



**ACCREDITING
COMMISSION
for COMMUNITY and
JUNIOR COLLEGES**

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November 18, 2005

Dr. Jamillah Moore
Interim Superintendent-President
Compton Community College
1111 E. Artesia Boulevard
Compton, CA 90221

Dear President Moore:

This is to apprise you of the Commission's decision on the request of Compton Community College (Compton) for a review of the decision of the Commission in June of 2005 to terminate Compton's accreditation. On November 10, 2005, the Commission met in a special session to consider Compton's request. The Commission thanks you and Special Trustee Charles Ratliff for taking the time to meet with the two readers and with the full Commission on November 10. The Commission carefully considered the points that you made on behalf of the institution's position during those meetings. After considering all of the evidence before it, including the Compton Request for Review and Statement of Reasons, its supporting documentation, the Report of the Review Committee and Compton's written response to that Report, the Commission voted to reaffirm its June 2005 decision to terminate Compton's accreditation.

The Commission found that the evidence supporting the June decision was substantial, sound, and credible. The Commission further finds that none of the changes which the institution has brought to the attention of the Commission in connection with this review are of sufficient magnitude to warrant a change in its June decision. The Commission finds that in June of 2005 the institution was and continues to be significantly out of compliance with the Commission's standards and conditions for eligibility.

The Commission's decision to terminate Compton's accreditation followed a decision in January of 2005 to place the institution under "show cause." This action was based upon the results of a special team which visited the institution in July of 2004. This special team visit had been prompted by the action of the California State Chancellor which took control of Compton by imposing a special State trustee with authority to override the decisions of the Board of Trustees on May 21, 2004. The State Chancellor also directed a Fiscal Crises Management Assistance Team (FCMAT) to audit the institution's financial condition and provide financial management assistance. The institution, while under show cause, was required to submit a progress report responding to the Commission's concerns and was visited by a further special visiting team in April of 2005. Following the visit of

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this second visiting team, and after reviewing the Report of that special visiting team, the Commission voted in June of 2005 to terminate Compton's accreditation. In the Commission's June decision, the Commission found, on the basis of all of the evidence before it, including the Show Cause Visit Team Report, a draft report from the 2005 FCMAT team, a 2004 Fiscal Audit and on the basis of other available information, that Compton was significantly out of compliance with Eligibility Requirements 3, 4, 5, 10, 13, 14, 17, and 18 and Standards I. A and B, II. A, B. II. A, C and D, IV. A and B. Compton requested a review of that decision. Under the Commission's procedures described in the policy *Review of Commission Actions*, when an institution requests a review, it must specify the grounds for that review. This is done in a document called a Statement of Reasons. In this document, the institution is expected to point to those aspects of the decision which it believes were in error. In the Statement of Reasons, the institution is also given the opportunity to direct the Commission to changes in institutional condition which may have occurred since the visit (which in this case occurred in April of 2005) which the institution believes present material reasons for the Commission to reconsider its decision. Compton submitted a Statement of Reasons with voluminous exhibits attached. Following its procedures, the Commission appointed a special committee, the Review Committee. As is expected by Commission procedures, the Review Committee reviewed the Statement of Reasons with its exhibits, and it met with the President and other key representatives of the institution which it considered might provide pertinent information. The Review Committee visited Compton on October 3, 2005, and thereafter prepared its Report to the Commission.

The Report of the Review Committee concluded that the serious institutional problems which served as the basis for the Commission's decision were still present at the time of its review. The review focused on four broad areas which had been cited in the June action letter as the basis for the Commission's decision: 1) fiscal management, integrity and solvency; 2) governance; 3) human resources; and 4) planning and research. With respect to each of these four broad areas, the Review Committee affirmed what the April 2005 Show Cause visiting team report had found and the Commission had noted in its decision that were examples of significant noncompliance with the eligibility criteria and the Standards cited in the June action letter.

As one example, with respect to the area of fiscal management, the Standards require,

The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. (Standard III.D)

The serious and broad-based financial problems the institution was facing in 2004 which in part led to the Chancellor of the California Community Colleges in May of 2004 to suspend the authority of the Board of Trustees and substitute a "special trustee" to manage the affairs of the

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College, continues to this date. The Commission notes that the Chancellor chose to extend that authority in June of 2005, rather than returning the operations of Compton to its Board of Trustees for reasons that are stated in that Order. The Commission notes that the FCMAT audit

team's Report of June 8, 2005, continued to find many areas where the fiscal operations of the institution are well below any reasonable standard of performance. The Commission notes that the independent auditing firm of Vicenti, Lloyd and Stutzman, LLP, was unable to express an opinion for the fiscal year 2003-4 on the financial statements, including the FTES amount reported. This being the case, there is no way to verify the accuracy of the financial statements (which thus far remain un-audited) for fiscal year 2004-05. The Commission notes that there continue to be many liabilities that have been caused by questionable past practices at the institution.

The Commission observes that there were significant differences between some of the assertions the institution made in its documents to the Commission and the evidence it provided. For example, although the institution asserts that there was an "audit report" that concluded that \$3,592,565, noted as potentially inappropriate expenditures in a special audit of the bond fund performed by Vavrinek, Trine, Day and Co. LLP, was in fact appropriately spent, Compton provided neither the Review Committee nor the Commission with evidence supporting this claim.

Although it is apparent that, under the authority of the special trustee and the interim president and in response to the audits, findings and recommendations of FCMAT and the Commission, some signs of improvement are occurring, nevertheless, the deficiencies are so great that, even with these improvements, Compton continues to fall far short of Standard III.D.

As another example, with respect to the area of "governance," the "Eligibility Requirements for Accreditation" require in part as follows:

3. Governing Board

The institution has a functioning governing board responsible for the quality, integrity, and financial stability of institution and for ensuring that the institution's mission is being carried out. This board is ultimately responsible for ensuring that the financial resources of the institution are used to provide a sound educational program. Its membership is sufficient in size and composition to fulfill all board responsibilities.

The governing board is an independent policy-making body capable of reflecting constituent and public interest in board activities and decisions.... The board adheres to a conflict of interest policy that assures that those interests are disclosed and that they do

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not interfere with the impartiality of governing body members or outweigh the greater duty to secure and ensure the academic and fiscal integrity of the institution.

At the present time, the Board of Trustees is not functioning and is not able to carry out its responsibilities. Its powers have been stripped by an extraordinary Order from the State Chancellor's office, and a special trustee, appointed by the Chancellor, has been substituted with full power to act on behalf of the Board of Trustees. The Commission notes that the Chancellor chose, in June of 2005 to extend the power of the special trustee, originally set to expire on August 30 1, 2005, through July 31, 2006. That Order noted in part:

WHEREAS, the evidence clearly supports the conclusion that Compton has failed to maintain fiscal integrity and all efforts short of intervention have been unsuccessful; and

...

Whether the Chancellor will extend the authority of the special trustee beyond July 31, 2006 is uncertain. Although, at the time of the April visiting team's visit to the institution, the Board was still conducting meetings and taking actions (subject to the approval of the special trustee) the special trustee removed that ability after the Commission's June decision. At the time the Review Committee met, the Board of Trustees was not meeting in any capacity. In other words, at the present time, the Board of Trustees is completely nonfunctioning. Under the circumstances, there can be no question but that the Board of Trustees is not functioning as an independent policymaking body capable of reflecting constituent and public interest as required by the eligibility criteria. It is therefore incontrovertible that the institution is not in compliance with this eligibility requirement.

The Commission does not accept the argument by Compton that it should consider the institution in compliance because the trustee may be acting in a responsible matter and attempting to rectify many of the problems faced by the institution. The Commission does not consider a State appointed trustee, acting under the "direction and supervision" of the Chancellor as required in the Order, to be the substantive equivalent of an independent policymaking body.

Under direction from the special trustee, the current members of the Board of Trustees were urged to attend a series of educational workshops, designed to provide them with ethics training and overall board governance training. The Review Committee noted that, even under these extraordinary circumstances, it does not appear that all of the Board members have been regularly attending these training sessions. This fact alone casts serious doubt as to the capacity of the members of the Board of Trustees to resume their duties at any time in the reasonably foreseeable future. The institution asserted in its Statement of Reasons and in its Response to the Review Committee's report that the Board of Trustees has adopted an "ethics policy." The Commission found no evidence that the Board of Trustees, as opposed to the special trustee, had

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adopted any such policy. The Commission's Conditions of Eligibility not only require that a governing body adopt a well formulated conflicts of interest policy but that it "adhere" to that policy. In view of the pervasive and serious integrity and ethics problems that have occurred at the Board of Trustee's level in the past, the Commission has been presented with no reasonable evidence upon which it may reasonably conclude that the institution has progressed in this regard.

Finally, it should be noted that the "Eligibility Requirements for Accreditation" are conditions which an institution is expected to satisfy before it is considered to be eligible to apply for accreditation. In other words, the Eligibility Requirements are more basic than are the Standards of accreditation. If Compton had come to the Commission and applied for initial accreditation under circumstances where its board was not functioning and where all authority was being exercised by a State appointed trustee, that application would not even have been considered.

Compton has raised a number of issues in the first 12 pages of the Statement of Reasons, under the heading, "II. Procedural Foundation for Review." The issues raised are essentially legal in nature in that they made legal arguments as to why the Commission's decision should be reversed or modified. They included assertions that various actions taken by the Commission violated Compton's right to be treated fairly or that they violated the Commission's own rules. Although the Review Process, as outlined in the Commission's Handbook, does not contemplate that the institution will raise such issues or that the Commission will consider such issues at this level of review, the Commission has considered these arguments before reaching this decision.

The Commission does not find that any of the arguments raised provide persuasive reasons as to why the Commission should modify or reverse its decision. Briefly, the arguments and the Commission's response are stated below for the benefit of the institution.

1. Compton challenges the action on the ground that it was taken "hastily." The institution states on page 3, ". . . the Commission went directly and hastily to the drastic 'Show Cause' status, without stopping at any other prior steps (i.e., a warning or probation), and then issued the termination-of-accreditation decision." The institution is introducing two related arguments. The first is the assertion that the institution simply was not given enough time in which to respond to the criticisms. The second is the argument that the Commission erred by not following a precise sequence in the manner in which the sanctions escalated. The institution alleges, in other words, that the Commission should have begun by imposing a warning, then could have moved to probation, followed by show cause and finally by a termination. Since the Commission did not follow this sequence, the institution argues that the Commission erred.

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Regarding the assertion that the Commission simply acted too "hastily," the Commission does not agree that it acted "hastily." In fact, the Commission believes that it acted in a manner that placed the institution on adequate prior notice regarding the gravity and the seriousness of the deficiencies. The Commission is not aware of any legal principle that requires that it provide an institution with any particular length of time in which to respond to its criticisms before taking a termination action. The Commission's own written rules regarding sanctions (contained in the Accreditation Reference Handbook, *Policy on Commission Actions on Institutions* at pages 50 through 58 ("Actions Policy")) do not require this.

The Commission finds that it complied with its own rules, as contained in its Actions Policy, when taking its action to terminate in June of 2005. The Commission's Actions Policy expressly gives the Commission the power to terminate whenever, "... an institution has not satisfactorily explained or corrected matters of which it has been given notice, or has taken an action that has placed it significantly out of compliance with Commission Standards .."(Actions Policy, p. 57). The Commission's Actions Policy does not require that it follow any particular escalation in sanctions before the termination action is imposed. The Commission believes that it has a responsibility to the public at large, to present and prospective students, and to the institution's faculty and administration to take appropriate action, including termination, whenever it finds that an institution is "significantly out of compliance." So that the record will be clear on this point, the Commission finds that, notwithstanding the progress that has been made since the April 2005 special team visit, the institution continues to be significantly out of compliance with the Commission's Standards and Eligibility Criteria.

2. Compton contends that the Commission failed to follow its own written policies, because, Compton contends, the Commission's January action letter did not "specify a time within which the institution must resolve deficiencies," as required by Commission Policy. In effect, the institution contends that the January show cause action letter did not contain a sufficiently specific time frame.

In order to examine this assertion, it is useful to review the content of the January action letter which placed Compton on "show cause." This letter followed the usual format for such letters. The key substantive distinction between the show cause sanction and some lesser sanction is the fact that show cause shifts the burden to the institution to convince the Commission that its accreditation should not be withdrawn. By doing this, it emphasizes the gravity of the challenge facing the institution. Borrowing language directly from the Policy, the action letter put the institution on formal notice that the "burden of proof" rested on the institution. The action letter then recited a list of specific Standards and Eligibility Criteria, identifying those as areas where the institution was seriously out of compliance. It identified three main categories: fiscal management and stability of the college, personnel practices, and college governance. The letter next proceeded to identify 23 specific areas where the institution should direct its

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immediate attention. On the final page of the letter, it stated in part, "The action letter asked that the institution submit a Progress Report by March 15, 2005 addressing the issues reviewed in the action letter." The letter further informed the institution that the Progress Report would be followed up by a visit by Commission representatives. Finally, the action letter announced to the institution that the report and findings of the Commission representatives would be considered at the June 2005 meeting.

The Commission finds that the January action letter placed the institution on adequate notice and satisfied the policies and practices of the Commission. It is clear from the content of the letter that the timeframe for reviewing the show cause order was from the institution's receipt of the January 31 action letter until the dates of the special team visit and next Commission meeting. The Action letter adequately notified the institution that it faced possible termination at the June meeting unless it met its "burden" and convinced the Commission that it had made sufficient progress in rectifying the areas of deficiency noted in the action letter.

At the bottom of page 4 and the top of page 5 of the Statement of Reasons, Compton proceeds to cite two examples which it contends illustrate both the failure of the Commission to follow the Policy and alleged failure to comply with due process. The first involves the observation by the visiting team that institution personnel were assigned positions without appropriate expertise. The institution points out that it might be constrained by collective-bargaining agreements and other external forces from being able to remedy, at least completely, the deficiencies within the timeframe that was ultimately permitted. The second alludes to the fact that institution had been criticized for not meeting the Commission's governance Standards. The institution argues that "due process" would require that the Commission give the institution a specific and reasonable period of time in which to comply (presumably with each area of deficiency). To be reasonable, the institution argues the timeframe would have to take into account the inability of the institution to meet the governance Standard because of the Chancellor's actions.

On page 6 of the Statement of Reasons, Compton further argues this position by pointing to a number of places in the visiting team report where it was "conceded" that the institution would need more time in which to correct various deficiencies than it was ultimately given. If one places these arguments in a broader perspective, it becomes apparent that they support the position of the Commission: that the institution is and was significantly out of compliance with the Standards. In other words, by arguing that it needed more time to come into compliance, the institution is underscoring the gravity of the deficiencies with the Commission's position regarding the seriousness of its noncompliance.

Without conceding whether any particular legal standard of "due process" applies in this instance, the Commission believes that it has in fact fully complied with its own written policies and practices and with any legal requirements relating to the issues the institution has raised. The Commission does not believe that there is a "due process" standard which requires that an

institution be given some "stated" or "reasonable" period of time in which to correct deficiencies. The Commission believes that the institution's arguments confuse and misapply the concept of "reasonable notice." The Commission's procedures are designed to assure that, before a decision which would result in the termination of an institution's accreditation is implemented, the institution is given reasonable advanced notice of the reasons for this decision and an opportunity to respond to those reasons before that decision is actually implemented. The Commission's review and appeal procedures assure that the institution will be afforded of a full statement of the reasons before the action is implemented and an opportunity to refute those reasons or point out any errors which may underlie them. Those procedures include the fact that the institution is permitted the opportunity to respond in writing to all reports of visiting teams and the review committee. They also include the fact that the institution's accredited status remains in effect until the review process is completed, and, if triggered, also before the subsequent appeal process is concluded. In fact, the purpose of the review process is to make certain that, before any termination decision becomes final, the institution is given an ample opportunity to respond to and to take issue with the findings and reasons which served to support the decision.

3. The institution makes an argument on page 5 that somehow the length of time between the Commission's show cause letter and its decision to terminate violated USDE regulations. The institution states, ". . . for a two-year community college, federal law provides for a maximum of a two-year period for compliance." USDE regulations state a maximum, not minimum, time period in which, once an institution has been found to be out of compliance with a Standard, the institution may be given to come into compliance. In point of fact, the concern of the federal government was precisely the converse of the concern of the institution in this instance. The government was concerned that accrediting associations not be able to permit institutions to remain out of compliance for an indefinite period of time before taking decisive action, and the two year maximum requirement was imposed for this reason (34 C.F.R., Section 602.20(a)(iii).

4. At the last paragraph on page 5, Compton argues that the June 17, 2005, action letter, which terminated the institution's accreditation, was defective because the action letter made reference to the fact that the decision was made, "following a six month period." The institution points out that it was under show cause for a period of between four and five months, not six months, before it received the June action letter terminating its accreditation.

The institution is correct that it was under show cause for a period of less than six months although the action letter refers to a six-month period. The question becomes whether this factual error in the action letter is material in the sense that it is the type of error that would indicate that the Commission should reconsider its decision. The Commission finds that it was not material, and that the fact that the time period was only four to five months did not violate

Commission Policy and does not provide a persuasive reason why the Commission should modify or reverse its decision.

5. On page 7, Compton argues that the Commission's June action letter violated the institution's right to due process because it cited seven reasons for termination that were not also contained in the show cause action letter. Compton is correct that the June action letter added seven areas of deficiency to those that were mentioned in the show cause action letter. The Commission does not believe, however, that this fact somehow violated the institution's right to due process.

As pointed out above, the Commission does not believe that the law requires that, before an accrediting body may take action, it has to give the affected educational institution some period of advanced notice of its deficiencies and an opportunity to correct those deficiencies. The Commission does not believe that the fact that the June action letter added additional areas of deficiency violated any legal right of the institution. Further, it did not violate any Commission rule. Its Policy, pointed out above, expressly permits it to impose the termination sanction, without any advanced notice, where the institution has taken "an action that has placed it significantly out of compliance with Commission standards"

6. At page 8, the institution argues that the institution was again deprived of "fundamental fairness and due process" because the show cause visiting team report raised issues which were not expressly contained in the January action letter, placing the institution on show cause. In effect, the institution argues that the show cause visiting team was limited to examining only the areas of deficiency which were contained in the January action letter. The Commission does not agree with this position. For reasons that have been previously explained, the Commission does not believe the concept of due process has been applied in the manner argued by the institution. Further, the Commission's written rules do not require that a special team confine its review only to those items expressly raised in the action letter. In point of fact, the Commission finds that such a rule, if it were enacted, would be very injurious of the accrediting process since it would significantly limit the ability of a visiting team and the Commission to take into consideration problems that were not observed previously and areas of deficiency which had developed since the previous visit.

7. At page 9, Compton critiqued the June action letter on the basis that it included, as one of its reasons, unresolved concerns about the financial condition of the institution and, more specifically, that it cited an interview with a representative from the FCMAT team. The institution raises two related issues. The first is the same argument the institution previously raised in various other contexts, discussed above: that the Commission was required to provide the institution with prior notice and an opportunity to correct any cited area of deficiency before it took action based on that area of deficiency. We believe this argument is without merit for the reasons previously discussed. Secondly, the institution raises a question about whether it was

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appropriate to place any reliance on the draft FCMAT report and on an interview with Mr. Montero. At the request of Compton, Commission staff agreed at an earlier stage that it would cooperate with FCMAT and limit its own review of the financial issues facing the institution in order to lessen the burden on the institution of having two independent bodies reviewing much of the same material. If the institution takes serious issue with some aspect of the FCMAT report, either in its draft or final form, the time for raising these objections would be in its Statement of Reasons. The Commission does not believe, however, that there is any legal basis for objecting to the fact that the Commission placed some reliance on the content either on the draft or final FCMAT report or upon an interview with a person involved in preparing that report.

8. At page 11, the institution argues that, in determining whether the conditions for Eligibility are met the Commission should disregard the fact that the Board of Trustees is not functioning and consider the issue only from the perspective of whether the Chancellor and special trustee are doing a competent job in responding to the areas of deficiency. The Eligibility Requirements for Accreditation provide in part as follows: "The governing board is an independent policy-making body capable of reflecting constituent and public interest in board activities and decisions." By virtue of the two Chancellor orders, the governance of the institution has been removed from the elected Board of Trustees and replaced by a special trustee who, in turn, is "directed and supervised" by the Chancellor. The elected Board of Trustees is not functioning at all, let alone functioning as an "independent body." Further, from the language of the Order it appears that the "Special Trustee" also lacks independence since he or she operates under the "direction and supervision" of the Chancellor. For these reasons, the Commission finds that the institution is not in compliance with this eligibility requirement.

Unless Compton files a timely appeal, this decision will become effective 30 days from Compton's receipt of this notice. This decision is final as far as the ACCJC is concerned. However, Compton may file an appeal with the President of the Western Association of Schools and Colleges through the President of the ACCJC in accordance with the provisions of Article VI of the Constitution of WASC. The grounds for appeal are to be found in section 3.f. of Article VI. If it files a timely appeal, Compton will retain its accredited status until the appeal with WASC has been heard or decided. A copy of Article VI of the Constitution is enclosed for your information and can be found in the Commission's *Accreditation Reference Handbook*.

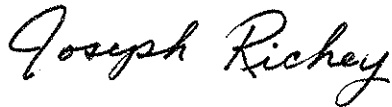
Although this is an undoubtedly very stressful time for the institution, its employees and its students, the Commission asks that you consider actions necessary to protect the interests of current and former students as the institution contemplates next steps. Compton Community College is asked to consider whether loss of accreditation will cause closure of the institution. If closure is a possibility, the institution is required to follow the Commission's *Policy on Closing an Institution*. This policy addresses retention and securing of student records, provisions for transcript services, teach out and articulation arrangements to ensure students are able to reach

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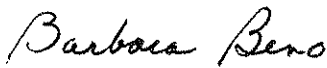
their educational goals. The U.S. Department of Education will provide additional advice to the institution on securing student transcripts and financial aid records.

The Commission wishes to convey to you and to Dr. Ratliff its respect and regard for all that you and others at the institution have tried to accomplish over the months since June 2005. It is with deep sadness that the Commission conveys its decision to you. Please feel free to call Commission president, Dr. Barbara Beno, if she can be of any assistance to you in understanding Commission policies regarding the appeal.

Sincerely,



Joseph Richey, Commission Chair
Public Member



Barbara Beno
Commission President

Enclosures

Cc: Dr. Charles Ratliff, Special Trustee
Chancellor Mark Drummond, California Community Colleges
Mr. Gerald Burgess, Chair, Compton College Board of Trustees
Mr. John Barth, U.S. Department of Education

ACCREDITING COMMISSION FOR COMMUNITY AND JUNIOR COLLEGES
Western Association of Schools and Colleges

Policy on Closing an Institution
(Adopted June 2004)

Background

A decision to close an educational institution is a serious one that requires thoughtful planning and careful consultation with all affected constituencies. Every effort should be devoted to informing each constituency as fully and as early as possible about the conditions requiring consideration of a decision of such importance.

Additionally, most institutions of higher education are corporations established under the provisions of state or national law, and as such may have legal responsibilities (holding title to real property, for example) that may necessitate the continued existence of the corporation after the educational activities of the institution have been terminated. Therefore, in most cases corporate existence and educational activities will not be terminated simultaneously. This policy makes only incidental reference to such corporate responsibilities and always in the educational context. It is imperative that a governing board considering closing an institution under its care should be guided not only by the following policy and by the state education authorities, but also by advice of legal counsel.

Before closing, the governing board should consider carefully such alternatives as merging with another institution, forming a consortium, or participating in extensive inter-institutional sharing and cooperation. As much as possible, the determination to close an institution should involve a consultative process, but responsibility for the final decision to close rests with the governing board.

A decision to close requires specific plans for appropriate provisions for students, faculty and staff and for the disposition of the institution's assets. Failure to plan adequately will increase the inevitable distress to students, faculty, and staff.

Policy

Before closing an institution, a governing board must fully inform all affected constituents of the potential closure as early as possible, and provide for student completion of programs and the securing of student records.

An institution considering closure must address the following elements, each of which is discussed in more detail below:

- Student completion;
- Disposition of academic records and financial aid transcripts;
- Provisions for faculty and staff;
- Disposition of assets;
- Obligations to creditors;
- Coordination with the Accrediting Commission for Community and Junior Colleges;
- Key governing board obligations.

Policy Elements

A. Student Completion

Institutions considering closing must provide for the academic needs of students who have not completed their degrees and educational programs. Arrangements for transfer to other institutions will require complete academic records and all other related information gathered in dossiers which can be transmitted promptly to receiving institutions. Agreements made with other institutions to receive transferring students and to accept their records must be submitted to the Accrediting Commission for Community and Junior Colleges (ACCJC) for approval. Where financial aid is concerned, particularly federal or state grants, arrangements must be made with the appropriate agencies to transfer the grants to the receiving institutions. In cases where students have held institutional scholarships or grants and there are available funds that can legally be used to support students while completing degrees and educational programs at other institutions, appropriate agreements must be negotiated. Where such arrangements cannot be completed, students must be fully informed.

When a student has completed 75% of an academic degree and educational program in the closing institution and chooses to continue at another institution, arrangements shall be made to permit that student to complete the requirements for a degree and educational program elsewhere, but to receive the degree and educational program from the closed institution. Such arrangements should also include provision for continuation of the institution's accreditation by the ACCJC for this purpose only. These steps normally require the institution to continue as a legal corporate entity for 12 to 18 months beyond the closing date, but any such arrangements must be established in careful consultation with the appropriate authorities and with their written consent.

B. Disposition of Academic Records and Financial Aid Transcripts

All academic records, financial aid information, and other records must be prepared for permanent filing, including microfilming. Arrangements must be made with another college or university or with the state archives to preserve the records. Notification must be sent to every current and past student indicating where the records are being stored and what the accessibility to those records will be. Where possible, a copy of a student's record should also be forwarded to the individual student. The ACCJC must be notified of the location where student permanent records will be stored.

C. Provisions for Faculty and Staff

The institution must arrange for continuation of those faculty and staff who will be necessary for the completion of the institution's work up to and after the closing date. It should be understood that the institution can make no guarantees, but genuinely good faith efforts to assist faculty and staff in finding alternative employment should be made. In the event that faculty or staff members find new positions, early resignations should be accepted.

D. Disposition of Assets

Determinations must be made to allocate whatever financial resources and assets remain after the basic needs of current students, faculty, and staff are provided for. Institutional assets must be used in ways that would honor the intentions of the original providers. When the financial resources of the institution are inadequate to honor commitments, including those to the Accrediting Commission, the Board shall investigate what alternatives and protection are available under applicable bankruptcy laws before deciding to close. If funds are insufficient to maintain normal operations through the end of the closing process, the institution should consider the possibility of soliciting one-time gifts and donations to assist in fulfilling its final obligations.

In the case of a not-for-profit institution, state or national laws regarding the disposition of funds and institutional assets must be meticulously followed. Arrangements for the sale of the physical plant, equipment, the library, special collections, art, or other funds must be explored with legal counsel. In the case of wills, endowments, or special grants, the institution must discuss with the donors, grantors, executors of estates, and other providers of special funds arrangements to accommodate their wishes.

E. Obligations to Creditors

The institution must establish a clear understanding with its creditors and all other agencies involved with its activities to assure that their claims and interests will be properly processed. Insofar as possible, the institution shall assure that its final arrangements will not be subject to later legal proceedings which might jeopardize the records or status of its students or faculty. All concerned federal, national and state agencies need to be apprised of the institution's situation, and any obligations relating to estate or governmental funds need to be cleared with the appropriate agencies.

Every effort shall be made to develop publicly defensible policies for dividing the resources equitably among those with claims against the institution. One of the best ways of achieving this goal is to involve potential claimants in the process of developing the policies. Time and effort devoted to carrying the process to a judicious conclusion may considerably reduce the likelihood of lawsuits or other forms of confrontation.

It is impossible to anticipate in advance the many claims that might be made against remaining resources of an institution, but the following three principles may help to sort out possible claims and to set priorities:

1. Students have the right to expect basic minimal services during the final term, not only in the academic division, but also in the business office, financial aid office, registrar's office, counseling, and other essential support services. Staff must be retained long enough to provide these services. It may be appropriate to offer special incentives to keep key personnel present.
2. Reasonable notice must be given to all employees, explaining the possibility of early termination of contracts and that the reasons for retaining some personnel longer than others are based on satisfying the minimal needs of students and the legal requirements for closing.

3. Every effort shall be made to honor long-term financial obligations (loans, debentures, etc.) even though the parties holding such claims may choose not to press them.

F. Coordination with the ACCJC

The ACCJC and other specialized accrediting bodies must be consulted and kept fully apprised of developments as the plan to close an institution progresses. Arrangements must be completed with the ACCJC in advance of closure in order to assure that a legally authorized and accredited institution awards degrees. A final report on the closing must be submitted to the ACCJC for its records. The ACCJC must also be notified of the location where student records will be stored.

G. Key Governing Board Obligations

The governing board must take a formal vote to terminate the institution on a specified date. That date will depend on a number of factors including the decision to file or not to file for bankruptcy. Another key factor is whether or not all obligations to students will have been satisfactorily discharged. This is particularly important if the decision is made to allow students to graduate from the institution by completing their degree requirements elsewhere. If such arrangements are made, the governing board must take the legal action necessary to permit awarding degrees after the institution otherwise ceases to function. Normally, a formal vote to award a degree is made after all requirements have been met, but it is legally possible to make arrangements for a student to complete the requirements for a degree at another institution and to receive the degree from the closed institution. These requirements must be clearly specified along with a deadline for completion. Also the board must identify the person or persons authorized to determine whether or not these requirements have in fact been satisfied. Arrangements must be completed with the ACCJC in advance in order to assure that a legally authorized and accredited institution awards degrees.

Western Association of Schools and Colleges
Constitution
(Revised July 2002)

Article I
Name and Purpose

This organization shall be entitled WESTERN ASSOCIATION OF SCHOOLS AND COLLEGES. Its purpose is to promote the welfare, interests, and development of elementary, secondary, and higher education through (1) improvement of educational programs, (2) close cooperation among the schools, colleges, and universities within the territory it undertakes to serve, (3) certification of accreditation or candidacy status, and (4) effective working relationships with other educational organizations and accrediting agencies.

Article II
Accrediting Region and Certification

Section 1.

The accrediting region of the Association consists of the states of California and Hawaii, the territories of Guam, American Samoa, Federated States of Micronesia, Republic of the Marshall Islands, Republic of Palau, Commonwealth of the Northern Marianas Islands, the Pacific Basin, and East Asia, and areas of the Pacific and East Asia where American/ International schools or colleges may apply, and such other areas as may apply to it for service, subject to approval by the Board of Directors.

Section 2.

Any university, college, or school shall be certified by the Board of Directors as a candidate or accredited institution upon report of action taken by the appropriate Accrediting Commission. Any such certification shall cease whenever an institution resigns, is dropped from the accredited or candidate list of the Association, or fails to pay its annual fees by the date set by the appropriate Accrediting Commission for payment.

Article III Organization

Section 1.

The Board of Directors shall consist of nine persons, three to be selected for staggered three-year terms from and by each of the three Accrediting Commissions hereinafter named and described. One of each Commission's appointees shall be its Chair or Assistant/Vice Chair. The Board shall elect its Chair from among its members for a one-year term. The Chair may be re-elected for one additional one-year term. The Chair of the Board shall be the President of the Association. The Secretary-Treasurer of the Association shall be selected by the Board.

Section 2.

The Board of Directors shall meet annually at such time as may be determined by the Board, and may hold other meetings at the call of the Chair or on the request of any three members of the Board of Directors.

Section 3.

There shall be three Accrediting Commissions, as follows:

a. *Accrediting Commission for Senior Colleges and Universities.*

This Commission shall consist of up to twenty-five (25) members, but no less than eighteen (18) members, with the exact number set by the Commission from time to time. Commission members shall serve overlapping three-(3-)year terms, with a maximum of two terms (plus any partial term served as the result of the member being selected to fill a vacancy), as established by the Commission. The Commission shall elect one of its members to serve as Chair for a three-(3-)year term and one of its members to serve as Vice Chair for a one-(1-)year term. In the event the Chair has served for the maximum two terms on the Commission prior to the expiration of his or her term as Chair, the Chair shall continue to serve on the Commission until his or her term as Chair shall have expired. Commission members shall be elected by the presidents of the institutions accredited by the Commission according to Bylaws approved by the Commission.

Members of the Commission shall be allowed to complete their terms upon retirement from their institutions. Nonpublic Commissioners who lose their institutional base for any reason shall be ineligible to serve beyond the end of the academic year.

b. *Accrediting Commission for Community and Junior Colleges.*

This Commission shall consist of nineteen members, all of whom are appointed by the Commissioner Selection Committee. One Commission member shall be selected from among the nominees who represent community college interests provided by the chief administrative officer of each of the following: the California Community Colleges Chancellor's Office and the University of Hawaii Community Colleges Chancellor's Office. In addition, one Commission member shall be selected from among the nominees provided by each of the other Commissions to represent the Accrediting Commission for Senior Colleges and Universities and the Accrediting Commission for Schools. These nominees shall be sitting or former members of the Senior College or Schools Commissions, or individuals with demonstrated familiarity with the policies, procedures, and operations of the Accrediting Commission for Community and Junior Colleges. At least five of the Commission members shall be faculty, at least five members shall represent the public interest [as defined in USDOE §602.3], at least three members shall be administrators, at least one member shall represent independent institutions, and at least one member shall represent institutions in the Western Pacific. Commission representatives shall serve staggered three-year terms.

Commission officers shall be selected by the Commission according to Bylaws approved by the Commission.

c. *Accrediting Commission for Schools*

This Commission shall consist of up to twenty-six persons selected by the Commission's Nomination Review Committee from candidates nominated by member organizations or the Commission. Not less than one-seventh of the persons selected shall be public members. Appointment shall be for staggered three-year terms. Representatives shall be nominated as follows:

- Seven by the Association of California School Administrators.
- One by the California Teachers' Association.
- One by the California Federation of Teachers.
- One by the Hawaii Government Employees' Association.
- One by the California Association of Independent Schools.
- One by the Hawaii Association of Independent Schools.
- One by the East Asia Regional Council of Overseas Schools.

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- Three by the Western Catholic Educational Association, one of whom must be practicing classroom teacher.
 - One by the Pacific Union Conference of Seventh-day Adventists.
 - One practicing classroom teacher on a rotational basis from the Hawaii public and private schools.
 - One practicing classroom teacher from the California Association of Private School Organizations (CAPSO).
 - One school board member by the California School Boards' Association.
 - One parent by the California Congress of Parents and Teachers.
- non-school public members from business, community, or public organizations.

The California Department of Education and the Hawaii Department of Education will each have an *ex officio* seat on the Commission. The Commission shall determine which organizations shall be represented by voting Commission members, and which shall be represented by non-voting *ex officio* members.

If a change of status, which affects eligibility for constituency appointments of any of the above appointees occurs during the term of office, the individual may at the discretion of the appointing agency, serve the remainder of the term or may be replaced. A person completing a term after a change of status may not be reappointed.

Section 4.

The Executive Director/President of each Accrediting Commission shall be appointed by the Commission. Changes in the size and composition of each Accrediting Commission may be made by the Commission with the approval of the Board of Directors. The composition of each Accrediting Commission shall be published in the annual Directory of the Association.

Section 5.

Recognizing that the Board of Directors retains ultimate authority over administrative structures, budgets, fiscal policies, contracts and leases, including those entered into by the Accrediting Commissions, the Board will delegate actual management over such matters, including the actual review and approval of such matters, to the Commissions to the extent it deems prudent.

Section 6.

Action taken by any Commission to deny or withdraw accreditation or candidacy shall be reported in writing to the WASC Board at its annual meeting.

Article IV Criteria for Certification

Section 1.

Each of the Accrediting Commissions shall adopt its own criteria, subject to the approval of the Board of Directors of the Association. The criteria shall provide for the evaluation of each institution on the basis of the degree to which it is accomplishing the purposes and functions outlined in its own statement of objectives, and on the appropriateness of those purposes and functions for an institution of its type.

Section 2.

The actions by each Accrediting Commission, subject to its review procedures and the appeals procedures provided for in Article VI, shall be final and shall be certified by the Board of Directors.

Article V Duties of Officers

Section 1.

The Chair of the Board of Directors shall preside at all meetings of the Board and shall have the right to vote on all issues that come before the Board for decision. As President of the Association, he/she shall be the official spokesperson for the Association, representing the Association in accord with policies established by each of the three Accrediting Commissions and the Board.

Section 2.

The Secretary-Treasurer shall serve as the Secretary of the Board of Directors and shall maintain a complete file of Minutes and Board decisions. He/She shall receive from the Executive Directors/Presidents of the three Accrediting Commissions the lists of accredited and candidate institutions and shall provide for the publication of a total Association list of accredited and candidate institutions at least once each year.

Section 3.

The Executive Director/President of each of the three Accrediting Commissions shall maintain a careful record of the actions and decisions of the Commission, shall be responsible under the Commission's direction for the scheduling of accreditation visits, appointment of visiting committees, distribution of necessary accreditation materials, and for such other matters as the Commission may delegate to the Executive Director/President for the effective administration of the accreditation program. Following each meeting of the Commission at which accreditation decisions are made, the Executive Director/President shall promptly notify the Secretary-Treasurer of the Board of Directors of all changes in the list of accredited and candidate institutions. At its annual meeting the Board of Directors shall certify the list of accredited and candidate institutions submitted by each Accrediting Commission.

**Article VI
Appeals****Section 1.**

The WASC Board of Directors shall elect annually a WASC Hearing Panel from which shall be selected a Hearing Board established for the purpose of deciding appeals by any institution against the decision of any of the WASC Commissions denying or withdrawing accreditation or candidacy. This Panel shall consist of twenty persons as follows: (1) five from elementary/secondary schools; (2) five from junior or community colleges; (3) five from senior colleges and universities; and (4) five lay members of governing boards. None of the twenty shall be a current member of an Accrediting Commission.

- a. The Hearing Board shall consist of five persons, including at least one person from each of the above categories, selected on random basis from the Hearing Panel and appointed, after such selection, by the WASC President. None of those selected shall have been involved in the accreditation process which resulted in the appeal. The Hearing Board shall elect its Chair from its own membership. Each member, including the Chair, shall have one vote.
- b. Hearing Board members to replace those who are absent or have a conflict of interest shall be selected on the same random basis and appointed by the WASC President from the remaining members of the Hearing Panel.

Section 2. Costs.

An institution making an appeal shall assume all necessary costs of the Hearing Board including the cost of any legal fees of the Hearing Board.

- a. The WASC Board of Directors shall establish a differential deposit, depending upon whether the institution chooses to be represented by counsel in the conduct of the hearing. At the time it makes its appeal the institution shall declare whether or not it wishes to have an attorney conduct its portion of the hearing and represent it before the Hearing Board.
- b. An institution making an appeal shall deposit at the time it files its appeal an amount to be established annually by the WASC Board of Directors [ten thousand dollars (\$10,000)] with the Secretary Treasurer of the Western Association of Schools and Colleges if the institution wishes to conduct the hearing without the use of an attorney to represent it. If the institution wishes to have an attorney conduct its portion of the hearing and represent it before the Hearing Board, the deposit shall be twenty-five thousand dollars (\$25,000).
- c. In the event the necessary costs exceed the amount of the deposit, the institution shall be responsible for the balance or, in the event the deposit exceeds the necessary costs, the institution shall receive a refund in the amount of the difference.

Section 3.

If an institution after availing itself of any review or appeal procedures of its appropriate Commission, still believes itself aggrieved by that Commission's denial or termination of candidacy or accreditation, its governing board may appeal such action within thirty (30) calendar days of receipt of notice thereof to the President of the Western Association of Schools and Colleges through the appropriate Commission's Executive Director/President. During the period up to and including the appeal, the institution's status with the Commission shall remain the same as it was prior to the decision being appealed.

- a. The President of the Western Association of Schools and Colleges shall then arrange a hearing at the earliest practicable date for the representatives of the institution before the Association's Hearing Board, established for this purpose as prescribed in Article VI, Section I of this Constitution.

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- b. This hearing shall be informal and conducted under rules and procedures established by the WASC Board of Directors. Those testifying shall not be placed under oath. Legal counsel may be present as advisors but they shall not conduct the case unless the institution has filed a declaration at the time it filed its appeal, as provided in Article VI, Section 2, of this Constitution.
 - c. At least forty-five (45) calendar days before the time set for the hearing of such an appeal, the President (or Secretary-Treasurer) of the Western Association of Schools and Colleges shall cause notice of the time and place of the hearing to be mailed by registered or certified mail, return receipt requested, to the Chairman or President of the Governing Board of the institution with a copy to the chief executive. Proof of notice shall be made at the hearing.
 - d. Subject to limitations set forth below, representatives of the institution shall have an opportunity to present written documents, other evidence on the institution's behalf, oral testimony, and arguments. Representatives of the appropriate Commission and of the evaluation team shall have a similar opportunity to present evidence, oral testimony, and arguments on the Commission's behalf. Neither party shall have the right to subpoena or call any witnesses from the other party.
 - e. The Hearing Board, in addition to considering evidence adduced at the hearing, will also consider the institution's self-study report, the evaluation team report, and all other material relied upon by the Commission in reaching the decision which is being appealed, including the reports filed as a result of any internal Commission appeal process.
 - f. The appeal shall be based on one or more of the following grounds:
 - (1) There were errors or omissions in carrying out prescribed procedures on the part of the evaluation team and/or the Commission which materially affected the Commission's decision;
 - (2) there was demonstrable bias or prejudice on the part of one or more members.

Article VII Financing

Financial support for the work of the Board of Directors of the Association shall be obtained by equal assessment on each of the three Accrediting Commissions.

Article VIII Amendments

Proposed amendments to this Constitution may originate with any of the Commissions or with the Board of Directors. Such proposed amendments, except those relating to the size and composition of a Commission (See Article III, Section 4), shall become effective upon approval by a two-thirds vote of each of the three Commissions and of the Board of Directors.

Article IX Indemnification

The Association does hereby grant indemnification to any officer, director, commissioner, or other agent, or former officer, director, commissioner, or other agent, including but not limited to WASC employees and team members, for claims or actions asserted against said person arising out of acts or omissions alleged to have occurred in connection with, or as a result of his or her activities as an officer, director, commissioner, or agent, of this Association, to the fullest extent permitted by law; provided, however, as follows:

- a. If any claim or action is asserted or threatened to be asserted, as described in such statutes, the person requesting indemnification must give timely notice thereof to the President of the Association or the Chairperson of the Board of Directors;
- b. If the person requesting indemnification is not successful on the merits of the action, the Board of Directors, the members, or the court must determine that the person acted in good faith, in a manner he or she reasonably believed to be in the best interests of the corporation, and without reason to believe his or her conduct was unlawful; and
- c. Indemnification shall be provided herein only to the extent that valid and collectible insurance coverage under all existing policies of insurance held by the Association has been exhausted.