



Merritt College

12500 Campus Drive · Oakland, California 94619 · (510) 531-4911 · FAX (510) 436-2514

December 14, 2018

Stephanie Droker, Ed.D.
Vice President
Accrediting Commission for Community and Junior Colleges
10 Commercial Boulevard, Suite 204
Novato, CA 94619

Dear Dr. Droker:

Merritt College and the Peralta Community College District is in receipt of your letter dated November 20, 2018 that outlines significant deficiencies in the College and District finances based on the factors included in the Composite Financial Index (CFI). We understand that the analysis identifies that the College and District require enhanced monitoring for the following reasons:

- Lowest fiscal health score in six of the twelve CFI factors and the lowest scores for any district in the two most heavily weighted factors (Primary Reserve Ratio and Operating Revenue).
- The Colleges and the District had the lowest possible score in Operating Surplus, OPEB Irrevocable Funding, Audit Deficiencies, FTES Trend, and Executive Level Staff Turnover.
- Issues with the annual general audit report, including State Awards, Material Weakness and/or Non-Compliance resulting in over \$15 million of adjustments and reclassifications, and non-implementation of the two most serious findings from 2016.
- Negative cash in the treasury account exceeding \$31 million.
- Double digit decreases in FTES 2015/16 to 2016/2017.
- Declining Fund Balances every year since 2013/14.

Per our conversation, the College and District is providing ACCJC with our current actionable improvement plan to correct current conditions and to improve systems going forward. It is to this end that we propose to complete a comprehensive Five-Year Integrated Financial Plan by April 2019 to improve the Institution's fiscal health and to meet and sustain Accreditation Standards.

The components of our Five-Year Integrated Financial Plan include specifics for:

- Establishing FTES Targets and Enrollment Management Plans for all Colleges;
- Establishing a Student Success Infrastructure Plan to comply with the Student-Centered Funding Formula;



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- Establishing guidelines to reduce operational overspending and eliminate the structural deficit;
- Adopting a Board policy to adopt sustainable fund balances and reserves;
- Adopting a restructuring plan to improve efficiencies and accountability at the District Office and the Colleges;
- Addressing all Audit findings;
- Establishing strategies to better improve the management of the OPEB debt; and,
- Providing an Executive level staff turnover analysis and recommendations to retain staff.

Due to the gravity of the College and District's financial challenges, Merritt College and the Peralta Community College District are providing the comprehensive PCCD Fiscal Actionable Improvement Plan. The College and District will complete a Five-Year Integrated Financial Plan by May 1, 2019 to allow sufficient time for participatory governance collaboration and Board of Trustees approval. Furthermore, the District has requested Fiscal Crisis & Management Assistance Team (FCMAT) technical assistance and established a calendar for completing the work.

We hope you will consider our request. Peralta is working diligently to meet and sustain all Accreditation Standards. Our participatory governance leaders are working collaboratively to effectively remediate our fiscal deficiencies once and for all.

Sincerely,

Marie-Elaine Burns, Ed. D.
President

cc: Dr. Jowel C. Laguerre, Chancellor, Peralta Community College District

Peralta Community College District

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