2017-18	2018-19	2019-20	2020-21	% Change
Credit	5,089	5,961	4,477	4,160	3,572	-30%
Non-credit	21	18	17	13	2	-90%
CDCP						
Total FTES	5,110	5,979	4,494	4,173	3,574	-30%

All Staffing

The district's staffing totals (charged to the unrestricted general fund) have increased by 3% from 2014-15 through 2019-20.

Staffing Numbers – Unrestricted General Fund

Staff and Fiscal Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	% Change
Faculty	83	83	84	85	81	81	-2%
Admin.	20	18	22	19	24	24	20%
Counselor, Librarian	11	13	12	10	11	11	0%
Classified	100	102	100	102	105	105	5%
Total Staff	214	216	218	216	221	221	3%

Benefits Expenses

Expenses related to employee benefits have increased dramatically over the same six-year period. These expenses will continue to rise because of increases in employer contributions for the State Teachers' Retirement System (STRS) and Public Employees' Retirement System (PERS).

Note: In 2020-21 the district incorrectly posted an other post-employment benefits (OPEB) contribution to health and welfare expenses, inflating the increase in medical expenses.

Expenses – Unrestricted General Fund

Benefits and Fiscal Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	% Change
State Teachers' Retirement	1,058,505	2,495,493	3,084,944	2,810,277	3,551,493	4,399,987	316%
Public Employees' Retirement	666,062	927,793	1,148,684	1,048,892	1,485,725	1,738,626	161%
Social Security – OASD/Medicare	652,082	735,432	724,191	734,152	789,029	80,006	-88%
Health and Welfare – Medical	2,487,867	3,258,518	3,224,718	2,671,801	3,302,460	6,407,457	158%
Unemployment Insurance	20,232	24,390	23,029	19,158	10,070	10,138	-50%
Workers' Compensation Insurance	723,274	765,148	773,742	767,282	785,488	797,202	10%
Cash in Lieu of Insurance	260,437	252,100	226,637	225,462	220,187	238,220	-9%
Other Benefits	109,842	109,842					-100%
Retiree Benefits	26,474	43,152	48,080	50,834	50,427	58,033	119%
Total Benefits	6,004,775	8,611,868	9,254,025	8,327,858	10,194,879	13,719,669	129%

The 50% Law

The data suggest the district is maintaining higher than normal teaching faculty levels. The 50% law may be contributing to this approach. The more realistic approach is to reduce nonclassroom expenses as teaching faculty attrition occurs. The 50% law requires a district spend at least 50% of the current expense of education (CEE) directly on classroom expenses. For every dollar saved in the numerator (classroom expenses) of the CEE, noninstructional expenses must be reduced accordingly.

To meet the 50% law, the district should reduce the cost to deliver instruction as it improves classroom efficiency and the full-time to part-time teaching balance.

To achieve this goal, the district will need to reduce noninstructional expenses that affect the denominator of the CEE. The focus needs to be on unrestricted general fund nonexempt expenses such as the following:

- Operational expenses (e.g., rents, leases, utilities, travel, and other such items)
- Noninstructional staff, faculty, and administration
- Non-classroom-based compensation
- Employer contributions for health and welfare (healthcare, STRS, PERS, etc.)

Retirement Contributions

Future year employer contributions to STRS and PERS will continue to increase systemwide.

Prior Years and Projection: CalPERS and CalSTRS Employer Rates		
Fiscal Year	CalPERS	CalSTRS
2014-2015	11.77%	8.88%
2015-2016	11.84%	10.73%
2016-2017	13.88%	12.58%
2017-2018	15.53%	14.43%
2018-2019	19.72%	16.28%
2019-2020	19.72%	17.10%
2020-2021	20.70%	16.15%
2021-2022	22.91%	16.92%
2022-2023	26.10%	18.00%
2023-2024	27.10%	18.00%
2024-2025	27.70%	18.00%

District Governance

The Fiscal Crisis and Management Assistance Team (FCMAT) reviewed the Assessment of the Board of Trustees performed by the University of Southern California’s Rossier School of Education. FCMAT concurs with the findings in this upcoming report, especially with the following fiscal and operational concerns:

1. The lack of specificity or goals established as part of the fiscal management plan.
2. The role of the governing board regarding succession planning and stability in critical positions.
3. District stakeholders are unsure whether or not the enrollment management plan is sound and will produce the results needed.

During the review, FCMAT identified several areas that indicate the board of trustees is prepared to regain oversight of the district. Board training is scheduled and delivered annually, board policies are being updated on schedule, and trustees are engaged in current issues facing the district. In addition, stability has greatly improved at the board level.

FCMAT agrees that the district’s board of trustees should regain full oversight of the district. The Rossier report suggests the board of trustees is acting responsibly and is now operating in a mature and well-functioning manner. FCMAT believes the board of trustees must regain its oversight responsibilities and fully participate in developing, implementing and monitoring the effectiveness of a comprehensive fiscal management plan. It is essential that every constituent group and the board of trustees take full ownership in the plan. Members of the board questioned the level of specificity in the current plan. This is their opportunity to address the planning process and require additional clarity and detail.

Assembly Bill (AB) 318 (2006) suspended the authority of the Compton CCCD Personnel Commission. Under AB 318, the special trustee assumed the responsibilities of the Personnel Commission, and the Compton CCCD chief human resources officer assumed day-to-day operations. The board of trustees has since assumed the responsibilities of the Personnel Commission from the special trustee. The Personnel Commission should continue to remain suspended until 2029-30 since 2028-29 will be the last year a payment will be necessary to fully satisfy 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 for this purpose by that time. While FCMAT does not question the validity of the Personnel Commission itself, continuing to postpone the reestablishment allows the district to focus on the district's numerous priorities during the next several years. As mentioned in the May 16, 2017 FCMAT management letter to the California Community College Chancellor's Office regarding the district funding request to the California State Legislature, FCMAT continues to recommend that Compton CCCD not immediately transition to the Personnel Commission since the established classified personnel recruitment and selection process can continue until the district's loan payments end.

Future Fiscal Planning

The Compton Community College District is one of the smallest community college districts in the state. Managing a district that serves a small student body has inherent fiscal and operational challenges not encountered at larger districts. These challenges are magnified when there are substantial enrollment declines such as the district has experienced. Districts in this situation have difficulty quickly aligning personnel with revenue production. In addition, small districts cannot offer the same level of services and resources as larger districts. Classroom efficiency standards, reporting and accreditation requirements, and regulations such as the 50% law all hinder small districts' ability to offer equitable compensation and provide comprehensive personnel and student services.

Because California community colleges are funded mainly based on the number of full-time equivalent students they serve, the district is currently staffed to serve many more students than it has. The district's data indicates it currently employs the same number of full-time equivalent faculty as in fiscal year 2014-15, when enrollment was 18% higher than its last pre-pandemic year and 30% more than its current enrollment.

The statewide average cost to deliver one FTEF using part-time faculty is \$82,000 less than the cost using contract faculty. The CCCCCO funding model requires districts to balance the use of full-time (contract) and part-time faculty. As an example, the district currently employs approximately 81 teaching faculty. If the district was meeting the statewide standard for classroom efficiency as described in the CIO manual, 81 full-time equivalent teaching faculty would produce 2,835 FTES (or 68% of the district's total FTES in 2019-20) without overload.

As the district prepares for approximately \$10,000,000 in reduced revenue when hold harmless protection ends in 2025-26, aligning personnel needs with student population is the only way to establish fiscal stability for the future. The district's lack of a long-term plan to align expenses with earned revenue is a concern. Reliance on hold harmless protections to balance the budget will place the district in fiscal jeopardy in the future.

Risk Management

The FCMAT analysis identified two risk management issues. First, the district lacks a comprehensive IT security plan. Educational institutions and private enterprise are targets for cyberattacks, including ransomware attacks. These attacks can disrupt instruction and be expensive, including causing long-lasting financial harm.

Second, the district has not published an ADA transition study and work plan.

Fixed Costs

Any district that is struggling to balance expenses with earned revenues will need to analyze fixed costs. This analysis will provide the needed information before discussions regarding cost of living allowances. In addition to understanding total compensation costs, the district should have a clear understanding of all other fixed costs such as utilities, licenses, lease payments, and the year-to-year increases in IT-related agreements. Having this information long before new funding arrives will give the district a much better understanding of what percentage of the funds are needed for fixed costs before it negotiates salary schedule increases.

The district is operating well within the revenues allocated to it, due to the generous hold harmless revenue provisions, which will expire. With improved stability in fiscal affairs and leadership, the district has been managing its budget well. Although many operational and organizational challenges are now behind it, the district still needs to bridge the gap between earned and hold harmless revenues. FCMAT's recommendations to accomplish this are listed below.

Additional Support

Implementing a plan to correctly size the district using the proper balance of talented faculty, professional staff and administration to meet the needs of the community without spending more than earned revenue will be a challenge. Ten other California community college districts are serving their communities well under similar circumstances. The Compton Community College District can do the same.

Recommendations

The district should:

1. Have a board of trustees with full oversight of the district.
2. Improve the district-approved fiscal management plan to align earned revenues with actual expenses. Develop a five-year plan to achieve this goal.
3. Reduce the cost to deliver instruction as it improves classroom efficiency and the full-time to part-time teaching balance to meet the 50% law.
4. Develop and implement strategies to increase enrollment (FTES) to prior year levels.
5. Implement a hiring freeze for all unrestricted general fund positions until a comprehensive fiscal plan is in place.
6. Develop and implement strategies to reduce classroom expenses as attrition occurs in teaching faculty.
7. Complete an assessment and comparison of services provided with other small California community college districts. Be careful not to include individual like colleges; rather, focus on college districts. The state's smallest 10 community college districts would be appropriate comparisons.
8. Develop and adopt a five-year plan that aligns projected earned revenues with expenses.
9. Use any unexpended hold harmless funds as one-time funds to cover excess expenditures each year until hold harmless funding is no longer needed to balance the budget. Use the year-over-year reduction in the amount of hold harmless funding needed to balance the budget as the measure of improvement. Ensure that this plan is adopted formally by the district, the CCCCCO and the CCCCCO's board of governors, and that it includes the fiscal,

enrollment and personnel data to support year-over-year improvement, as well as timelines and responsibilities. The fiscal recovery plan should be developed side by side with the 2022-23 budget and received by the chancellor's office by September 30, 2022. The chancellor's office will review the plan prior to final adoption by the board of governors in November.

10. Seek additional support as needed to help develop the five-year plan, including additional expertise as needed to help align enrollment management, position control and budget development strategies with one another.
11. Continue to suspend the Personnel Commission until 2029-30.

Appendix

Study Agreement



FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT

December 18, 2020

The Fiscal Crisis Management and Assistance Team (FCMAT), hereinafter referred to as the Team, and Chancellor's Office on behalf of the California Community College Board of Directors, hereinafter referred to as the Chancellor's Office, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to local educational agencies. The Chancellor's Office has requested the team to provide for the assignment of professionals to study specific aspects of Compton Community College District's operations, based on the provisions of Education Code Section 84041. These professionals may include staff of the team, county offices of education, the California Department of Education, school districts, charter schools, community colleges, or private contractors. All work will be performed in accordance with the terms and conditions of this agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

At the request of the Chancellor's Office, and in accordance with Education Code Section 84041, FCMAT will prepare an analysis using the 18 factors in FCMAT's Fiscal Health Risk Analysis (2019 version), and identify the college's specific risk rating for fiscal insolvency, with additional focus on district governance and the role of the special trustee.

B. Services and Products to be Provided

- 1) Orientation Meeting – The team will conduct an orientation session at the Compton Community College District to brief management and supervisory personnel on the procedures of the team and on the purpose and schedule of the study.
- 2) On-site Review – The team will conduct an on-site review at the Compton Community College District and at district sites if necessary.
- 3) Exit Meeting – The team will hold an exit meeting at the conclusion of the on-site review to inform the Chancellor's Office of significant findings and recommendations to that point.
- 4) Exit Letter – The team will issue an exit letter approximately 10 days after the exit meeting memorializing the topics discussed in the exit meeting.

- 5) Draft Report – Electronic copies of a preliminary draft report will be delivered to the Chancellor’s Office administration for review and comment.
- 6) Final Report – Electronic copies of the final study report will be delivered to the Chancellor’s Office following completion of the review. The final report will be published on the FCMAT website.

3. PROJECT PERSONNEL

The FCMAT study team may include:

- A. Michelle Giacomini FCMAT Deputy Executive Officer
- B. Cambridge West FCMAT Community College Consultant

4. PROJECT COSTS

The cost for studies requested pursuant to EC 42127.8(d)(1) will be:

- A. \$1,100 per day for each FCMAT staff member while on site, conducting fieldwork at other locations, presenting reports, or participating in meetings. The cost of independent consultants will be billed at the actual daily rate for all work performed based on the provisions of EC 84041.
- B. All out-of-pocket expenses, including travel, meals, lodging, etc. The Chancellor’s Office will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon acceptance of the final report by the Chancellor’s Office.

Based on the elements noted in section 2A, the total not-to-exceed cost of the study is \$95,400.00.

- C. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT services are payable to Kern County Superintendent of Schools – Administrative Agent located at 1300 17th Street, Bakersfield, CA 93301.

5. RESPONSIBILITIES OF THE DISTRICT, CHANCELLOR’S OFFICE

- A. The Compton Community College District will provide office and conference room space while on-site reviews are in progress.
- B. The Compton Community College District will provide the following (if requested):

- 1) Policies, regulations and prior reports addressing the study request
- 2) Current or proposed organizational charts
- 3) Current and two (2) prior years' audit reports
- 4) Any documents requested on a supplemental listing
- 5) Any documents requested on the supplemental listing should be provided to FCMAT in electronic format; if only hard copies are available, they should be scanned by the Compton Community College District and sent to FCMAT in an electronic format.
- 6) All documents should be provided in advance of fieldwork; any delay in the receipt of the requested documentation may affect the start date and/or completion date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's SharePoint document repository and all requested documents shall be uploaded by the Compton Community College District.

C. The Chancellor's Office administration will review a draft copy of the report resulting from the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report. The final report will be published on the FCMAT website.

6. PROJECT SCHEDULE

The following schedule outlines the planned completion dates for key study milestones and will be established upon the receipt of a signed study agreement:

<i>Orientation:</i>	<i>To be determined</i>
<i>Staff Interviews:</i>	<i>To be determined</i>
<i>Exit Meeting:</i>	<i>To be determined</i>
<i>Draft Report Submitted:</i>	<i>To be determined</i>
<i>Final Report Submitted:</i>	<i>To be determined</i>
<i>Board Presentation:</i>	<i>To be determined</i>

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

FCMAT will begin work as soon as it has assembled an available and appropriate study team consisting of FCMAT staff and independent consultants, taking into consideration other jobs FCMAT has previously undertaken and assignments from the state. The team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the Chancellor's Office and any other parties from which, in the team's judgment, it must obtain information. Once the team has completed its fieldwork, it will proceed to prepare a draft report and a final report. Prior to completion of fieldwork, the Chancellor's Office may terminate its request for service and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4

(Project Costs). If the Chancellor's Office does not provide written notice of termination prior to completion of fieldwork, the team will complete its work and deliver its report and the Chancellor's Office will be responsible for the full costs. The Chancellor's Office understands and agrees that FCMAT is a state agency and all FCMAT reports are published on the FCMAT website and made available to interested parties in state government. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed, and the Chancellor's Office shall not request that it do so.

8. INDEPENDENT CONTRACTOR

FCMAT is an independent contractor and is not an employee or engaged in any manner with the Chancellor's Office. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the Chancellor's Office in any manner without prior express written authorization from an officer of the Chancellor's Office.

9. INSURANCE

During the term of this agreement, FCMAT shall maintain liability insurance of not less than \$1 million unless otherwise agreed upon in writing by the Chancellor's Office, automobile liability insurance in the amount required under California state law, and workers' compensation as required under California state law. FCMAT shall provide certificates of insurance, with California Community Colleges Chancellor's Office named as additional insured, indicating applicable insurance coverages upon request.

10. HOLD HARMLESS

FCMAT shall hold the Chancellor's Office, its board, officers, agents and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement. Conversely, the Chancellor's Office shall hold FCMAT, its board, officers, agents and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement.

11. COVID-19 PANDEMIC

Because of the existence of COVID-19 and the resulting shelter-in-place recommendations, local educational agency closures and other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of District (Sections 1, 4 and 5 herein) and other provisions herein may be revised. Examples of such revisions may include, but not be limited by, the following:

- A. Orientation and exit meetings, interviews and other information-gathering activities may be conducted remotely via telephone, video conferencing, etc.

References to site work and fieldwork shall be interpreted appropriately given the circumstances.

- B. Activities performed remotely that are normally performed in the field shall be billed hourly as if performed in the field (excluding out-of-pocket costs).
- C. The district may be relieved of its duty to provide conference and other work area facilities for the team.

12. FORCE MAJEURE

Neither party will be liable for any failure of or delay in the performance of this study agreement due to causes beyond the reasonable control of the party, except for payment obligations by the district.

13. CONTACT PERSON

Name: Wrenna Finche, Assistant Vice Chancellor
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E-mail: wfinche@cccco.edu

Wrenna Finche

December 21, 2020

Wrenna Finche
Assistant Vice Chancellor, College Finance
California Community Colleges Chancellor's Office

Date

Michael H. Fine

December 18, 2020

Michael H. Fine
Chief Executive Officer
Fiscal Crisis and Management Assistance Team

Date