Los Angeles Valley College
5800 Fulton Avenue
Valley Glen, CA 91401

FOLLOW-UP REPORT

March 15, 2015

Submitted to the Accrediting Commission for Community and Junior Colleges

Western Association of Schools and Colleges

To: Accrediting Commission for Community and Junior Colleges
Western Association of Schools and Colleges

From: Dr. Erika Endrijonas, College President

Los Angeles Valley College

5800 Fulton Avenue, Valley Glen, CA 91401

I certify that there was broad participation by the campus community and believe that this report accurately reflects the nature and substance of this institution.

Signatures:

Scott Svonkin, President, Board of Trustees	3/11/15 date
Dr. Francisco Rodriguez, Chancellor	3/11/15 date
Dr. Erika Endrijonas, College President	3/9/15 date
Karen Daar, Accreditation Liaison Officer	3-9-15 date
Michelle Fowles, Dean of Institutional Effectiveness	3/9/15 date
Deborah Kaye, Faculty Accreditation Chair	3/9/15 date
Josh Miller, President, Academic Senate	3.9.15 date

College Recommendation #8

To fully meet the Standards, the college should establish appropriate management and control mechanisms needed for sound financial decision-making. The Institution should ensure that it has sufficient cash flow and reserves to maintain stability with realistic plans to meet financial emergencies and unforeseen occurrences and to ensure long-term financial stability. The team recommends that the President effectively control budget and expenditures (Standards III.D, III.D.2.c, IV.B.2, IV.B.2.a, IV.B.2.d).

Since the Follow-Up Report and Visit to Los Angeles Valley College (LAVC) in spring 2014, significant progress has been made to resolve the College's financial issues. While LAVC ended the 2013-2014 year with a $707,588 operating deficit, the steps taken to reduce the size of the deficit demonstrates that the College rose to the challenge to make difficult decisions and significant cuts. Those actions, which have been carried into the 2014-2015 fiscal year, are the reasons the College is on track to grow in a fiscally sound manner and to pay back its debt to the District on schedule.

Administrative Stability

In spring 2014, the visiting team expressed concerns about the College's administrative instability, especially in terms of budget oversight. At the time of the visit, LAVC had an interim president. In addition, the Vice President of Administrative Services, the College's Chief Business Officer (CBO), had recently left for a position in another district. Currently, the administrative staff of LAVC is stable. The permanent President was hired in late spring 2014 and began her tenure on August 1st. The permanent Vice President of Administrative Services began his assignment on September 1st. The Vice President of Academic Affairs and the Vice President of Student Services were at the College for the Spring 2013 Comprehensive and Spring 2014 Follow-Up Visits; both provide invaluable continuity and perspective to the executive leadership team of the College, which is now stable and focused on addressing its fiscal and accreditation issues.

Appropriate Management and Control Mechanisms

The budget and accreditation concerns of the College are intertwined. Thus, resolving one is required to resolve the other to gradually improve cash flow as well as to build a reserve that will address long term stability and meet financial emergencies. As part of this process, the President has been acutely aware of the need for close oversight of the budget to avoid cost over-runs and to demonstrate that the College was meeting all accreditation standards related to fiscal integrity. Shortly after the Interim President started in October 2013, she instituted a process to ensure that all expenditures on items big and small had to be approved by the President and all three Vice Presidents. While this certainly provided significant scrutiny of expenditures, it also made conducting the business of the College unnecessarily slow and cumbersome.

When the Vice President of Administrative Services started his assignment at the start of the fall 2014 semester, the President instructed him to develop a process that empowered college personnel to manage their budgets properly without a lengthy approval process. The Vice

President developed a monthly reporting process to keep supervisors apprised of their budget status and to alert them to any potential cost over-runs (Budget Reports). In addition, the Vice President required prior approval for overtime, and conducted a review of the A and B shift employees to ensure that employees being paid for working the B Shift, which includes a 6.9% differential, were actually needed at that time and working their shifts accordingly. Through this review, the College realized approximately $10,000 in ongoing savings starting in 2014-2015. Additionally, the College has identified approximately $400,000 in savings through a combination of staff attrition and strategic use of Student Equity dollars, where appropriate, in 2014-2015 that will carry into future years. Finally, as related to planning for financial emergencies, LAVC has three enterprise funds (bookstore, community services, and cafeteria) that can be utilized to cover emergency expenses until a reserve is achieved within the next five years (Enterprise Accounts).

Since the President and Vice President of Administrative Services assumed their respective leadership roles, a great deal of effort has been made to share budget information with all college constituencies. At the request of the President, the Vice President of Administrative Services has shared the monthly and quarterly budget reports submitted to the Los Angeles Community College District's Office of Budget Planning and Management with the College's Budget Committee, the Institutional Effectiveness Committee (IEC), and the Administrative Leadership Team. Additionally, the President has included budget information in campus-wide emails (Budget Update emails).

The College's Budget Committee worked throughout fall 2014 to develop its committee charter, and after feedback from the IEC, the charter should be fully approved in spring 2015. A small, representative group has begun work on refining the College's shared governance structure and handbook to further ensure appropriate channels for feedback on the budgeting process, program review, and a clear link between program review and resource allocation. The work on shared governance has helped to solidify the need for, and role of, the College's Budget Committee in providing feedback and perspective to the administration and faculty on the budget as it is being developed and prior to its implementation.

The District exercises fiscal control over all nine colleges through its review of both monthly and quarterly financial reports, which must be submitted by each college throughout the fiscal year's cycle. The District maintains the goal of having all college budgets balanced on a monthly basis. The quarterly reports are more significant and involve visits by the District Chief Financial Officer (CFO) and her staff. During these visits, each college is required to provide an update on both its fiscal health and its enrollments, in addition to reporting on corrective action plans if the college's budget has been projected to be in deficit. However, in addition to each college's annual allocation, funds are dispersed following P1 and P2 distributions from the State, making budget projections a complicated and somewhat difficult process.

At LAVC's first quarterly report meeting with District staff in fall 2014, the College reported a projected deficit of approximately $1.5 million for 2014-2015 (First Quarterly Budget Report), and provided a plan for achieving a balanced budget (Five-Year Stability Plan).

Achieving a Balanced Budget and Enrollment Management Efforts

The College's plan to balance its budget had three components, all of which the District CFO indicated had to be reviewed and approved by the Executive Committee of the District Budget Committee (ECDBC). These requests were timely, as the College was required to present its updated response to the 2014 ECDBC recommendations, so it was arranged for LAVC to make its presentation at the January 2015 meeting.

Parallel to the College's efforts to address the ACCJC recommendation to attain fiscal stability, LAVC also addressed two recommendations from the ECDBC in 2014. The first ECDBC recommendation stated that "the College must strengthen its existing enrollment management plan and re-examine its program mix and class scheduling to align them with its instructional budget/costs and enrollment targets." In December 2013, the College submitted to the ECDBC its plans to implement a five-year enrollment plan to achieve growth targets, increasing the average class size from 38.2 (actual enrollment per section) in spring 2014 to 40 in succeeding semesters (WSCH/FTEF from 575 in spring 2014 to 600.) Specifically, for the 2013-2014 year, the College planned on meeting the base FTES with 1.63% growth by scheduling classes for summer, fall, winter and spring sessions.

One of the conclusions of the College Brain Trust (external financial consultants used by LAVC as part of its efforts to achieve fiscal stability) indicated that an average class size of 40 was an achievable goal for the College. How quickly the College could reach that number remained open for discussion. In addition to this external review, the Office of Academic Affairs identified areas of low efficiency and high efficiency in the spring 2014 schedule; this review resulted in the reduction of the allocated spring 2014 FTEF by seven.

In spring 2014, the College confirmed that it reached its proposed target of an average class size of 38.2 and reassessed its five-year enrollment plan to reflect a more attainable average class size (actual enrollment per section) to be 39 (WSCH/FTEF 585) in succeeding years based on the realization that the College would not have sufficient classroom capacity to reach an average class size of 40 until all bond-funded building projects are completed in spring 2018. After the District confirmed in spring of 2014 that it would offer full funding for 2% additional growth, LAVC decided to offer a larger summer session. As a result of its efforts, the College reached its 2013-2014 FTES targets while still having additional FTES to be counted towards the 2014-2015 year.

For the 2014-2015 academic year, the District set an FTES growth target 2% higher than the 2.75% FTES growth target set by the State for a total of 4.75% FTES growth. In order to reach the District's FTES growth target, LAVC had planned to offer a summer session in 2015, in addition to fall, winter, and spring schedules. The fall 2014 semester showed gains in efficiency by yielding a higher average class size than previous fall sessions due, in part, to fewer section offerings.

In preparation for creating the fall 2015 semester schedule, the Academic Affairs division is continuing to review low and high efficiency areas while confirming that the courses offered solidify pathways to degree, certificate, and transfer completion. In analyzing the efficiency of the schedule and projecting the revenue it can generate, the deans and department chairs review a wide range of data through the College's comprehensive program review process. Through their review, they will complete a two-year scheduling program for each discipline (2015-2017). This strategy will help the College focus its course scheduling on generating FTES based on courses that lead to degree and certificate completion rather than starting first with meeting full-time and part-time faculty loads. This new scheduling methodology, with its emphasis on FTES rather than FTEF, is integral to meeting our enrollment targets going forward. This process will also ensure that course loads for full-time faculty will be designated first before adding increased section offerings and cost to the schedule.

Clearly, generating FTES in an efficient manner is the primary way that LAVC will ultimately emerge from debt and begin to accumulate a reserve. However, having a five-year budget plan is the other half of fully addressing the College's financial issues, which was the focus of the second ECDBC Recommendation: "The College must develop a multi-year balanced budget plan based on the College's actual 2013-2014 budget allocation and realistic projected growth for the future years. This plan must consist of a specific 'cut-list' of expenditures, re-examine its re-assigned/release time, athletic program and the Child Development Center Program."

As part of the College's response to the second ECDBC Recommendation, the College put forth a multi-year Balanced Budget Plan that assumed a minimum of 2% growth per year over the next five years. In addition, the College continues to evaluate vacant classified positions, very few of which have been filled over the past nine months. The College has implemented $500,000 in savings for 2013-2014 and identified an additional $400,000 in savings for 2014-2015; these savings will be continued going forward over the next five years (Savings Actions).

The Brain Trust's review indicated a need to assess faculty reassigned "by general fund dollars" over the last two years. Consequently, LAVC decreased its general-funded reassigned time and adjunct hourly positions from 9.63 FTE in 2012-2013 to 6.85 FTE in 2014-2015 (Reassigned Time Chart). This figure does not include department chair, athletic director, and union positions, which are required by the faculty collective bargaining agreement. In its review, LAVC recognized the need to distinguish between reassigned time that is contractually required, reassigned time that is in service to shared governance and support to educational programs, and reassigned time that supports specially-funded programs at no cost to the College. Careful analysis of the college's reassigned time demonstrates that general-funded reassigned time is not excessive.

The Office of Academic Affairs continues to closely monitor reassigned time, released time, and full-time non-teaching assignments. The campus restructured supervision of its Learning Resource Center, resulting in the integration and coordination of the Writing Center, General Tutoring, and Math Laboratory services under one FTEF instead of two. The resulting savings is being used to supplement the tutoring budget and relieve the impact of the College's decision last year to cut tutoring by $10,000. In regards to reassignments funded by the general operating fund, 0.6 FTEF designated for Achieving the Dream coordination will end in spring 2015. Under consideration is the possible elimination of reassigned time for SLO coordination, currently totaling .6 FTE, but before doing so, an alternative way of managing the College's SLO process would need to be identified. Such analysis is necessary to demonstrate that all efforts to reduce general fund reassigned time have been considered. Reassignments to shared governance committee chairs have decreased from 1.4 to 1.0 FTEF due to the College's decision to move the Hiring Planning Committee functions to the Academic Senate and by having the Vice President of Academic Affairs chair the Institutional Effectiveness Council.

The ECDBC required the College to review the financial health of the Child Development Center (CDC) and to evaluate whether any additional cuts to Athletics should be considered. A careful analysis of the CDC budgets for the past four years demonstrated that the Center, whose $1.1 million budget is funded largely by State and Federal grants, is healthy and has consistently ended each year with a positive fund balance. The CDC provides excellent early childhood education to over 150 children, in addition to providing a vital learning laboratory experience for the College's Early Childhood Education students. In terms of Athletics, the men's and women's Track and Field and Cross-Country teams were cut in spring 2014, and additional cuts of approximately $80,000 were made to save general fund dollars, including funding for the Sports Information Director and funds to support team travel; the reduction in the number of sports also resulted in a reduction of 0.2 FTEF of reassigned time for the Athletic Director. While other cuts to Athletics are being considered, cutting athletics entirely would be imprudent given the current construction of a $31.7 million dollar bond-funded Athletic Training Facility, as well as other facilities already constructed with bond funds.

Executive Committee of the District Budget Committee Requests

On January 6, 2015 the ECDBC both reviewed the College's response to the prior year's ECDBC recommendations and, more importantly, considered the College's requests for three avenues to achieve a fully balance budget for 2014-2015 and beyond (Response to DBC Recommendations, Dec. 16, 2014).

1. The first request was that the College's debt payment of $558,037 be waived. This amount had already been removed from the College's 2014-2015 budget. The justification for this request came from the District's policy that allows for a waiver of the debt payment in any year when there is an interim and/or a newly hired College President) (College Debt Repayment Policy). The ECDBC noted that when this policy was approved by the Board, the assumption was that it would apply to an interim or a new president, but that it was not necessarily intended to apply to the College in consecutive years. However, the ECDBC members understood the need to relieve LAVC of this large financial burden, and ultimately, approved a deferral rather than a waiver, adding the payment to the total outstanding debt repayment schedule.

2. The second request was that the district fully fund the 2% over-cap at the full FTES rate, rather than at the $2000 per FTES the District Budget Committee had approved in August 2014 (DBC Minutes). The justification for this request was the district-wide goal of achieving 4.75% FTES growth. Since the District funds growth in the current year to achieve the target, it was imperative that the College earn the maximum possible in order to both achieve the growth and to do so within budget. As the budget plan indicates, being funded at the full rate for the FTES growth would, in conjunction with all of the other actions taken by the College, result in a balanced budget at the conclusion of the

2014-2015 fiscal year and beyond. ECDBC found this request to be sound and recommended to the DBC and Chancellor that the College be paid $4000 per FTES for the 2% over-cap.

3. The third and final request was to provide a subsidy to the College for the 11 growth positions required as part of the District's Faculty Obligation Number (FON). In fall 2014, the Board of Governors "unfroze" the FON for California Community Colleges when it determined that sufficient funding existed through the passage of Proposition 30 in 2012 for enrollment growth across the state. The result for the District was an increase of 86 positions for fall 2015. LAVC's share is 11 positions (FON Chart).

   LAVC currently has a 58% Full-Time to Part-Time Faculty Ratio. Discussion in the District in recent years had set the target goal for each college as high as a minimum of 65% FT/PT (FON Calculation Chart). Although the 2014Visiting Team was concerned about the expectation that LAVC contribute to meeting the FON, which is a District obligation, the sheer number of growth positions for the District made transferring any of LAVC's obligation to another college impossible. In addition to the 11 growth positions, LAVC also anticipates having to fill 10 replacement positions. Of these, two are carry-over positions from the 2013-2014 College FON because during that year, LAVC chose to fill only 50% of its replacement positions. In terms of saving the College money, not filling those positions was prudent. However, that decision was made in the context of the FON being frozen statewide. Now that the FON reflects the current workload and FTES growth for all colleges, this strategy is not possible for the coming year.

   Because the College cannot easily meet its part of the obligation, LAVC requested that the District provide a three-year subsidy for each of the growth positions. In year 1, the College would receive an additional $35,000 in funding per position, in year 2, an additional $25,000 per position, and, in year 3, an additional $15,000 per position:

Year 1	$35,000/position	11 positions	$385,000
Year 2	$25,000/position	11 positions	$275,000
Year 3	$15,000/position	11 positions	$165,000

   The three year commitment from the District will total $825,000.

   These subsidies, in conjunction with a class-by-class swap of adjuncts for full-time faculty by Academic Affairs, will result in class schedules that fully replace part-time faculty with the full-time faculty being hired so as to avoid unintentionally expanding the cost of the schedule. Remaining vigilant in efficient scheduling will also help to manage the cost of meeting the FON.

   While some might argue that LAVC should not be expected to contribute to meeting the District's FON because of its financial issues, the reality is that LAVC is not the only college in the District currently paying down a debt; it would be inequitable to require other colleges to pick up LAVC's additional hiring commitment. Equally important is the fact that if LAVC were to avoid hiring faculty this year and over the next three years by citing budget concerns, at the end of that time, the College's FT/PT ratio will have plummeted, possibly below the state-mandated 50%. Because the other colleges in the

District will have had to hire in LAVC's place, their FT/PT ratio will be so high that the District might expect LAVC to hire a significant number of faculty in the future. In other words, to avoid meeting the College's FON in fall 2015 would only "kick the can down the road."

The ECDBC recommended approval of these three requests (ECDBC Approval January_2015). The Board's standing committees, Institutional Effectiveness and Student Success and Budget and Finance, which bear responsibility for review of the College's accreditation and financial standing, have reviewed LAVC's institutional practices and forwarded the reports and documents accepted by them to the full Board for approval. Institutional Effectiveness and Student Success approved the College's Follow-Up Report pending approval of its requests to the ECDBC. On February 11, the Budget and Finance Committee approved the ECDBC recommendation to approve LAVC's requests. Additionally, the Board's policy on Fiscal Accountability Measures (Fiscal Accountability Measures), adopted in 2013, is currently in effect, with the Chancellor naming a fiscal monitor, who will be responsible for monitoring the effects of the College's plans and actions and will report back to the Chancellor prior to the end of the spring semester.

Conclusion

LAVC currently meets the Standards and has fully addressed the concerns articulated by the 2014 Visiting Team. The College has worked diligently to create a balanced budget. It should be noted that, while part of the effort to balance the budget does involve assistance from the District, such help is appropriate and necessary in light of past practices which led to successive years of deficit spending. Remediating these issues and returning the College to a sound fiscal foundation requires a long-term, multi-faceted process, and the efforts described in this Follow-Up Report have placed LAVC on the path to a sound financial future.