

SOLANO COMMUNITY COLLEGE/DISTRICT GOVERNING BOARD
2008-2009 Grand Jury Report

REASON FOR INVESTIGATION

Under the authority of Penal Code §925, the 2008-2009 Grand Jury elected to investigate and report on the Solano Community College and its financial status.

GRAND JURY ACTIONS

- Attended a Solano Community College District Governing Board Meeting
- Interviewed Administrative Staff
- Reviewed the Education Management and Assistance Corporation report
- Reviewed the December 17, 2008, Administrative Review/Fiscal Health Analysis
- Reviewed the “Special Trustee” Agreement between the College and the Special Trustee
- Reviewed the October 2008-January 2009 Solano College Board Minutes
- Reviewed the “Show Cause” directive to Solano College from the California Accreditation Commission
- Reviewed newspaper reports on presentation given by the President of the Accreditation Commission for Community and Junior Colleges
- Interviewed Solano College Special Trustee

One of the Grand Jury members recused themselves because of being involved in the Community College System.

BACKGROUND/SUMMARY

The Solano Community College serves all of Solano County except the Rio Vista area (which is served by the San Joaquin Valley College District). The main College campus is located at 4000 Suisun Valley Road in Fairfield. The Vallejo campus is located at 542 Columbus Parkway and was dedicated in 2007. Construction of the Vacaville Campus building began in 2008 and is located at 2000 North Village Parkway. Construction and renovation funding for all campuses is through the Measure G construction bond in 2004. More than 12,000 students attend Solano Community College.

In late 2007, the California State College Accreditation Board conducted its regular triennial review. As a result of the review, the Accreditation Board report placed Solano College on probation effective January 1, 2008.

Accreditation Board findings included:

- Micro-management by the College Governing Board
- High rate of turn over of Solano College Superintendent/President (there have been four Superintendent/Presidents in the past three years)
- High rate of turnover of Vice-Presidents in charge of the various departments at Solano College

The Grand Jury was informed at our January 26, 2009 interview of the Interim Superintendent/President that if issues relating to these matters are not resolved by December 31, 2009, Solano College could lose its accreditation and financial aid. This would mean students taking classes beginning in January 2010 would not be able to transfer their credits to other Colleges or Universities and would not have access to financial aid.

In late September 2008 various problems were uncovered:

- A new computer system was installed in 2008 and all data was placed on both the old and new computer systems. The two systems have not been able to reconcile the data. The June 30, 2008, year-end Financial Report could not be finalized because of an approximate \$1,000,000 discrepancy. At the time of the interview with Interim Superintendent/President on January 26, 2009, the Financial Report had still not been finalized
- There was an inappropriate transfer of funds from the Measure G Bond fund to the General Fund in order to cover expenditures that should have been paid from the General Fund.

Following resignation of the Superintendent/President on October 1, 2008, the Governing Board appointed an Interim Superintendent/President. The new Interim Superintendent/President requested an independent investigative report, which the Governing board approved on a split vote (5-2). The Interim Superintendent/President also suspended the Financial Director. The Education Management and Assistance Corporation (EDMAC) was hired to do the report. On December 17, 2008, the independent report to the Governing Board was presented. The report indicated:

- The presence of poor morale among staff, faculty, administration and students
- Micro-management by the Governing Board
- Allegations of Brown Act violation which requires open meetings
- Excessive turnover in leadership positions within the College, for example, the five Vice-President positions have been filled by 14 people during the last five years
- Lack of adherence to College purchasing procedures, which require that purchases costing less than \$72,400 may be made without Board approval by the Purchasing Agent
 - 1) It was discovered that at least one item over \$72,400 was purchased without approval of the Governing Board
 - 2) The College purchasing agent was to buy some items from a local supplier, and was informed to contact a Board Member who worked for that supplier to purchase these items. Such requests are inappropriate. Ultimately, the purchase request was resubmitted with a note that said the Board Member no longer worked there
- Established reporting dates have not been met, i.e., the September 15, 2008, final budget had not been adopted and the fiscal books had not been closed
- Non-standard money handling practices at the College, i.e.:

- 1) Procedures call for daily deposits which are not always made
 - 2) After two thefts from College safes, money is now being secured in metal lockers located in a hallway
 - 3) The student Bookstore has only one employee on duty at the end of the day to count daily receipts
- There is currently \$13,507,213 of unfunded obligation to the Retiree Health Benefit. The board has allocated \$937,234 for this year's Retiree Health Benefit. It will take an additional \$770,111 annually to meet the unfunded balance; the Board has not allocated the money for the unfunded balance
 - The College does not have a local attorney. The Board paid a San Diego law firm \$619,000 to represent them in 2008.
 - There is a \$217,138 charge for maintenance paid from the Measure G Bond Funds. [This was an accounting error that has subsequently been corrected.]
 - The College inappropriately transferred \$1,045,105 from the Measure G Bond Fund to a Clearing Account. Warrant #25688061 was issued on August 8, 2007. It should be noted that the initial warrant should have been deposited directly into the County Treasury. At the time of this report, these funds have not been transferred back to the Measure G Bond Fund

The above issues were all discussed in the EDMAC report. Because of the financial discrepancies, the Governing Board directed the Interim Superintendent/President to recruit a CPA to head the Financial Services Department at the College.

In the latter part of 2008, one of the College Board members submitted an article to *The Vacaville Reporter* suggesting Vacaville withdraw from the Solano Community College District and join with the Yolo County Community College District. This Board Member cited numerous issues from the EDMAC report.

On January 7, 2009, the California Community College State Chancellor spoke at a special Governing Board meeting. He informed the Governing Board of their need to hire a Special Trustee to oversee the Governing Board and to follow recommendations of the Accreditation Committee. On January 15, 2009, the Governing Board hired the Special Trustee who was also the author of the EDMAC report.

In December 2008, the Chairperson of the Board of Trustees met with the Interim Superintendent/President personally and indicated that the Board planned to terminate her contract for unspecified reasons. In a subsequent Board meeting, according to the minutes, the remainder of the Board did not support the Chairperson's actions. The Special Trustee reviewed the situation concerning the Interim Superintendent/President and recommended she remain in that position until replaced.

On January 26, 2009, the Education Committee of the Grand Jury interviewed the Interim Superintendent/President. When the Committee asked to see copies of the October 2008-January 2009 College Board and Executive Committee minutes, the Committee was informed no

notes are taken at any Executive Meeting. All regular Board minutes are posted on the internet. The Committee was also informed the June 30, 2008, financial report had still not been finalized.

On February 4, 2009, Solano College received a communication from the Accreditation Board informing them that it was placing Solano College on "Show Cause" status due to a lack of progress in addressing the problems pointed out in the late 2007 report. The College has until June 30, 2009, to prove to the Accreditation Board why it should not lose its accreditation (Note: community college accreditation is comprehensive in nature, and includes financial and personnel issues, as well as scholastic). Solano College was to be allotted time for a brief presentation at the March 2009 and June 2009 Accreditation Board Meetings to show how Solano College has corrected the deficiencies cited in the late 2007 Accreditation Board Report.

In our February 2009 interview with the Special Trustee, he informed the Grand Jury that progress had been made by the Board regarding the micro-management issue. The Special Trustee is confident that based on progress made so far, the College could have its "Show Cause" status reduced to "Probation" in June 2009. He felt the Probation status may be extended to June 2010.

FINDINGS AND RECOMMENDATIONS

Finding 1 - The EDMAC report and the Accreditation Board identified micro-management as a serious issue. This undermines many facets of the College Administration and has resulted in the replacing four Superintendent/Presidents within the last three years. It also results in poor morale among staff and students, as well as an inordinately large turnover of senior staff in the various departments, and a lack of management continuity.

Recommendation 1 - In order to deal with these issues, the College Board of Trustees should allow staff latitude to operate within specified policies and procedures in order to avoid micro-management and involvement in daily administrative operations.

Finding 2 - According to the EDMAC Report, the College Board of Trustees members may have violated the Brown Act. A lack of adherence to the Brown Act leads to an absence of transparency in the conduct of Board issues.

Recommendation 2 - All Board meetings should be held in accordance with the Brown Act, which specifies that any violation must be reported to the District Attorney.

Finding 3 - There has been an excessive turnover in the number of Vice-Presidents of the various departments in the College. In the past five years there have been fourteen persons heading the five departments. Many are filled on an interim basis and are independent contractors, not employees. EDMAC found the District does not effectively utilize employee evaluations at the executive level.

Recommendation 3 - Effective performance evaluations should be established at all levels to address this problem. Proper on-going staff evaluation will help to increase morale and performance, limiting the rapid turnover in executive level positions. This may obviate the need to hire interim Vice-Presidents on a contract basis.

Finding 4 - Solano College has been operating under non-standard financial practices. In some cases, existing policies and procedures were not provided to employees. In other cases, there was an absence of effective controls over financial practices. The Governing Board does not appear to be following the fiscal control recommendations made by the EDMAC report.

These deficiencies have resulted in various difficulties, including possible loss of accreditation due to:

- Proper bid procedures not always being followed
- Time deadlines of financial reports not always being met
- Funds not always being paid from the proper accounts
- Improper contacts between a bidder and a member regarding a purchase
- Guidelines for following proper procedures not always being provided to department heads
- One purchase exceeding \$72,400 being made without the required Board approval

Recommendation 4 - The College Board should comply with the recommendations made in the December 17, 2008, EDMAC report, which deals with all of the above issues.

Finding 5 - Disputes among Board Members representing different areas within the Solano County College System has been a long-standing problem on the Solano College Board.

Recommendation 5 - No single area of our community college district should have priority over any other area. At a time when the Solano College Board is facing the serious problem of loss of accreditation, each Board Member should be expending every effort to “save” Solano College, not to “sink” it. Working together should be a main thrust of the College Board.

Finding 6 - The College has an unfunded Retiree’s Health benefit of \$13,507,213. In order to meet the unfunded balance, the College will have to provide an additional \$770,111 annually.

Recommendation 6 - Options for restoring the unfunded Retiree’s Health benefit may include the following:

- The Board could reduce existing health coverage
- Employees could be required to pay a higher percentage of premiums
- Budget priorities could be revisited to provide for an increase in the Retiree’s Health Benefit

Finding 7 -The College has paid a San Diego law firm \$619,000 for legal services covering the first eleven months of 2008. The 2008 budgeted amount for attorney fees is \$250,000. The over-budget expenditure may be due to a variety of costs which a local firm would not incur.

Recommendation 7 - The District should consider contracting with a local law firm to reduce expenses.

COMMENTS

At a time when the Solano College Board is facing the most serious problem in its history, each Board Member should be expending efforts to work together to maintain cohesion. Working together should be the main thrust of the College Board.

The previous Interim Superintendent/President and the Administrative Staff were very helpful, thorough, and professional in dealing with the Grand Jury. May the new Superintendent/President be as helpful, thorough and professional to the entire College District. The Special Trustee was very professional, thorough, fair-minded and a problem solver.

The 2008-2009 Solano County Grand Jury wishes to emphasize the following two points:

This report is not intended to detract in any manner from the excellent academic programs offered at Solano Community College. Classroom instruction was highly praised. Solano Community College is one of the few community colleges within the State whose credits directly transfer to the University of California system. Students can transfer their credits to most colleges and universities offering four-year and post-graduate degrees.

College Governing Board members who are not committed to helping the College retain accreditation by following recommendations made here and in the EDMAC Report should resign from the College Governing Board.

The issues discussed in this report are dynamic. There are current developments and actions by the Governing Board that may affect these issues. This report reflects a moment in time. It is recommended that the 2009-2010 Grand Jury review the ongoing situation, investigate if appropriate and write a new report if indicated.

AFFECTED AND RESPONDING AGENCIES

Solano Community College Governing Board
Solano Community College Special Trustee
Solano Community College Interim Superintendent/President

COURTESY COPIES

Solano County Board of Supervisors
Solano Community College Vice President of Student Services
Accrediting Commissions for Community Colleges & Junior Colleges
California Community and Junior College System Office
Solano County Board of Education
U.S. Department of Education