

PURPOSE OF THIS REPORT

Voters approved Measure E – The Peralta Colleges Education Renewal Measure in November of 2018. A Citizens’ Oversight Committee was established with the purpose of informing the voters and taxpayers about expenditures and use of the parcel tax designated for the Peralta Colleges. A report is to be given once a year, informing the public as to whether the District is spending the money in compliance with the requirements as outlined in Measure E.

FOCUS OF THIS REPORT

At its most basic level, the work of the Committee is simply about compliance but about accountability – to the campuses, their staff, faculty and students and to the voters who supported the parcel tax at the polls. While it is not the Committee’s work to decide how the funds are to be spent, we must be able to verify that the District’s parcel tax support activity is in compliance with the intention and letter of the voter-approved legislation. This is a two-pronged compliance oversight function - to understand if the spending decisions are in line with the criteria encompassed by the parcel tax language and to determine if these expenditures are creating the outcomes expected for students and the community.

The District has been providing budget data to the committee throughout the history of a series of parcel tax acts. However, the connection between budget data reports and actual operational outcomes is often not clearly delineated. In an effort to make that connection clear and transparent, the Committee developed its own approach to data and information collection. The approach includes *qualitative* questions for stakeholders and responsible staff about the approach to parcel tax fund budgeting and *quantitative* budget data organized around outcomes and changes resulting from the use of parcel tax funds.

COMMITTEE ACTIVITY

In November of 2018 voters approved Measure E- The Peralta Colleges Education Renewal Measure, which, in part states that, “proceeds are to be used to support core academic programs such as math, science and English, train students for careers, and prepare students to transfer to four-year universities. Proceeds of the Peralta Colleges Education Renewal Measure are to be spent exclusively for instructional purposes with classified expenditures limited to defined instructional support.” The language of Measure E also states, “...funds may only be used to augment (rather than substitute for) funds already allocated for supporting core academic programs.”

The Committee relies upon the PCCC administration to provide the basic data necessary to evaluate compliance. Acting Vice Chancellor of Finance and Administration, Mr. Adil Ahmed, oversees the reporting of expenditures of Measure E monies throughout Peralta. In addition, Dr. Siri Brown, Vice Chancellor of Academic Affairs and Student Success, oversees collection and distribution of specific information gathered from the colleges at the request of the PTOC regarding student access to classes, sections, and services mandated by Measure E.

The PTCOC's focus is to review expenditures of Measure E funds, to validate that parcel tax dollars are being spent in compliance with the voter approved language of Measure E and as the voters intended the parcel tax money to be spent. We are to report our findings to the Board of Trustees as well as to the taxpayers of the community.

As a committee, we are specifically concerned with the language in Measure E that states, "proceeds are to be used to support core academic programs such as math, science and English train students for careers, and prepare students to transfer to four-year universities. Proceeds of the Peralta Colleges Education Renewal Measure are to be spent exclusively for instructional purposes with classified expenditures limited to defined instructional support" In addition, we are focused on the language that states, "funds may only be used to augment (rather than substitute for) funds already allocated for supporting core academic programs."

In addition to presentations by District administrators at each meeting and one meeting dedicated to a discussion of campus Presidents' perspectives, the committee also has invited other stakeholders, most recently the Presidents of faculty and classified unions, to give us input on their perspective of Measure E spending within the Peralta College District. As a public meeting, we also have had members of the community, faculty and staff from among the PCCC colleges join us and offer comments.

Faculty guests in particular have questioned the use of Measure E money in regard to whether the money is being used to augment rather than supplant General Fund expenditures. It has been difficult for the PTOC to determine if Measure E is being used for augmentation or supplanting as we have received wildly different reporting formats at each meeting. We have therefore created our own documentation spreadsheets and requested the District use our format going forward. V.P. of Finance and Administration as well as the V.P. of Academic Affairs and Student Success have received our spreadsheets and request for information. Once we have the quantitative data, we can analyze it and formulate the qualitative questions that we will use when we invite various stakeholders to discuss parcel tax revenue use directly with the Committee at our quarterly meetings. The Committee understands that this is the first-time requests for such data, particularly outcome data, have been made, but they are made based upon what the Committee believes it needs to undertake its work successfully and to make useful and complete reports to the Board, the public and other stakeholders.

The Committee has had the opportunity to discuss the budget data with Mr. Ahmed at its last meeting and he has agreed to provide specific data in a more readily accessible format. Unfortunately, Dr. Brown was not at the last meeting and we need to have a similar conversation with her. The outcome data matrix is a new data gathering instrument and it is clear that we need to clarify our request before we will receive the specific data requested.

PTOC MEMBERSHIP APPOINTMENTS ACTIVITIES

In August of 2019, the Measure B Citizens Oversight Committee was disbanded by the District. This abrupt ending of the committee and their work was a complete surprise to the members of the committee, which at that time was Oscar Porter, Zac Unger, Debra Weintraub and John Caner. The former committee members were invited to re-apply to serve on the new Measure E

Peralta Colleges Education Renewal Measure E Citizens Oversight Committee. Mr. Caner declined, but Mr. Unger, Dr. Porter, and Ms. Weintraub re-applied and were accepted on the newly formed committee. It was at this time also that the previous committee, which had oversight over both Measure B and Measure A (Bond money), was separated into two distinct oversight committees: one for the Bond Measure and one for the Parcel Tax Measure. This separation was done at the request of the former committee and agreed upon by the Board of Trustees. Aisha Jordon and Bernard Ayanruoh joined the Parcel Tax Oversight Committee in the late Fall of 2019. The following meeting Monica Henestroza joined the committee. In the Fall of 2020, Mr. Ayanruoh stepped down from the committee. The committee now has five (5) members.

Low membership numbers have been a constant concern of the PTOC. This is a critical concern because unless we have full membership, we may not have enough members at our meetings to establish a quorum without which we cannot conduct official business. Requests have been made to recruit new members and Mr. Johnson, Interim Executive Director of Public Relations, has stated that the District is pursuing several methods to recruit new members. Unfortunately, no new members have joined the committee since 2020. A wider and more aggressive search for applicants may well be needed. On June 30, 2021, the committee will be losing at least one member, Debra Weintraub. Other members are on a staggered two-year term and if approved by the Board, an individual may be appointed for up to three (3) consecutive two-year terms. The members have met every four months since being reconfigured, but due to the COVID Pandemic have only met via zoom since February 2020.

PTOC CURRENT MEMBERSHIP

Debra Weintraub – Chair (term expires 6/30/21)
Oscar Porter- Vice Chair (term expires 6/30/22)
Aisha L. Jordon (term expires 6/30/22)
Zac Unger (term expires 6/30/21)
Monica Henestroza (term expires 6/30/22)

FINANCIAL AND PERFORMANCE AUDIT REPORT

An Independent Audit Report executed by Eide Bailly, CPA & Business Advisors and submitted on June 30, 2019 appears to be the last available Independent Audit Report the Peralta Colleges have received. This report refers specifically to Measure B expenditures; thus, the committee is unsure if there is any further independent auditing for Measure E money. None has been given to the committee as of February 2021. However, we did take note of the following in the report that was given to us:

“Condition Material Weakness – As noted in the prior year, errors were made within the closing process of the District’s financial records. Material adjustments and reclassifications were required to conform to the BAM and GAAP. Differences were found in various accounts, but not limited to: • Accounts payable balances were not properly cleared from the prior year, and

ending amounts, including suspense accounts, were not being reconciled correctly. • Due To/Due From account balances are not being reconciled in a consistent a timely manner.”

The PTOC would like clarification from V.P. of Finance and Administration regarding the following comments in Eide Bailly (CPA & Business Advisors) Independent Auditor’s Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2019 18 Corrective Action Plan the District’s Finance Division will implement regular reconciliation of accounts and develop a year end closing process with an appropriate delegation of duties and clearly defined oversight. The District’s Finance Division staff will also be trained on reconciliation of accounts and year-end closing process in order to improve internal controls.
Status Not implemented, See Finding 2019-001.

In addition, we would like clarification about why the District was unable to improve and implement the regular reconciliation of accounts as recommended by the Eide Bailly since it appears to be noted in two consecutive reports.

2019-20 PARCEL TAX OVERSIGHT COMMITTEE STATEMENT ON MEASURE E REGARDING COMPLIANCE

At this point in time, the PTOC cannot say definitely whether the District is in compliance with either the letter or the spirit of Measure E. We do not have the information necessary to make that judgement. Since the Committee views compliance as requiring appropriate budget allocation and achievement of the outcomes stated in Measure E’s language, both types of information must be provided in the formats requested. We want to achieve transparency in understanding the use of the funds such that not only the Committee feels comfortable that compliance is being achieved, but we are also comfortable making a pronouncement on compliance the is definitive and easily understand by the lay public. After all, it is the community to whom we owe our report, as well as the Board of Trustees.

PTOC RECOMMENDATIONS

1. The District must use a consistent reporting format to detail how parcel tax money is being spent. The oversight committee is unable to perform true oversight if the data format changes from quarter to quarter. The reporting format should be not only consistent, but concise. A data dump of hundreds of pages of line-item expenditures does not lend itself to easy year-over-year comparisons. The Committee has developed a preferred format and Peralta staff must not substitute their own reporting structure for that requested by the Committee.
2. Voters approved the Measure E money with the specific intent that it would augment rather than supplant existing money budgeted. The District must demonstrate their maintenance of effort so that it is clear that Measure E money is over and above what would be spent in the absence of the measure. As Measure E is explicitly intended for the benefit of students in terms of education and preparation for transfer, any money spent on

Classified expenses must be specifically highlighted and subject to more strict scrutiny and explanation. Additionally, the District must demonstrate how the Measure E money has improved student access to education, i.e., through increased sections, online opportunities, etc.

3. The District must come into compliance with the recommendations made by the independent auditor. Audits are not performative exercises; they only have value inasmuch as the District works to correct the shortcomings identified.
4. The Citizens' Oversight Committee website is difficult to find and difficult to navigate. The public should be able to see clear, year-over-year financial comparisons in line with the reporting format requested by the Committee in Recommendation #1, above.
5. The District and the Board of Trustees should more aggressively recruit members to serve on the Citizens' Oversight Committee. The COC has been hampered by occasional lack of a quorum and a dearth of institutional memory because of low membership.
6. The District must be more responsive to requests from the Committee and provide complete responses to Committee requests. There is a history of delays and incomplete reports that hinders the Committee's effort to understand the parcel tax funding utilization and impact.