



Chancellor's Update – October 11, 2011

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The fall semester is now in full swing, regrettably with 6 percent fewer full-time students district-wide, as compared to fall 2010. As you are well aware, this reduction in student enrollment is due to the recent state budget cuts to California's community colleges. Currently, policymakers are monitoring state revenues and speculating about the anticipated trigger that will reveal the level of additional budget cuts that the community colleges must absorb; this news should be available in mid-December.

In addition to the ongoing budget uncertainty, the District continues to meet the challenge of improving its Building Program. During the October 5, 2011 Board of Trustees meeting, the Trustees voted to adopt four resolutions in response to the audit by the State Controller's Office (SCO). These resolutions:

- 1.) Authorize the District to enter into an agreement with Los Angeles City Controller Wendy Greuel for her office to conduct an independent review of the selection process and qualifications for the District's Inspector General;
- 2.) Authorize the District to seek an opinion of the California Attorney General regarding the SCO's concerns about the District's compliance with state law and voter-approved bond ballot language;
- 3.) Respond to a variety of concerns by the SCO, including the preparation of a Master Budget Plan, improvement of internal control procedures, and reporting on the costs of operating and maintaining the new facilities, with a request for me to report back in 90 days on progress and additional policies to be implemented;
- 4.) Further strengthen the operation of the District Citizens' Oversight Committee (DCOC), which is mandated by state law to provide oversight to the Building Program.

While District staff had been heavily engaged in improving the Building Program prior to the SCO audit findings, I recognize the critical need to address specific recommendations and highlight our efforts in the interest of organizational accountability. In fact, due to the SCO's allegation that the District may not have followed identified processes in its hiring of the Inspector General, the District has invited City Controller Wendy Greuel to initiate the independent review noted above in the list of Board resolutions. More recently, I learned that the District Attorney's (DA) Office has decided to pursue a criminal inquiry also focused, in part, on the hiring of the IG. Although we do not anticipate the discovery of any criminal misconduct, we have asked the City Controller—once that agreement is finalized—to turn over any information that may suggest criminal misconduct to the DA's Office. I would like to emphasize that the Trustees and I welcome the continued examination of the Building Program as the District makes progress toward completion of the remaining facilities.

By next month, I also anticipate the completion of the work of the Building Program Review Panel (BPRP), which I developed over the summer to conduct an independent review of the District's Building Program. If you recall, the panel members possess subject matter expertise in either school building construction, facilities management, architectural planning, law and/or finance. The BPRP will be completing a report in the very near future that I intend to present to the Board before the new calendar year.

In line with these reviews, the District has already begun a study analyzing the amounts currently budgeted to maintain and operate existing facilities versus the amounts required after all the new bond program buildings and renovations are complete. At present that full build-out is expected to increase the overall size of the buildings at the colleges by 3 million square feet or approximately 60 percent. It is important to ensure that the District has sufficient funds to operate all of the new facilities.

As the planning and construction process continues for projects that are under contract, I have placed a temporary moratorium on any new contracts, extensions, task orders, or expenditures for any bond projects that have not started work or are already on hold. This temporary moratorium applies to 67 projects identified as "Not Started," "TBD" or "On Hold" in the "Pending" columns on page 5 of the August Dashboard reports, which can be found at <http://www.laccdbuildsgreen.org/>. The "Project List" reports in the Dashboard identify the status designated by the CPM for all of the projects at the nine colleges. We will have a much better indication of any further actions or decisions once the facility maintenance and operations cost study is available, which I expect within 30 days.

Let me be clear that this temporary moratorium does not apply to projects that are already underway or to contracts that have already been awarded. The intent is to permit any necessary change orders, furniture, equipment, professional services, or other directly related work required to complete these active projects and occupy these facilities as planned.

Although these ongoing reviews of the Building Program will preoccupy certain District staff for a limited period, our programs surrounding student success remain a chief priority for our Vice

Chancellor of Educational Programs and Institutional Effectiveness and our Vice Chancellor of Economic and Workforce Development. With their guidance and support, LACCD presidents, vice presidents, deans, and faculty are exploring federal and private sector funding opportunities more eagerly than ever before. Within the last month, three of the colleges have been notified about sizeable multi-year federal grants related to the STEM fields (science, technology, engineering, and mathematics), as they pertain to transfer and job training. These and other grants will serve to address the colleges' program funding shortfalls that increasingly materialize as state support continues to diminish. In spite of the state budget climate, I will continue to rely on your continuing commitment to do all we can to serve the interests of our students.

It's clear that the District is coping with a lot right now. Nonetheless, I believe we are turning the proverbial corner and that we will emerge from a very difficult period all the better for having addressed the challenges we're facing.