



March 17, 2022

Assemblymember Jose Medina  
Chair, Assembly Higher Education Committee  
California State Assembly  
1020 N. Street, Room 173  
Sacramento, CA 95814

Re: Assembly Bill 2359 – Oppose  
Compton Community College District, Personnel Commission

Dear Assemblymember Medina:

Assembly Bill (AB) 2359 is contrary to the best practice for educational institutions under state receivership. The best practices to prevent and recover from fiscal insolvency in California's TK-12 and community college agencies are based on the expertise and experience of the Fiscal Crisis and Management Assistance Team (FCMAT) over the past 30 years, supported by statute. AB 2359 directly relates to and contradicts FCMAT's previous work and recommendations regarding the Compton Community College District (Compton or district). As such, we are obligated to weigh in and ask the committee to oppose AB 2359 as written.

The legislature's wisdom in previous decisions should continue to be relied on, namely AB 318 (Chp. 50 / 2006) and Senate Bill 85 (Chp. 23 / 2017), both relative to the district's insolvency and loss of accreditation. AB 318 was the original \$30 million emergency appropriation bill for Compton and included many of the standard conditions imposed on a local educational agency under state receivership that accepts an emergency appropriation. One standard condition suspended the authority of Compton's personnel commission and assigned the commission's responsibilities to the special trustee.

There are two main considerations for the suspension of a personnel commission during the recovery period from an insolvency.

Governance through recovery. A single point of governance is essential during recovery from insolvency. For community colleges, this is accomplished through the appointment of special trustee who assumes responsibilities for the board of trustees, the president/CEO, and where applicable, the personnel commission. The model long replicated is that of an appointed trustee under United States bankruptcy laws that makes all decisions to facilitate recovery of fiscal and operational activities during the prescribed period of recovery. This is consistent with thirty-year practices in identical

situations in TK-12 institutions where statute provides for the appointment of a single administrator to govern the district. Also included in the statutes for TK-12 is the suspension of any applicable personnel commission (see Education Code Section 41322).

Cost priorities. Colleges determined to be insolvent must reduce operating expenditures as part of the recovery process. This is done for two reasons, one is to ensure the operation can be sustained within the revenue parameters provided, and the other reason is to be able to cover recovery-related expenses, including the repayment of the state loan. Compton continues to make priority expenditure decisions as it progresses through its final stage of recovery. As currently provided, the personnel commission is to remain suspended until July 1, 2029. This date was established because the college's last payment on its state loan is due June 1, 2028, freeing up approximately \$1.1 million annually that can be used for a variety of priorities, including reestablishing the personnel commission.

The suspension of the personnel commission was neither arbitrary nor capricious, but was consistent with well-established practice and based on the expertise of those assigned responsibility to guide Compton through its recovery. The classified personnel at Compton are fully supported by the college's human resources function. The recruitment, hiring, discipline, dismissal, and general personnel management functions that would otherwise be overseen by a personnel commission are fully functioning at Compton in compliance with pertinent statutes directing a fair employment process. But final decision-making is vested with Compton's board of trustees, and the college can currently avoid the additional operating costs associated with a personnel commission. (Pursuant to statute, the personnel commission's responsibilities were initially vested with the special trustee. In February 2017 consistent with the district's successful progression toward full recovery and the return of local governance, the legislature vested the commission's responsibilities with the district's board of trustees, The special trustee has stay and rescind authority.)

FCMAT has issued two relatively recent reports that include a discussion about the Compton personnel commission. The first is a FCMAT management letter dated May 16, 2017, that among other topics, specifically did not recommend providing funding for the reestablishment of the personnel commission. This report is available at: <https://www.fcmat.org/PublicationsReports/Compton-CCD-fiscal-letter-8115.pdf>. The second is a Fiscal Health Risk Analysis issued on January 4, 2022, and available at: [https://www.fcmat.org/PublicationsReports/Compton\\_CCD\\_final\\_FHRA.pdf](https://www.fcmat.org/PublicationsReports/Compton_CCD_final_FHRA.pdf). We would be pleased to answer any questions about either of these reports.



Assemblymember Jose Medina

March 17, 2022

Page 3

Compton continues its recovery, paragraph (2) of subdivision (c) of the proposed amendments to Section 71093 of the Education Code are particularly troubling. As written, this paragraph would limit the chancellor's authority to appoint a special trustee only to those individuals who have "served in a similar capacity prior to *September 26, 2011*." [Emphasis added.] This limitation is unwarranted and would impose a significant limitation to a very select few individuals who would be eligible and qualified to serve as special trustees. Furthermore, it would likely exclude the current special trustee appointed to serve Compton.

FCMAT recommends that the author consult with Compton's president/CEO on potential alternatives to the proposed language. Several alternatives exist that may support the author's underlying intention without compromising the standard of practice for insolvent local educational agencies. FCMAT would be happy to assist and guide in this regard.

It is highly unusual for FCMAT to take a public position on pending legislation. However, AB 2359 is in direct contradiction to our general approach regarding educational institutions in state receivership. As such, we respectfully ask the committee to oppose AB 2359 as written.

Sincerely,



Michael H. Fine

Chief Executive Officer

C: Assemblymember Mike Gipson  
Compton Community College District Board of Trustees  
Eloy Ortiz Oakley, Chancellor, California Community Colleges  
Lizette Navarette, Ed.D., Executive Vice Chancellor, California Community Colleges  
Chris Ferguson, Program Budget Manager, Education, Department of Finance  
Keith Curry, Ed.D., President/CEO, Compton Community College District  
Jeanice Warden, Chief Consultant, Assembly Higher Education Committee  
Lyndsay Mitchell, Assembly Republican Caucus