

California community colleges spend millions on duplicative administrators

By Erica Perez and Agustin Armendariz, California Watch

The state's 72 community college districts spend tens of millions of dollars on administrative positions that could be consolidated or shared by districts a short drive away, a California Watch analysis has found.

In the wake of huge budget shortfalls, California's vast community college system has reduced its core academic functions – slashing millions of dollars by eliminating nearly a quarter of class sections, cutting services and laying off employees. At the start of the fall 2012 semester, more than 470,000 students had been wait-listed for classes at community colleges statewide. But millions of dollars still are spent on duplicative administrative costs.

More than half of the state's community college districts are within 20 miles of another district. And the vast majority of those districts have a single college. If these districts shared administrators, they potentially could shave millions off their expenses.



Lake Tahoe Community College

is looking at ways to
consolidate resources.
Photo/LTN file

Take the Riverside, Mt. San Jacinto and Desert community college districts, all in Riverside County. Together, they operate five colleges with three chancellor's offices, three human resources departments, three finance offices, three facilities departments and three academic affairs offices, not to mention three boards of trustees.

The cost of employing the 15 executives who lead these departments, plus one or two support staff for each, totals nearly \$6 million. The cost of running the three boards, including elections, legal support, stipends, benefits, support staff and travel expenses, equals nearly \$1.7 million, records show.

The three districts employed more than 130 executives in total in 2010.

If the three districts could consolidate and whittle their bureaucracies down to one chancellor, one board and one head of each big administrative office, the savings would total \$4.9 million – money that could, for example, pay for 960 additional class sections.

Riverside Community College District Chancellor Gregory Gray believes the savings could be even bigger.

"In this one district alone, you could easily save \$5, \$6, \$7 million," he said. "Multiply that up and down the state and you get a big number."

Asked whether the system should consider merging some districts to save money, Gray didn't hesitate. "Without a doubt and unquestionably, the answer to that is we should do that," he said.

You could look at those facts, take note of the state's revenue challenges and wonder why lawmakers aren't already ordering cuts, mergers and cost savings.

But first you'd need a lesson on the way things operate in Sacramento.

"It is extremely difficult for a local chancellor like myself to try and initiate this type of discussion unless it's really starting from the top," said Gray, noting that no one in the state Capitol is championing consolidation.

For many of the community college districts, the potential savings may never be realized because the system of local districts is so deeply entrenched. In fact, obscure statutes in the California Education Code make it all but impossible to save money through merging districts – at least in the short run.

Students have borne the brunt of cuts to the system. They have been slapped with fees that have risen 130 percent in the past five years and have been unable to get into the classes they need. But the status quo has been protected.

The state's community college system isn't the only place in California's \$92 billion budget where excess can be found. California Watch chose to zero in on the college system because of its sheer size and because it touches so many lives. About 2.4 million students attend community college classes.

California's community college system is the largest in the nation and the backbone of higher education in the state, serving the vast majority of the state's college students at the lowest price with the greatest number of locations. The system is especially essential now, as President Obama has pushed for greater resources for community colleges to shore up the country's workforce through job training and education.

California Watch reporters examined parts of the state community college system's bureaucracy to identify spending patterns and understand why reforms may prove elusive.

The 72 districts keep payroll and other data in different formats, which makes comparison difficult. So California Watch drilled down on 16 districts, taking into consideration the availability of detailed payroll data, geographic proximity and district size.

The group of 16 districts had duplicative executives or managers in 21 positions, not including chancellors and presidents. A total of 253 individuals cost the districts \$30 million in salaries and at least \$7.9 million in benefits in 2011.

Small districts consider collaboration

Many of the state's small districts are in precarious financial straits because budget cuts are making it increasingly difficult to support the administrative costs of running a district.

When statewide budget cuts hit, community colleges get lower enrollment targets – meaning fewer classes and student services.

But districts can scale down instructional and support services more easily than they can adjust the cost of administrative services such as payroll, accounting, information technology and institutional research, said Yuba Community College District Chancellor Doug Houston. That means courses and educational services end up on the chopping block first.

“We’re making the cuts by reducing our core academic functions, and we’re kind of chipping away at the margins of being more efficient with those noncore functions,” Houston said.

The legal and political obstacles involved in merging districts have stopped districts from getting past the most preliminary discussions about consolidating.

Houston stops short of advocating that small districts should merge to save money. He's concerned that moving a district administration farther away would take something away from those communities.

But he has been working with a group of mostly small rural college districts to explore ways to share some of these administrative services, such as payroll services or server farms.

The group includes the Mendocino-Lake, Siskiyou Joint, Shasta-Tehama-Trinity Joint, Lassen, Feather River, Lake Tahoe, Monterey Peninsula, Butte-Glenn and Yuba districts in Northern California, plus the Copper Mountain, Barstow and Palo Verde college districts in the south.

"My fear is that for these smaller colleges that they're already on the precipice, and that another round of cuts will put them in extreme jeopardy," Houston said.

The group does not yet have an estimate of the potential savings districts could achieve. At Houston's former district, the 5,000-student Lassen Community College District in Susanville, he estimated administrative costs made up 21 percent of the budget. He figures at least a quarter of that could be shaved through collaboration.

Houston and Kindred Murillo, president of the Lake Tahoe Community College District, are talking about sharing one or more senior administrators in the future, even though the two district offices are 145 miles apart.

The districts' immediate financial woes are only the short-term context for the push toward collaboration, however.

“The bigger context is that the paying public, quite legitimately, is skeptical as to how efficient we have been in public services and is demanding greater efficiency,” Houston said. “And I think legitimately so.”

A broader analysis of the system revealed:

The state Education Code prevents districts from laying off any administrators for the first two years after merging, making it more difficult for districts to save money by consolidating.

The public appears open to change. California Watch commissioned a Field Poll that found an overwhelming majority favors consolidating community college administrative functions to save money.

As the ranks of elected community college trustees have swollen, their power and profile have diminished. The state pays for 442 community college district trustees, including an average annual cost of \$5 million for elections. But the authority of these elected board members weakened significantly 35 years ago when voters approved Proposition 13, which transferred control over revenues from the boards of trustees to the state.

The Field Poll conducted in the fall for California Watch found that the majority of respondents had little or no knowledge about district board elections.

Unlike the centrally managed systems for the California State University and University of California, community colleges sprouted up largely as extensions of high school districts. That helps explain why they’re organized into 72 locally governed bodies dotting the California terrain – each with its own bureaucracy.

In 2010, community colleges reported spending at least \$1.7 billion on top-level administration, including pay for

district executives and the cost of the 72 separate governing boards, according to a California Watch analysis of U.S. Department of Education data. The total cost of the system that year topped \$10 billion.

But the 72 districts don't all report administrative spending to the federal government in the same way. That makes it difficult to compare how much each district spends on bureaucracy or to compare the community college system to other higher education systems.

The Riverside Community College District, for example, included \$3.5 million in state money it spent on enterprises such as parking and student activities. The Long Beach Community College District did not include that category of expenses.

The chairman of the Assembly Higher Education Committee, Das Williams, D-Santa Barbara, said the state should consider district consolidation.

"There's no question that there (are) more individual districts than is efficient and, in many cases, the efficiencies that can be gained would mean more classes for students," Williams said. "And that's really the tragedy of the system, is the lack of funding and the lack of reform."

However, while lawmakers can encourage a statewide examination into the costs and benefits of district unification – through studies and hearings – Williams said local leaders ultimately need to sign on to make such a move successful.

Creating a new district

To see how much cost a district structure can add, consider how much California paid when it built one from scratch.

The seeds of Copper Mountain College in the High Desert took root in 1967, when the Desert Community College District in

Palm Desert began offering college classes at local schools in the Morongo Basin.

Community leaders in the area began to envision having their own full-fledged college. In 1970, the district bought land on the side of Copper Mountain in Joshua Tree with the idea of eventually building a campus there. And in 1977, voters elected the first Morongo Basin resident to the district board of trustees. Virnita McDonald advocated for a college at Copper Mountain.

A new foundation, the Friends of Copper Mountain College, began raising money for a building campaign. Its success led to the opening of the Copper Mountain campus in 1984.

Still, college leaders wanted independence from the Palm Desert district. They argued that their campus wasn't getting its fair share of resources. They believed the district should have built the Copper Mountain campus sooner.

"We felt that we were significantly different from the Palm Desert community," said Owen Gillick, who has been involved with Copper Mountain College since 1975 and recently retired from the district's board of trustees. "We felt that even having one of five trustees residing here did not give ... us the control over our destiny that we felt we deserved to have."

Frustrated by what it saw as a lack of action by district leaders, the Friends of Copper Mountain College met with Republican state Sen. Jim Brulte in 1998, hoping for a political solution.

Brulte agreed to tackle the issue. A bill he introduced authorized a new, separately funded district – without needing the approval of voters in Palm Desert.

David Wolf, then the executive director of the Accrediting Commission for Community and Junior Colleges, said in an

interview that he was uncomfortable with the creation of a district of that size in that location because of obvious fiscal limitations.

Thomas Nussbaum, chancellor of the community college system at the time, also said he had concerns – not only about the extra cost, but also about the circumvention of the standard process for forming a district.

But the involvement of a powerful legislator made the move inevitable, they said.

Brulte “had already made up his mind on the subject and probably had the ability to pass whatever legislation he wanted to pass,” Nussbaum said.

In 1999, the bill became law. Almost overnight, the region went from having one college and one district to two colleges and two districts.

With the new designation came new trappings. The district created two new jobs that mirrored positions at Palm Desert’s College of the Desert: a chief human resources officer and a chief business officer. Copper Mountain also hired a director of fiscal services, promoted the provost to CEO and promoted a professor to a position as chief instructional officer. A new local board was elected. State budgets provided \$3 million in the first two years to foot the bill for the transition.

From 1998, before the secession, to 2002, four years after the split, the cost of top-level administration for College of the Desert and Copper Mountain College doubled, growing at twice the rate of the system as a whole. Copper Mountain currently has nine administrators and faculty who make more than \$100,000 per year.

Both districts are among California’s smallest. The Desert Community College District enrolls roughly 13,000 students. Copper Mountain, the spinoff, is the second-tiniest district

in the state, with 3,000 students enrolled last year.

Tiny districts are, by nature, inefficient. In fact, their fixed costs are so high that the state funding formula adds on extra money for them. As a result, per-student funding at Copper Mountain in 2010 was about \$8,200 – more than 40 percent higher than the state average of \$5,700.

“They’ve got to have a board, they’ve got to have a basic campus, they’ve got to have a basic administration, they’ve got to have a basic faculty even if their class size is very small,” Wolf said. “So why would you create something like this ... when there’s 55 miles away a great big campus that provides everything?”

Gillick did not dispute that forming a new small district entailed significant costs. But he said consolidating Copper Mountain with a neighboring district would be an “unsuccessful implant.”

“These small things (districts) are costly, but they have a value that can’t be measured in bucks,” he said.

Brulte, now the California Republican Party chairman, said there was no requirement in the law that the new district add more administrators. The move had a positive impact in the area, he said.

“At the end of the day, additional resources went to Copper Mountain, and it eliminated a tremendous source of conflict within the Morongo Basin,” he said. “The people of the Morongo Basin got to have control of the college district in their community.”

Overlapping roles

When you look at a map of California’s community college districts, the dots tend to cluster. More than half of the districts are within 20 miles of at least one other community

college district.

Each district comes with a cadre of highly compensated executives who do the same thing as their counterpart with the same title at a district 10 or 15 miles away. In theory, geographically close districts could share a vice president of human resources or a chief business officer.

It's unclear how much could be cut, but the community college system spends at least 17 cents of every dollar on top-level administrative costs.

California Watch analyzed payroll data for 16 districts. Combined, the districts – a mix of small and larger ones – had 18 directors of public relations, 21 directors of campus facilities and 12 institutional research chiefs. Not including the district superintendents or college presidents, the districts had some level of overlap in 21 executive or management positions.

Meanwhile, colleges have dealt with budget cuts by cutting classes. Before last year's passage of Proposition 30, which temporarily increases income and sales taxes to fund education, funding for community colleges had decreased by \$809 million, or 12 percent, since 2008-09.

In that time period, the number of students served sunk by nearly half a million.

In an August 2012 survey conducted by the California Community Colleges Chancellor's Office, 66 of 78 colleges that responded reported having waitlists for fall classes. On average, there were 7,157 students wait-listed per college.

Berkeley City College student Clay Smith, 22, witnessed the effects of reduced class offerings firsthand. Last semester was the most hectic he'd ever seen.

"There were at least 10 kids standing in every class," Smith

said. "There's people on the floor and in the hall. ... I made sure to get to class 20 minutes early so I knew I had a seat."

Smith needs one more business class to meet the requirements to transfer to a UC school. But he never thought it would take him three years to get here.

"I had no clue," Smith said. "I didn't think it was going to take this long of a journey."

Obstacles to consolidation

The state Education Code makes it all but impossible for districts to achieve cost savings right away by merging operations.

Take the Napa Valley, Solano and Contra Costa community college districts, which together oversee five colleges. The district offices are within 15 to 25 miles of each other.

Combined, they serve about 81,000 students – fewer than at City College of San Francisco.

When you look at them together, Napa Valley, Solano and Contra Costa had three chief business officers, five directors of campus facilities, three athletic directors and three public relations chiefs in 2011. They also had two directors of information technology, chief financial aid officers and vice presidents of student success.

There were 12 key executive or administrative positions that clearly overlapped across all three districts and two other positions duplicated in 2 out of 3 districts.

Salaries and benefits for these 43 people totaled roughly \$6.4 million. The districts employed more than 150 executives in total in 2010.

Some district officials questioned whether a district spanning three counties would reduce colleges' ability to respond to

local business needs.

Timothy Leong, spokesman for the Contra Costa Community College District, said that while his district sees jobs in the energy sector, Napa may see more in the agricultural or wine industries.

“Community colleges in those respective areas work closely with the businesses in order to meet those educational needs for their future workforce,” Leong said. “The question becomes, by proposed consolidation ... will you be able to still meet the business needs and training needs for your students in the same way?”

Yulian Ligioso, vice president of finance and administration for Solano Community College, said a merger would entail many additional costs. For example, the districts would have to standardize their curriculums.

“While on the surface, I think it’s certainly not something you cannot do, there are many obstacles you’d have to address in trying to merge the institutions,” Ligioso said.

The districts have not discussed merging, but even if they did, they wouldn’t be able to immediately reduce duplicative positions. California’s Education Code prohibits districts from laying off nonacademic employees for two years following a merger.

That protection originates from a 1961 bill sponsored by the California School Employees Association, which ensured a year of job security for nonacademic employees after a merger. The union sponsored another bill in 1970 that pushed the protection to two years.

Even before a merger could be approved, a litany of other financial, legal and political hurdles would stand in the way.

Several groups must sign off on the deal, including the

community college system's Board of Governors, a committee of K-12 school officials in every affected county and the merging districts' boards of trustees – who which would be voting on whether to eliminate their own positions.

Voters in every affected county would have to approve the merger at the polls, too.

The colleges, meanwhile, would have to get approval from the Accrediting Commission for Community and Junior Colleges. They would have to show that they could maintain the same quality of instruction and student support. The process entails legal review and a fee of \$20,000.

The new district also would have to sort out multiple collective bargaining agreements, each with its own salary schedule.

Bill McGinnis, a trustee at the Butte-Glenn Community College District in Oroville, took a deeper look at these laws and regulations in 2011.

"It's a very complicated process and a very costly process," McGinnis said. "There's no cost savings for at least two years. In order to make it work, you'd definitely need to have changes in the law."

That's not to say districts that currently operate multiple colleges are more efficient than single-college districts.

California Watch looked at three years of administrator-to-student ratios for each district. While the ratios varied, no clear pattern emerged that would explain why some districts had lots of administrators per student and others had very few. Districts with multiple colleges, for example, were no more likely than single-college districts to have a low administrator-to-student ratio.

Many community college officials point to this fact when they

caution against merging districts. They often cite the state's largest district, the nine-college, 230,000-student Los Angeles Community College District, as a highly bureaucratic organization they do not want to emulate.

"Mergers would be rather complicated legally, and we would have to be convinced that such mergers would bring about savings," said Jack Scott, former chancellor of the California Community Colleges. "Unfortunately, there's not evidence that (multicollege districts) operate more efficiently than some of the surrounding districts that are one-college districts."