ACCREDITING COMMISSION for COMMUNITY and JUNIOR COLLEGES

Western Association of Schools and Colleges

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February 5, 2013

RECEIVED
FEB 11 2013
SUPERINTENDENT/PRESIDENT
PALO VERDE COLLEGE

Ms. Denise Whittaker
Interim Superintendent/President
Palo Verde College
One College Drive
Blythe, CA 92225

Dear President Whittaker:

In December you were advised that the Commission would be meeting to review the report from the financial reviewer process. The financial reviewer report was also sent to you at that time. At its meeting January 9-11, 2013, the Accrediting Commission for Community and Junior Colleges (ACCJC) acted to request that Palo Verde College provide a Special Report to the Commission by April 1, 2013 to be followed by a visit of Commission representatives.

The purpose of the Special Report and follow up visit is to provide evidence of plans and the progress of implementation of those plans that address the choices of the district to fulfill Eligibility Requirements and the Accreditation Standards.

The Special Report should provide the following:

1. A comprehensive analysis of the long-range budget plan to resolve financial issues (such as deficit reduction, revenue enhancement, Other Post-Employment Benefits (OPEB) financing, and debt repayment (Certificates of Participation (COPs), Supplemental Executive Retirement plan (SERPs), and similar instruments). Specifically, clarification is needed for the choices the College has made to address the College plan for long-range stability with regard to addressing current debt service and restructuring of COPs.

2. A progress report and evidence of action is needed to verify that the College has addressed a long-range plan to resolve its 50% law deficiency: At present, the College is out of compliance with the California 50% law requirement. The College is at 42% for the current year and is projected to be compliant in the 2012-13 budget year. In the next year, up to five counselors are proposed to be reassigned to classroom teaching responsibilities and one classified person will be reassigned to teaching responsibility. Additionally, the College has initiated actions to reduce non-teaching expenditures and workload reductions for classified staff and management to reduce non-teaching expenditures. Although these changes will bring the College into compliance, its ability to continue to meet these requirements is dependent on current budget assumptions. Clarification is needed from the College with regard to maintaining a 5% Reserve: The College has made provision within its budget to be able to maintain a 5% reserve short-term and should provide a plan for sustaining adequate reserves for cash flow. It is unclear that the College has the ability to participate in short-term borrowing through a TRANS.

3. A follow up report is needed that addresses the College's plan for Utility Cost Control. The College has initiated a variety of actions to reduce utility costs including the partial closure of College facilities over the summer. One aspect of the reduction includes the complete closure of the College for two two-week periods. This will include two weeks in July 2012 and two weeks in June 2013. Classified staff have been granted an additional 20 days of floating holidays per year which must be taken during these closures. The financial liability of additional paid time off should be clarified within the College's sustainability planning. Were these additional holidays implemented and what is the long-term impact for financial sustainability?

4. Additional information is needed to assess the financial liability associated with any pending litigation. The College is pursuing litigation with the companies involved in the construction projects that resulted in the use of COPs to complete the projects. The Performing Arts Center which was part of this project has not yet been released by the Division of the State Architect and is not yet available for use by the College.

5. Additional information is needed to assess the impact of any contract settlements with bargaining units. The College has entered into a memorandum of understanding with its unions to realize cost reductions short term. Some of these reductions would have major impacts on the budget and many are either pending or in process and the level of impact has not yet been assessed.

6. Additional information is needed to support that the College has a plan to sustain its efforts to improve the fiscal and fiduciary responsibility of Leadership and Governance of the institution.

7. The College appears to now meet Accreditation Standard IV, although there is a concern for the sustainability of the improvements to governance. The next review of the College should include verification that the commitment has been sustained.

The report should be sent electronically to the ACCJC's office no later than April 1, 2013. The Special Report should include a narrative, evidentiary documents, and other supporting documentation relevant to the report. The ACCJC publication, *Guidelines for Preparing Institutional Reports to the Commission*, explains the presentation of reports to the Commission. The Commission values brevity and clarity in these reports.

The Commission will consider the College's Special Report and the report of the visiting team at its meeting June 5-7, 2013. If the conditions warrant, the Commission may act on the accredited status of the College.

We wish Palo Verde College success in resolving these fiscal concerns. Please do not hesitate to contact Associate Vice President Norv Wellsfry (nwellsfry@accjc.org) if you have questions.

Sincerely,

Barbara A. Beno

Barbara A. Beno, Ph.D.
President

BAB/ws

cc: Mr. Brian Thiebaux, Accreditation Liaison Officer