



**ACCREDITING
COMMISSION
for COMMUNITY and
JUNIOR COLLEGES**

*Western Association
of Schools and Colleges*

10 COMMERCIAL BOULEVARD
SUITE 204
NOVATO, CA 94949
TELEPHONE: (415) 506-0234
FAX: (415) 506-0238
E-MAIL: accjc@accjc.org
www.accjc.org

Chairperson
SHERRILL L. AMADOR
Public Member

Vice Chairperson
STEVEN KINSELLA
Administration

President
BARBARA A. BENO

Vice President
SUSAN B. CLIFFORD

Vice President
KRISTA JOHNS

Vice President
GARMAN JACK POND

Associate Vice President
JOHN NIXON

Associate Vice President
NORVAL WELLSFRY

February 7, 2014

Ms. Kathryn Smith
President
College of the Redwoods
7651 Tompkins Hill Rd
Eureka, CA 95501

Dear President Smith:

The Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, at its meeting January 8-10, 2014, reviewed the Follow-Up Report submitted by the College of the Redwoods and the report of the evaluation team that visited November 12, 2013. The Commission took action to **remove Probation** and **reaffirm accreditation**.

The College Report noted, and the team verified, that the College continues the institutionalized use of student achievement and student learning data to inform decision-making and so continues to address Recommendation 1-2008 and meet the associated Standards. The College continues to assess student learning and use the results to inform institutional planning and fully meets the associated Standards with Recommendation 1-2011. The College has also followed through on its plans and has incorporated the use of objective data in its planning processes and so has addressed Recommendation 2-2011 and fully meets the associated Standards. College of the Redwoods continues to fully meet Standards I.B.1-4, II.A.1, II.A.2, II.B.4, II.C.2, III.A.6, III.B.1, III.B.2, III.C.2, III.D.1, III.D.2, and III.D.3.

The College has demonstrated, through policies and practices, that it has addressed Recommendation 6-2011 and fully meets Standard III.A.4.b by annually assessing its data and performance in employment equity and diversity.

The College has addressed Recommendation 7-2011 by completing two cycles of needs assessment, implementing a comprehensive professional development program, linking professional development to strategic planning and the mission of the College, and by providing relevant and effective leadership training that has resulted in significant employee advancement within the organization. The College fully meets Standards III.A.5.a and III.A.5.b by providing all personnel with appropriate professional development programs, consistent with the College mission and based on identified needs, evaluating those programs, and using the results for improvement.

Ms. Kathryn Smith, President
College of the Redwoods
February 7, 2014

The College also demonstrated, and the team confirmed, that it now complies with Eligibility Requirement 17 and Standards III.D.1.b and III.D.2.c.

In August 2013, the Commission notified College of the Redwoods that it was identified for additional financial review. The report of the Financial Reviewer Panel that resulted from this review of College of the Redwoods is attached to this letter.

At its meeting of January 8-10, 2014, the Accrediting Commission for Community and Junior Colleges acted to direct that College of the Redwoods provide a Special Report to the Commission by April 15, 2014.¹ The purpose of this Special Report is to provide more current information to the Commission about the College's compliance with Accreditation Standards. The Special Report must address the required elements of the Financial Reviewer Panel Report noted below:

- 1) **Develop and submit a three year budget plan to resolve OPEB financing.** Standards III.D.1.c and III.D.3.c. require an institution to plan for short and long range liabilities.
- 2) **Develop and submit a cash flow plan for the next three years.** Standard III.D.3.a requires that the institution have sufficient cash flow and reserves to maintain stability, has strategies for appropriate risk management, and develops contingency plans to meet financial emergencies and unforeseen occurrences.

The report should be sent electronically to ACCJC's office no later than April 15, 2014. The Special Report should include a narrative, evidentiary documents, and other relevant supporting documentation. 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 institutional reports.

The Commission will consider the College's Special Report at its meeting June 4-6, 2014. If the conditions warrant, the Commission may act on the accredited status of the College. Please do not hesitate to contact Associate Vice President Norv Wellsfry (nwellsfry@accjc.org) if you have questions.

The Follow-Up Report submitted in October 2013 will become part of the accreditation history of the College. I have previously sent you a copy of the Follow-Up Team Report. Additional copies may now be duplicated. The Commission requires that you give the reports and this letter appropriate dissemination to your College staff and to those who were signatories of your Follow-Up Report. This group should include the campus leadership and the Board of Trustees. The Commission also requires that the Follow-Up Report, the Follow-Up Team Report, and this Commission action letter be made available to students and the public by placing a copy on the

Ms. Kathryn Smith, President
College of the Redwoods
February 7, 2014

College website. *Please note that in response to public interest in disclosure, the Commission now requires institutions to post accreditation information on a page no farther than one click from the institution's home page.* If you would like an electronic copy of the Follow-Up Team Report, please contact Commission staff.

Institutions are expected to meet Eligibility Requirements, Accreditation Standards, and Commission policies at all times during the six-year review cycle. Colleges must demonstrate to the Commission at the time of the Midterm Report that the recent changes implemented to resolve deficiencies and meet Standards have been sustained. College of the Redwoods is scheduled to submit its Midterm Report in the fall 2014.

On behalf of the Commission, I wish to express continuing interest in the institution's educational quality and students' success. Professional self-regulation is the most effective means of assuring institutional integrity, effectiveness, and educational quality.

Sincerely,



Barbara A. Beno, Ph.D.
President

BAB/mg

¹ Institutions preparing and submitting Midterm Reports, Follow-Up Reports, and Special Reports to the Commission should review *Guidelines for the Preparation of Reports to the Commission*. It contains the background, requirements, and format for each type of report and presents sample cover pages and certification pages. It is available on the ACCJC website under College Reports to ACCJC at: (<http://www.accjc.org/college-reports-accjc>)

College of the Redwoods

FINANCIAL REVIEWER PANEL REPORT

FINANCIAL REVIEWER PANEL MEETING DATE: September 12-13, 2013

The Financial Reviewer Panel recommendation to the Accrediting Commission for Community and Junior Colleges is:

- Continue under regular monitoring
- Provide a Special Report to the Commission (purpose noted below)
- Provide a Special Report to the Commission to be followed by a visit from Commission representatives (purpose noted below)

Required Elements to be addressed in the College of the Redwoods Special Report:

- 1) **Develop and submit a three year budget plan to resolve OPEB financing.** Standards III.D.1.c and III.D.3.c. require the institution to plan for short and long range liabilities. The district maintains funds designated for retiree benefits in Fund 78 Employee Benefit Trust. This district fund is currently expending more on an annual basis on the pay-as-you-go method than is being earned in interest and transfers in from the general fund. The district is showing an asset as it relates to OPEB liability on the financial statements but the funds are being depleted on an annual basis. Per review of the CCFS 311 for 2012, the fund balance of the Employee Benefit Trust was \$3,649,684, \$3,029,881, and \$2,080,381 (budgeted) for the years ending June 30, 2011, 2012, and 2013 (budgeted).
- 2) **Develop and submit a cash flow plan for the next three years.** Standard III.D.3.a requires that the institution have sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and develops contingency plans to meet financial emergencies and unforeseen occurrences. The state budget has impacted cash flows with increased inter and intra year deferrals. The college reported general fund cash in county balance at June 30, 2012 of (\$4,673,795) per the CCFS 311. The college has additional cash in county amounts in other funds. The college has done the appropriate work for issuing TRANS as necessary to manage cash during the year.

NAME OF INSTITUTION REVIEWED: College of the Redwoods

Data Examined for this report:

- Annual Financial Report: 2009-10 X ; 2010-11: X ; 2011-12: X
- Audited Financial Statements:
- Other Data Reviewed: CCFS 311 2012 Master report; Fiscal Data Abstract for the period 2008-09 through 2012-13; Exhibit C 2011-12 Apportionment Report P-2; Federal Student Aid databases on default rates; Supplemental Data provided by district including 2013-14 Budget Narrative, Enrollment Management Plan 2012-2015, and Default Prevention and Management Plan

Issues and elements identified related to the financial condition and challenges of this institution:

- 1) Monitor deficit spending: Standard III.D.3 requires the institution has policies and procedures to ensure sound financial practices and financial stability. The college was facing fiscal insolvency and bankruptcy due to a \$2 million projected budget shortfall. The college implemented budget savings through a combination of increased revenue and decreased expenditures. The district achieved permanent reductions in compensation for all employees. These contract negotiations will enable the college to grow without requiring all new funds to be allocated to compensation.
- 2) Monitor student loan default rates: Standard III.D.3.b requires the institution to maintain effective oversight of the financial aid program. Per review of the Federal Student Aid databases on default rates there have been increases in defaults over the last several years. The district has implemented a Default Prevention and Management Plan. This area should continue to be reviewed by the district.
- 3) Monitor the enrollment management plan as it relates to declining enrollment: Standard III.D.1.b requires that planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements. The district has been in declining enrollment per review of the Annual Fiscal Report. This decline has exceeded the workload reduction necessitated by the state and the district is currently in stability. The district has implemented an Enrollment Management Plan 2012-2015. This area should continue to be reviewed by the district.