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Assembly California Legislature



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June 16, 2023

Assemblymember David Alvarez, Chair
Senator Catherine Blakespear, Vice-Chair
Joint Legislative Audit Committee
Legislative Office Building
1020 N. Street, Room 107
Sacramento, CA 95814

REVISED 6-16-2023

Re: State Audit Request: California Community Colleges
50 Percent Law Compliance and Administration Expenditures

Dear Chair Alvarez and Vice-Chair Blakespear,

I respectfully request your consideration and support for a state audit to assess (1) community college district compliance with the 50 percent spending law; and (2) the levels of compensation provided district administrators, and changes in district expenditures for administrative positions in relation to changes in student enrollment, faculty and staff positions and operating budgets.

50% Law Non-Compliance

State law requires community college districts to spend at least 50 percent of their annual educational expenses on instructor salaries. This minimum spending level – enacted by the legislature in 1961 – was intended to reduce class size, increase the effectiveness of classroom instruction and improve student academic outcomes.

A 2000 state audit (*Report #2000-103*) concluded that spending for six of 10 audited districts fell below the 50 percent threshold. This occurred despite the community college Chancellor's Office's claim that all of the community college districts were in compliance. The 2000 audit found that districts were overstating their reported compliance rates and misclassifying expenditures. The audit concluded that "weak oversight" by the Chancellor's Office resulted in district reporting errors being undetected.

A February 2023 state audit assessing district expenditures of \$450 million in state funds allocated to hire full-time faculty (*Report #2022-113*) concluded that millions of dollars in state appropriations were improperly used, or not used at all, and criticized the Chancellor's Office for its "insufficient oversight" and for not verifying district compliance.



Administration Salaries and Growth

In 2021, community college president and superintendent salaries averaged \$284,504 per year with the highest annual salary of \$386,003. Along with full benefits coverage (health, vision, dental and life insurance), many district presidents and superintendents also receive car and housing allowances and/or monthly expense accounts, adding as much as \$99,921 a year to their annual salaries.

As student enrollment, faculty and staff positions fluctuated – and in many instances declined – data reveals that district administration positions increased. In the five years between 2017-22, Chancellor’s Office data reveal an 18 percent growth in full-time management and executive administration positions not directly impacting student outcomes or student services. A 45 percent growth occurred in these same administration positions in the 10 years between 2012-22. However, during both of these periods of high administrative growth, community colleges experienced a *decline* in student enrollment of 16 percent (2017-22) and 20 percent (2012-22).

State Audit Request

The state audit would assess district compliance with the community college’s 50 percent law spending statute, and the use of state appropriations for administrative positions. Similar to the previously mentioned 2000 state audit, this audit would review 10 community college districts.

The 10 audited districts should be representative of the 116 community colleges and 73 districts in regards to their geography, enrolled students, composition of faculty and support staff, and operating budget size.

For the years 2012-22, I am requesting the following audit parameters:

- Are community college districts in compliance with the 50 percent law, spending at least 50 percent of their educational expenses on instructor salaries? Identify the years in which compliance or non-compliance occurred, and to what degree state allocations, if any, were misspent and/or misclassified.
- Examine district expenditure transactions for correct coding, trace expenditures to accounting records, review adjusted entries and interfund transfers, assess the support for cost allocations, and review expenditure types for proper inclusion in, or exclusion from, the 50 percent law computation. [*ref: state audit Report #2000-103*]
- Determine if the Chancellor’s Office and accompanying districts are in compliance with the recommendations found in state audit Report #2000-103.
- What exemptions, if any, have been issued allowing a district to be in non-compliance? Determine the factors contributing to this outcome. Were these actions appropriate and consistent with state law? What steps were taken, if any, to remove the exemption?
- For any districts where errors are found in the 50 percent law calculation, recalculate the compliance rate percentage and determine the total amount of district appropriations not spent on instruction that resulted from district non-compliance.
- Identify any internal and external factors contributing to these outcomes.

- Has the Chancellor's Office provided adequate training, guidance, oversight, and accountability regarding district compliance with the 50 percent law? If not, why?
- Do any Board of Governors regulations enhance or inhibit the legislature's goals for reducing class size and increasing the effectiveness of classroom instruction per the 50 percent law's intent?
- What changes have occurred between 2012-2022 in the full compensation provided to district management, presidents, and superintendents? What contributed to these changes?
- What changes occurred in the districts' full-time equivalency and percentage for management and executive positions? Identify changes in district costs to provide management salaries and benefits. What changes occurred in the total compensation provided to management and executives?
- When new management or executive positions were enacted, did these new positions contribute to improved student academic success? Explain.
- What changes occurred in the amount of district funding, and percentage of the district budget, expended for management and executive position administrative costs? Estimate the administrative support costs incurred for any newly-created management positions.
- Determine the increased workload, if any, that contributed to any increases in management and/or executive positions. Explain what contributed to the increased workload and determine whether new management positions were justified.
- Determine whether any increased workloads used to justify additional management positions could have been incorporated into existing management positions. Explain why.
- Calculate changes in the ratio of full-time equivalent faculty, support staff, and students to campus administrative positions. Explain what contributed to these outcomes.

I look forward to working with you on these critical issues. If you have any questions or concerns, please do not hesitate to contact me or my Legislative Director, Gilbert Ramos, via email at Gilbert.Ramos@asm.ca.gov.

Sincerely,



FREDDIE RODRIGUEZ

Assemblymember, 53rd District

Chair, Assembly Committee on Emergency Management