

**SHOW CAUSE AND SPECIAL VISIT REPORT  
NORTHERN MARIANAS COLLEGE  
P.O. Box 501250  
Saipan, MP 96950**

**A confidential report prepared for  
The Accrediting Commission for Community and Junior Colleges  
Western Association of Schools and Colleges**

**This report represents the findings of the evaluation team that  
visited Northern Marianas College on  
April 13 – 14, 2011**

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**Northern Marianas College**

**Show Cause Report and Special Visit Report**

**Wednesday, April 13-Thursday, April 14, 2011**

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# **Northern Marianas College Show Cause and Special Visit Team Report**

**April 13 – 14, 2011**

## **Introduction and Overview**

The Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges at its meeting January 11 – 13, 2011, reviewed the report prepared by the Northern Marianas College (NMC) in response to the Show Cause order issued to the College. After review of institutional Show Cause Report and accompanying team report, the Commission decided to continue the College on Show Cause. The Commission required the College to submit another Show Cause Report on March 15, 2011 describing why the College should retain its accreditation. Northern Marianas College submitted its Show Cause Report to the Commission on March 15, 2011 as requested. An evaluation team consisting of four team members visited the College on April 13 and 14, 2011 to verify the information contained within the Report and to report on other matters affecting the college's accreditation if appropriate.

While at the College, the visiting team members interviewed College personnel including the interim president, the accreditation liaison officer, and two members of the Board of Regents. Team members met with College personnel listed in the College's report as having been involved in the writing of the standard sections of the Show Cause Report. Additional College personnel were interviewed as necessary for the team to verify the accuracy of the comments included in the report or to verify the origin of documents relied on by the team to reach conclusions. Team members reviewed documents cited in the Show Cause Report and obtained additional documentation as necessary to reach conclusions regarding the College's compliance with the Commission's eligibility requirements and Accreditation Standards. The team estimates that interviews were conducted with between 60 and 75 employees of the College. A considerable amount of documentation that supported the assertions and conclusions reached in the report was on hand for the team to review. Those documents are referenced in the appropriate sections of this report and were used as evidence to support conclusions reached by the team.

At the end of the first day of the team's visit, an open forum was held to allow College personnel and students the opportunity to comment about matters they wanted the team to be aware of as the team evaluated the College's compliance with the Accreditation Standards. The open forum had close to 100 College personnel and students in attendance. During the open forum College employees and students commented on the transformation that occurred on campus as the Show Cause Report was being prepared. A considerable number of College personnel commented about their involvement in the processes of the College and how they were active participants in refining the internal governance structure of the College. It was apparent to the team that the employees and students have accepted responsibility for ensuring that the College maintains compliance with the Accreditation Standards.

The team members were impressed with the esprit de corps displayed by the faculty, staff, administrators, and students during the course of the visit. It was also obvious that the faculty displayed a genuine concern for student learning and that the faculty members worked closely with students to help ensure they achieved their educational objectives. Documentation

supporting comments in the Show Cause Report were examined on-line prior to the team's arrival when possible and also in the team room while at the College. Other documents were requested as needed from the staff to support statements or information learned during interviews with staff members. The team concluded that the evidence presented in support of the College's written assertions in its report was valid and sufficient, thereby allowing the team to conclude that the College's conclusions in its report are accurately presented. The team reviewed documentation as appropriate to determine if the College met the Eligibility Requirements and complied with the Accreditation Standards.

The October 2010 evaluation team cited the College's lack of compliance with several of the Accreditation Standards; many of which were related to the College not complying with the Eligibility Requirements listed later in this report. The specific Standards listed in the October 2010 report that received the attention of this team's visit are commented on in detail within the body of this report. Not all of the Standards required comment by the College. However, a number of the standards that may be considered some of the more significant that assist an institution in sustaining continuous systematic and on-going assessment of the mission, planning activities, and governance of the institution required validation to ensure the institution is providing high-quality educational programs that meet the needs of the community.

The College is commended for its aggressive response to the April 2011 and October 2010 visit findings. Noteworthy has been the responsiveness and the fact that over 66 faculty, staff, and students have participated as part of the Accreditation Reaffirmation Action Plan Team to prepare respective parts of the 227 page Show Cause Report, dated March 15, 2011. The frenzied pace the College has adopted has resulted in over 30 new or revised policies, many devoted to remedy specific issues related to accreditation. There is a strong sense of accountability and pride in the processes they've created and it has now become a part of the culture of the College.

Decision-making has shifted to a collaborative effort involving all constituency groups on campus. This practice must continue and become an institutionalized process. College leaders at all levels expressed an understanding and need to continue to use data to drive decisions and the processes at the college promote use of data for decision-making. The concern that was acknowledged by college personnel is the evaluation team's inability to predict whether or not the College will continue to follow the Standards compliant procedures or will the College revert to previous methods that resulted in the Commission's decision to place the College on Show Cause. The choice is entirely the College's to make. The evaluation teams over the past years have made relevant recommendations that would have brought the College into compliance with the Standards. In several cases the college acted to come into compliance only to curtail the "best practice" standard compliance approach in favor of either not doing planning at all or not using data to inform decision-making.

This Report is the product of a special team visit on April 13-14, 2011, which was in response to the action letter, dated January 31, 2011, of the Accrediting *Commission* for Community and Junior Colleges, Western Association of Schools and Colleges. That action letter continued Northern Marianas College on show cause for a second six month period and required that the institution submit a Show Cause Report, demonstrating full compliance with all deficient

eligibility requirements and Standards, by March 15, 2011. That action letter also mandated that a special team visit the institution to verify such compliance. It is important to emphasize that the action of the Commission on January 31, 2011, was substantially a continuance of a previous show cause order, issued by the Commission on June 30, 2010, and that, after the June 30, 2010 action letter, a special team had visited the institution and had issued a report, dated October 20-22, 2010, which had found that the institution was still suffering from multiple eligibility criteria and Standards deficiencies and was still substantially out of compliance with many eligibility criteria and Standards. The findings of this previous special team served as the basis for January 31, 2011, action letter. At the time of this special team's visit, the institution had been under show cause sanctions continually for almost a year.

Show Cause is the most serious sanction that the Commission may impose, short of termination. It is only imposed when the Commission finds that an institution is in "substantial non-compliance with its Eligibility Requirements or Accreditation Standards." When a show cause order is issued, the burden shifts to the institution, not to any subsequent visiting team or to the Commission, to demonstrate that the institution is in full compliance with each eligibility criterion and each Standard that has been cited as deficient.

The special team reviewed all of the facts at its disposal before concluding its visit and arriving at the findings and conclusions contained in this report. Those facts were gleaned from a review of Commission's files on this institution which included the October 20-22, 2010 special team report, the action letters of June 30, 2010 and January 31, 2011, the Show Cause Report of the institution which was prepared by, we understand, with help from a consultant, that was retained by the institution to write the report. Finally, within the time constraints the team had to work under, the team also reviewed various documents that were provided by the institution at the team's request, and it had the opportunity to discuss the Commission's previous concerns with members of the governing board, the administration, faculty and the student body.

Before addressing the specific areas of deficiency, it is useful to make two more observations. First, as pointed out above, the institution had been cited for multiple deficiencies with the Eligibility Criteria as well as with the Standards. Although there is overlap between some of the Eligibility Criteria and some Standards, meeting the Eligibility Criteria is intentionally designed to be simpler and less demanding than fully meeting a Standard with all of its components. If an institution were initially applying for accreditation, its application would not even be processed, unless it could affirmatively demonstrate that it met all of the eligibility standards. Thus, to be faced with an institution that has been found to not be meeting multiple Eligibility Criteria is particularly alarming.

Finally, the team would point out that this institution has a long history of sanctions before the most recent two show cause sanctions. In fact, in two of the three years that preceded the most recent series of sanctions, the institution was under show cause as well. A review of the underlying deficiencies in those previous sanctions illustrates that there is a high degree of consistency between the problems noted in the past year and those noted in the preceding several years. In brief, this institution has repeatedly and consistently experienced substantial noncompliance with the Commission's Standards over a long period of time.

In the Commission's most recent action letter, the institution was substantially out of compliance with the following Eligibility Requirements or Accreditation Standards in three key areas: institutional autonomy from outside interference, institutional financial management and integrity, and institutional governance and accountability. Specifically, NMC was found to be out of compliance with Eligibility Requirements 3, 4, 5, 17, 18 and 21 and significant parts of Standards I.A, I.B, II.A, II.B, III.A, III.D, and IV.B.

## **Follow Up On Previously Reported Recommendations**

The action letter from the commission notifying the College of the requirement to prepare a Show Cause Report identified 10 recommendations the College needed to implement. The previously reported recommendations ranged from the College's need to meet the minimum requirements of certain Eligibility Requirements to more complex recommendations requiring more significant changes to the College's operations. The recommendations have been reported in either **Section I - Compliance with Minimum Eligibility Requirements** or in **Section II-Response to Previously Reported deviations from Commission Standards**.

Recommendations made to address a specific Standard or Standards are presented under the appropriate standard in **Section II**. The team evaluated documentation that validates activities that occurred and other evidence including interviews to determine the accuracy of the actions taken by the College to implement previously reported recommendations.

### **Report Format Used to Verify College Compliance with Eligibility Requirements and Standards**

The evaluation team was asked by the Commission to review action taken by the College to come into compliance with the Eligibility Requirements and to comment on the College's actions regarding efforts to comply with previously reported recommendations. The Commission's directives to the evaluation team require that the team comment on two areas: 1) compliance with the Eligibility Requirements and 2) compliance with Accreditation Standards. The College was previously cited for being out of compliance with both areas. The College was required to state the action taken to bring the College into compliance in both of these areas. In preparing this report, the team formatted it by separating each compliance area and commenting on the College's progress for submission to the Commission for consideration.

In the Commission action letter of January 31, 2011 the College was informed that it was deemed to be out of compliance with specific eligibility requirements and Standards. This report begins with **Section I, Compliance with Eligibility Requirements** with a description of the Eligibility Requirements followed by action taken by the College to comply with the requirements. Non-compliance with one or more of the 21 Eligibility Requirements is likely to also result in a deviation from the requirements of one or more of the related Accreditation Standards. **Section II-Response to Previously Reported deviations from Commission Standards** addresses the deviations from the Commission's standards that the College was required to comply with as a second condition of the Show Cause Report.

### **Section I. Compliance with Eligibility Requirements**

In October 2010, the Commission cited the College's failure to maintain compliance with the following Eligibility Requirements:

- # 3. Governing Board
- # 4. Chief Executive Officer
- # 5. Administrative Capacity
- #17. Financial Resources
- #18. Financial Accountability
- #21. Relations with the Accrediting Commission

Action taken and the current status related to each of the eligibility requirements are described in the following paragraphs.

### **Eligibility Requirement #3. Governing Board**

*Each institution is to have a governing board responsible for the quality, integrity, and financial stability of the institution and for ensuring that the institutions mission is being carried out. The governing board is ultimately responsible for ensuring that the financial resources of the institution are used to provide a sound educational program. The governing board is an independent policy-making body capable of reflecting constituent and public interest in board activities and decisions. A majority of the board members has no employment, family, ownership, or other personal financial interest in the institution. The board adheres to a conflict of interest policy that assures that those interests are disclosed and that they do 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.*

### **Observations and Evidence**

In past reports to the College, the Commission identified that the governing board actions and operational decisions of the College were being unduly influenced by the Governor and or the Legislature. In the College report dated March 15, 2011, on page 10 the College comments that according to Commonwealth Constitution and Commonwealth statutory law the Board of Regents is responsible for, among other things:

- The quality, integrity, and financial stability of the institution
- the successful outcome of its educational mission
- the use of its financial resources to ensure that its mission is met

With the Board's statutory and Constitutional authority to operate autonomously the natural tendency would be to assume the Board of Regents is not impacted by political events and changes in the leadership of the CNMI government. Past activities noted by the Commission for several years stating that the Board of Regents has been influenced by the Governor and or the Legislature calls into question what is the level of involvement of the Governor or Legislature in the operations of the college. Finding evidence to reach a conclusion about the involvement of CNMI government was difficult to obtain and its reliability is unknown. Nevertheless, the evaluation team was charged with providing the Commission with sufficient information to allow it to reach a conclusion regarding the college's compliance with the standards. With that in mind the team has gathered the following facts:

- ✓ According to the April 2010 Special Visit team report, team members were told that the Governor intended to line item veto approximately nine employee positions. Here is how the team reported what they learned on page 7:  
"However, as reported in the media and confirmed by the six regents and the college staff interviewed, the governor's recent budget proposal calls for specific cuts in identified College positions without regard to the College's needs based on program planning and the budget development process."

There was no written communication from the Governor's office to confirm the Governor's intent to reduce the College's budget. In fact several of the positions reported as having been vetoed from the budget were filled with the remaining

positions now appearing on the list of positions the College's Human Resources Department is in the process of hiring. The evaluation team noted the reported stated desire of the Governor in its report dated April 2010.

- ✓ At the time of the team's visit in April 2010 there was an appearance of the governor intervening in the college's operations through elimination of resources provided to the College or other action. As a result of the information available to the team at that time (April 2010) it concluded that the College did not meet Eligibility Requirement #3.
- ✓ During the April 2011 Special Visit the evaluation team obtained College accounting documents that showed the College received its Constitutionally mandated resource allocation of 1% and was able to confirm that administrators were hired to fill several of the vacant administrator positions that were reported as being line item vetoed from the Governor's 2010 budget.
- ✓ Section 2.c, Article XV, of the Commonwealth Constitution states that "the College is to receive not less than 1% of the Commonwealth revenues. The budgetary appropriation may not be reprogrammed for other purposes, and any unencumbered fund balance at the end of a fiscal year shall be available for re-appropriation." College documents show that in FY 10 the College received \$1,480,840 or 1% of CNMI's revenues. In FY 11, the College again received the required 1% allocation. In FY 11 the required allocation was \$1,325,650 which is 1% of CNMI's budget of \$132,565,000.
- ✓ Also of note related to the budget is the requirement of 3CMC Section 1316. (Board of Regents: Duties of the Board), subsection (l) that requires the Board of Regents in consultation with the Governor to approve the College budget and submit it to the legislature in accordance with 1 CMC Section 7206.

**Conclusion:**

The Commonwealth Constitution requires the government to allocate at least 1% of general fund revenues to the college. Documents at the college show the government satisfied this requirement. Additionally, the Commonwealth Constitution requires the college to submit its budget to the governor and in consultation with the governor is to submit the budget to the Legislature for approval. That process also appears to have taken place. After review of available evidence to include college documents, the provisions of the Commonwealth Constitution and interviews with college personnel, the evaluation team makes the following conclusions:

1. The NMC governing board is responsible for the quality, integrity and financial stability of the college.
2. The NMC governing board is ultimately responsible for ensuring that the financial resources of the institution are used to provide a sound educational program.
3. The governing board is an independent policy-making body capable of reflecting constituent and public interest in board activities and decisions.

The pace and effectiveness of board development shows dramatic increases. The board has, for the first time, put in place concrete policies and procedures to assess the performance of its members. These policies were approved on March 11, 2011.

In consideration of the written evidence, evidence obtained through interviews with College personnel and the rights provided to the College under the Commonwealth Constitution the team concludes that the College meets the requirements of Eligibility Requirement # 3; the Governing Board and is able to establish policies and operate as an independent autonomous governing board.

#### **Eligibility Requirement #4. Chief Executive Officer**

*An institution has a chief executive officer appointed by the governing board whose full-time responsibility is to the institution and who possesses the authority to administer board policies.*

#### **Observations and Evidence**

At the time of the evaluation team's visit on October 20-22, 2010, the current interim president was serving as the college's chief executive officer. In accordance with the written policy adopted by the Board of Regents on December 23, 2010, Resolution 2010-03 (Second Amendment), a Presidential Search Committee was formed to hire a permanent president. The Presidential Search Committee had a diverse composition that included members from the private and public sectors as well as the president of the Associated Students of Northern Marianas College.

To begin the selection process, the Board of Regents retained the services of the Association of Community College Trustees (ACCT) to complete an initial screening of applications. The Association of Community College Trustees screened 31 applicants and referred seven to the Presidential Search Committee. The Presidential Search Committee interviewed five finalists. Of these five, they submitted three names to the Board of Regents. The Board of Regents interviewed the finalists and after offering the position to its first, second, and third ranked choices for the position, was unable to hire any of the three finalists to accept the position of President. As of the writing of this report, the team was unaware of what the Board of Regents planing to do to fill the position on a permanent basis.

Commonwealth Code delineates the qualifications and compensation for the president of the college stating, "All candidates for the position of president of the Northern Marianas College shall possess at least a graduate degree from an accredited university in the United States or its territories and such other qualifications as the board shall determine. The president of the college shall receive an annual salary as determined by the Board." (Commonwealth Code 3CMC, Section1322). The person assigned as the interim president is assigned full time and holds a master's degree in education. The board delegates to the president the responsibility to develop and maintain an institution that fulfills the College's mission and achieves the goals and priority initiatives of the Northern Marianas College PROAC Strategic Plan 2008-2012. The president recommends policies to the board and is authorized by the board to exercise broad discretionary powers in pursuit of the policies, goals, and general directions established by the board for the College.

Board of Regents Policy 1002 pertaining to the Board's limits of authority was revised by the Board of Regents on December 23, 2010. The new expanded policy states:

The Board of Regents, as a unit, has been entrusted with setting the policy direction of the Northern Marianas College. It employs the College president, establishes the goals by which educational goals are accomplished, assures fiscal health and stability, monitors institutional performance, and leads as a thoughtful, educated team.

No individual Board member has individual authority in regard to the College except as part of that unit. Individually, Board members may not commit the College or Regents to any policy, act or expenditure. No individual Board member can do business with the College, nor should any Board member have an interest in any contract with the College. No individual Board member represents any factional segment of the community, but is rather a part of the body, which represents and acts for the community as a whole.

Furthermore, no individual member of the Board, by virtue of holding office, shall exercise any administrative responsibility neither with respect to the College, nor as an individual command the services of any college employee.

The Board shall delegate authority to the president as the Board's executive officer and confine Board action to policy determination, planning, performance evaluation, and maintaining the fiscal stability of the College. Problems and issues that arise shall be referred to the president to be handled through the proper administrative channels or be placed on the Board agenda for discussion. In this regard, rather than working directly with staff, it is imperative of Board members to take their concerns directly to the president.

The Board of Regents for Northern Marianas College is having a difficult time hiring a qualified full-time permanent college president. As of the end of April 2011 the college did not have a permanent college president and continues to operate under the leadership of an interim president.

**Conclusions:**

The College has been actively pursuing the hiring of a qualified president. As previously noted the Board of Regents has made three separate offers; each of which were eventually turned down. During the hiring process an interim president was assigned and continues to serve in that role.

While the interim president continues to serve as acting president, the board began a formal search for a permanent president and retained the Association of Community College Trustees (ACCT) to complete an initial screening of applications.

In December 2010, the Board of Regents approved expanded new policies regarding the delegation of authority to the president. The new policy provides delegated authority to the president and is consistent with the requirements of the standards. The team's conclusion is that the Board of Regents has made some important modifications regarding the manner in which it interacts with the president. The board has enacted policies in March 2011 to ensure that it not

infringe on the administrative responsibilities of a chief executive. Over time the policies may require modification to ensure the role of the CEO and Board Members remain consistent with the newly developed policies.

**Recommendation #5:** To meet the Eligibility Requirements and the Standard, the team recommends that the governing board immediately initiate a new search and hire a qualified chief executive officer (CEO) and ensure that the CEO has full-time responsibility to the institution and possesses the requisite authority to administer board policies.(ER # 4)

### **Conclusions**

The college hired an interim president who is assigned full time to the position and has the required graduate degree stipulated by Commonwealth Code Section 1322. The college implemented this recommendation and Eligibility Requirement #4 is met.

Recommendation #5 has been implemented although the Board of Regents is encouraged to hire a permanent president.

### **Eligibility Requirement # 5. Administrative Capacity**

*The organization has an adequate number of staff with appropriate preparation and experience to provide the administrative services needed to support the mission and purpose of the institution.*

### **Observations and Evidence**

After a period of instability caused by rapid turnover in some administrative positions the College can now, point to numerous administrators who have been in their positions for more than a year, many of them have also served as team leaders in this reporting process. Those employees include two deans, five directors, and one department chair.

Evaluation teams had previously expressed concern over the college's ability to manage its operations without these administrative positions. Additionally, concern had previously been expressed that these administrative positions were going to be removed from the budget by the Governor. That has not occurred. The Governor has not removed these positions from funding as was thought.

Recruitment for several of these positions including the Chief Executive Officer position is under way, however, the College has still not been able to fill these positions with qualified job applicants. The College showed team members documents indicating the active recruitment status for the open positions the college wants to fill. The College was actively recruiting for two management level positions. It appears that all but two previously open management positions have been filled. The College has been able to increase its ability to manage and control the operations of the college with the hiring of the previously open positions.

### **Conclusion**

Through the budget allocation process approved by the Commonwealth and supported by the Governor, the College received the necessary funding to allow the College to retain the administrative capacity needed to comply with Eligibility Requirement # 5. According to a

Recruitment Status Report dated April 12, 2011 the college is in the process of hiring of 19 new employees. The recruitment list has two management or administrative positions on it. Recognizing that the student body is comprised of 1,200 students it is the team's conclusion that the college has a sufficient number of administrative personnel to meet the mission requirements of the college. Eligibility Requirement # 5 has been met.

### **Eligibility Requirement #17. Financial Resource**

*The organization documents a funding base, financial resources, and plans for financial development to support student learning programs and services, and to improve institutional effectiveness as well as the financial stability of the institution.*

### **Observations and Evidence**

In this visit, the team noted several improvements compared to previous comments made in the past reports. Overall, the team observed a thorough participation from faculty, staff, students, and administration in the resource allocation process. The participation included all constituent groups as well as all sites including Tinian and Rota. The PROA Strategic Plan 2008-2012 refers to each year as a "Cycle" that includes conducting program reviews on a bundle of programs. Each year a new cycle begins with another group of programs to be studied using the existing program review process. The program review process has been in place since (2008). With a fourth program review cycle now underway, the College has achieved progressively greater participation in the program review process. The team witnessed a united campus with strong solidarity for a continued success of its program review process.

During the college forum conducted by the visiting team on April 13 from 4:00 PM to 5:00 PM , it was abundantly clear that there is a high degree of awareness and commitment to the accreditation Standards by all constituent groups. Program review linked to strategic planning and resource allocation processes is understood by all departments which is a significant improvement over prior periods. The College documents its funding base, the financial resources available to the College and what the plans are for financial development to support the College's student learning programs and services. The team determined that there was much greater involvement across all segments of the College as a result of more employees being well versed on their roles in planning, and how each employee has a responsibility to complete his or her part of the department planning efforts. The open forum conducted at the of the team's first day on campus gave the team the opportunity to hear employees comment about how the process works and what they do as a part of their job responsibilities.

The team has confirmed that NMC has completed three cycles of program review (out of five within the five year strategic plan) with a high degree of compliance (36 out of 40 programs have completed their program review) and that a fourth cycle (year 4) is underway (Form 3). A100% compliance is anticipated in Form 3 with penalties being assessed in the form of lower funding being granted to departments that have not completed the accountability measures required and listed on the forms. As a result of the accountability measures being applied, non-compliance is dropping quickly. In addition to loss of funding for non-compliance, a negative review will be reflected on the responsible party's individual performance evaluation. A College-developed compliance matrix has been used effectively to see that departments adhere to the process. The

team commends the College for employing this level of scrutiny to ensure compliance. The leadership exerted from the Institutional Effectiveness Office has been significant.

On the fiscal side, the College has provided evidence (10/11 budget plan; 3-year budget to actual for 08/09, 09/10 and 10/11) showing that the institution is living within its means and programs and services are funded at requested levels. Documents reviewed indicate that the College has provided adequate level of budget training to relevant individuals and teams.

The College relies on three primary sources of funding: CNMI appropriations, tuition and fees, and federal grants. The NMC Foundation does provide nominal support. The CNMI Constitution, Article XV, Section 2, calls for a level of support that is not less than 1% of the general revenues of the Commonwealth. With diminishing revenues at the Commonwealth level, adherence to this constitutional guarantee will not be sufficient to ensure the fiscal health of NMC. The team encourages the College and CNMI to collaborate on building a strong foundation that secures the financial stability of the College.

### **Conclusion**

The college has provided evidence that it is operating within the available resources provided under the Commonwealth Constitution and other revenue sources, the College has a funding base and plans for financial development to support student learning programs and services and to improve institutional effectiveness through on-going systematic improvement plan. The team's conclusion is that the College meets Eligibility Requirement # 17.

### **Eligibility Requirement #18. Financial Accountability**

*The organization undergoes an annual external financial audit by a certified public accountant or an audit by an appropriate public agency and makes the results of that audit available to the public. The organization will submit with its eligibility application a budget and institutional financial audits and management letters prepared by an outside certified public accountant or an appropriate public agency that is independent to the institution.*

*Reports for the two most recent fiscal years will be submitted including the fiscal year ending immediately prior to the date of submission of the application.*

### **Observations and Evidence**

In prior periods, the evaluation teams expressed concern with the College's failure to follow through with implementation of corrective action on audit findings. The College has now acted to implement recommendations provided in the independent audits. This action has results in stronger financial controls. The College has taken concrete steps to improve the communication of audit results and financial reports to the Board Finance Committee and to the full board. The volume and character of these reports provide evidence of improvement in financial accountability.

Grants are a significant source of funding for the college. The College's contracted auditor is required to complete an audit under the Single Audit Act which essentially requires the auditor to conduct one audit that includes regulatory compliance requirements of any grant agency as a topic for reporting. In prior years the College had numerous audit findings that had no follow up action taken by the College. During the past year the College acted to resolve the outstanding audit findings. On April 8, 2011, the Department of Education issued a letter to the College that

addresses five audits that comment on 14 different grants. The April 8, 2011 letter discussed the final determination for the audit findings. The report of the Department of Education concluded that the College has taken corrective action and concludes that the audit findings previously reported are now resolved.

**Conclusion:**

The actions taken by the College and the Department of Education's letter lead the team to conclude that the College is now in compliance with Eligibility Requirement #18 Financial Accountability.

**Eligibility Requirement #21. Relations with the Accrediting Commission**

*The institution provides assurance that it adheres to the eligibility requirements and accreditation standards and policies of the commission, describes itself in identical terms to all its accrediting agencies, communicates any changes in its accredited status, and agrees to disclose information required by the commission to carry out its accrediting responsibilities.*

**Observations and Evidence**

While the October 2010 Show Cause visit team reported the College to be in compliance with this requirement, they voiced concern about the breadth and depth of campus understanding of accreditation and the accreditation process. In response, the College has undertaken a range of training activities to create a culture of accreditation awareness. These activities were clear to the team members and were supported by written evidence that reported the full breath of training that was offered. Campus constituencies were brought up to date on Accreditation Standards through trainings conducted by the Accreditation Liaison Officer and through participation in preparing segments of the Show Cause Report.

One of the strongest pieces of evidence in this regard is the broad and sustained participation of the campus community in the preparation of the College's Show Cause Report. According to written evidence available to the team combined with statements from employees at every level including students, members of the Board of Regents, and faculty and staff, the College completed an unprecedented level of participation. They spent long hours coordinating work activities in meetings, as the report writing and revision of the report required additional hours to ensure the College story was complete and accurate.

According to the College, there were 53 individuals and 13 members of the Accreditation Reaffirmation Team that worked diligently on the report. These teams will continue meeting for at least the rest of the academic year. In that sense, the College has asserted that the next team that visits the College will find an institution markedly changed for the better. The members of this evaluation team agree with the College's conclusion.

**Conclusions**

The College community, including members of the Board of Regents, are aware of the Accreditation Standard requirements including the need to disclose relevant information about the activities of the College. The level of participation in the preparation of the College's Show Cause Report is further indication that there is a much greater involvement and awareness of the College's operations to include statistical data relevant to instructional programs as well as

financial information that can be used by readers to determine the financial condition of the institution. Regents have received training on the accreditation process and approved the College's Show Cause Report on March 14, 2011 prior to the report's submission to ACCJC.

Regents have communicated the requirements of the Standards to members of the Legislature to assist with developing the Legislature's awareness of how their actions might jeopardize the College's status as an accredited institution. As an example, members of the Board of Regents and the interim president meet with members of the Senate on January 24, 2011 and again on February 11, 2011 to discuss pending legislation that would have jeopardized the College's autonomy. To maintain compliance with ER # 21 it is important that the Board and the administration work together to keep the public and elected officials aware of the activities occurring at the College. Given the information available today, the team concludes that the college meets the requirements of ER # 21.

**Recommendation #2:** To meet the Eligibility Requirement, the team recommends that the College ensure that Commission policies are followed at all times and that the institution respond to Commission requests truthfully and accurately (ER # 21).

Previous evaluation teams noted in April 2010 that the College did not meet ER#21. In October 2010 the evaluation team reported that the College's response to several shortcomings identified in the April 2010 report still reflected a shallow understanding of the eligibility requirements and the Standards. As a result the Commission reported the College needed to meet ER# 21.

During this team's evaluation of the College's Show Cause Report, its interviews with faculty, staff, administrators and members of the Board of Regents, this team concludes that the College has a good understanding of the accreditation process and the Standards. College personnel and students totaling close to 100 met with the accreditation team during an open forum. Many of the speakers discussed their involvement in the development of the report and their on-going involvement with college shared governance activities. As a result of the information obtained during the team visit in April 2011 including documentary evidence reviewed by the team, it is the team's conclusion that the College meets ER # 21 and has fully implemented Recommendation # 2.

## **Section II-Response to Previously Reported Deviations from Commission Standards**

In addition to the reporting on the College's compliance with the Eligibility Requirements, the College was also required to take appropriate action to comply with the following Commission Standards:

### **Standard I.A. Mission**

The College was required to report on action taken to come into compliance with Standard I.A. Mission. That standard has four subsections that the College also had to comment on and show how it now meets each of the subsection requirements of the Standard. Evidence presented by the College to show its compliance with the Standards is cross referenced to the provisions of the Standards where the requirements are stated. This is intended to provide the readers with the requirement stated in the Standard followed by the action taken by the College to meet the Standard.

### **Observations and Evidence**

College faculty completed a thorough review of the mission statement of Northern Marianas College compared to activities, programs and services offered by the college. The purpose of these reviews was to determine the relevancy of the mission statement or to recommend an alternative mission statement if a change in the mission was warranted. The mission statement was established in the Constitution of the Commonwealth of the Northern Mariana Islands (CNMI) in 1985 by Amendment 38, which states in part that the College shall provide the best quality post secondary education and adult educational opportunities to improve the quality of life of the individual and for the Commonwealth as a whole (I.A, I.A.1.).

During the team's visit the College faculty that completed the analysis described the process that was used to conclude that there was alignment between the activities of the College's departments and the mission statement described in Article XV, Section 2 of the Commonwealth of Northern Mariana's Constitution. Upon completion of the review the College concluded that its mission remains valid and continues to have a twofold focus: 1) provide educational opportunities and 2) provide educational opportunities to the broader community through its community programs and services (I.A.1, I.A.3.).

The report prepared as a result of the detailed review of the mission statement is entitled Expanded Statements of Institutional Purpose (ESIP). The review was important due in large part to the level of detail and breath of the analysis. The study examined each department and assessed how the department contributed to the mission of the College. The comprehensive report described the broader College mission and then was expanded to include a description of the mission of each department. In the team's view this work is commendable and serves as a representative sample of the amount of effort and detail that went into each part of the College's response to the requirements that it prepared for the Show Cause Report (I.A.3.).

The ESIP describes how the departments are aligned with the College's mission. It is important to note that the Board of Regents does not have the authority to change the mission of the College unless it seeks approval via the Legislative process. The mission statement established for the College at the time it was approved by the Legislature remains in effect today. According

to all materials related to the review of the mission statement, it remains valid and appropriate (I.A.2.).

The Board of Regents relies on the College president to develop and maintain College goals that assist in achieving the College's mission. The president in turn requires that the Planning, Program Review Outcomes and Assessment Committee (PROAC) establish individual program missions that are intended to directly support the broader College mission. The individual program missions are expanded statements of institutional purpose and are approved biannually as part of the program review process. The Board of Regents approves the program review process and as part of that process it reviews the mission statement. (I.A.2.).

To ensure that every program supported the College's mission, PROAC worked with all programs throughout February and March 2011 to revise their respective program missions into the expanded statements of institutional purpose (ESIP) that directly link to the College's mission. At its April 8, 2011 meeting, the College Council voted to approve and adopt the reviewed ESIP's for every program (I.A.1, I.A.3., 1.B.3., I.B.4., I.B.5.).

The on-going, self-reflecting dialogue that began as part of the program review process in 2008 has garnered some positive changes including the launch of the Learning in Communities (LinC) initiative, the English Language Institute labs, an updated course/instructor evaluation form, and the enhanced Individual Degree Plans (IDP) for all students. Several assemblies for faculty, staff, and students have been held to provide input. Signs are posted in public areas where students congregate, asking for feedback or comments on issues around the campus (I.A.1, I.A.4., I.B.5.).

In the team's formal meeting with PROAC, the participants expressed a high level of enthusiasm and energy as they spoke of cohesiveness as they spoke about the planning process and the evaluation work based on data. Everyone has become accountable to meet not only the needs of the students, but the needs of the community. PROAC emphasized that the decision making has shifted from the top down, to a shared, collaborative process which has created a sense of ownership and pride. Discussions included consequences of non-compliance and how it is tied to the budget, and that all who receive a budget now understand how decisions are made (I.A.1, I.A.3., I.B.1, I.B.6.).

The college forum also showed the widespread dialogue that has taken place. Many students and staff spoke about the changes they've seen such as tightening access to all records, analogies used to indicate how they've institutionalized the new processes, and the passion and the pride they feel to have been included in building the new campus culture (I.A.4., I.B.6., I.B.7.).

### **Conclusions**

The College has demonstrated with written evidence that it has an on-going, systematic process in place to review the mission statement on a regular basis. Interviews across all levels of the College validated that written processes are used and known throughout the College. Knowledge of how those processes work is not limited to a small group of people who work with the material on a regular basis. The open forum held on April 13, 2011 showed a high level of passion for the educational experience students stated they received while at NMC. Faculty,

staff, and administrators were united in their efforts that brought the College into compliance with the standards. Upon completion of the review of the evidence and the requirements established by the Standards, the team concluded that the College meets the requirements of Standard I.A. Mission and its related subsections that include I.A.1, I.A.2, I.A.3 and I.A.4

## **Standard I.B. Improving Institutional Effectiveness**

The second area of required comment by the College was the steps taken to comply with Standard I.B. Improving Institutional Effectiveness and the related subsections I.B.1. through I.B.7. The College needs to demonstrate that there is an on-going, collegial, self reflective, informed dialogue to ensure they are continuously looking for ways to improve student learning and improve institutional processes.

### **Observations and Evidence**

The college has three distinct planning activities: planning, assessment and budgeting. Specific directions on how to complete each activity is provided in separate manuals that are used to guide employees through the process. There is also an evaluation component or assessment phase where the college assesses the process and outcomes as part of its continuous improvement plan. The planning, assessment and budgeting activities are referred to as a cycle and are linked in a sequential process that is recurring. Over the course of a year each activity will be performed. The college has a five year strategic plan covering 2008 through 2013. Each year a program review will be conducted on a group of programs that will conduct each activity of planning, assessing and budgeting. The College started its program review cycle in 2008 and has completed what is referred to as Cycle 3 (or year 3) and is preparing for Cycle 4 or program year four. The College describes the process that it uses in PROA Strategic Plan 2008-2012.

Program review is completed as part of the annual activities required of each department. Thirty-five out of 40 programs, or 85.5%, submitted complete program review (Form 2) documents in year 2. The figure also reveals the submission rates for annual program assessment (Form 1) in the current cycle are also improving. The team noted that the Form 2 submission rates for the current cycle were not available as of April 2011 as Form 2s are due in June, at the end of the academic cycle (I.B.1, I.B.2, I.B.3.).

College planning is implemented through a number of campus-wide governance bodies, standing committees, and working groups: PROAC (Planning, Program Review Outcomes and Assessment Committee), BAFC (Budget and Finance Committee), Management Team, the new Governance Task Force, College Council, Academic Council, Faculty Senate, Staff Senate, and ASNMC (Associated Students of Northern Marianas College). Those committees are broadly represented and as a whole assist in ensuring that all constituency groups have input to the planning processes used by the College (I.B.3, I.B.4.)

The 2008-2012 Strategic Master Plan outlines the broad goals of the College, but Program Review is the central vehicle for formal planning and evaluation of institutional processes. The College has gone through three cycles of Program Review and is starting on the fourth cycle of the process. Each cycle has created a stronger understanding and continual dialogue of the process, and it appears this has changed the culture of the campus and their ability to rectify previous shortcomings (I.B.5, I.B.6.).

In the PROA Strategic Plan 2008-2012, the college describes the processes used by the college. Beginning with a discussion of shared decision making is a flow chart that then describes how the process works and who is involved at each stage of the process. The plan book serves as an institutional guide book as processes including Institutional Planning, Assessment and Budgeting

follow the description of the processes used to make decisions at the college. The timelines used are also identified for campus participants along with full descriptions of how the college will conduct assessment of programs and conduct program reviews followed by the budget development phase.

By consolidating the planning process, describing program review and the budget cycle and then describing the linkage between program review and the annual budget the college has effectively developed a planning model that can be easily followed by department employees. Finally, the planning book also includes descriptions of the linkage of the annual budget and the strategic plan followed by a description of the linkage between program review and the annual budget.

A full College Strategic Planning Summit is scheduled for May 18, 2011 to engage all in long-term planning for the future and to update the PROA Strategic plan 2008-2012. The next planning summit will serve as an ideal forum to showcase the College's assessment processes and to indicate how the evaluation mechanisms help the College improve its instructional programs (I.B.7).

### **Conclusions**

After reviewing the PROA Strategic Plan 2008-2012 and the contents of the plan that includes all other planning processes used at the college the team concludes that program review is a systematic, continuous and on-going process that has been in place from 2008 through 2011. The team also concludes that the comprehensive nature of the planning documents provide a strong indication that the process is on-going, systematic and is a well established practice at the College. It is the team's conclusion that the College meets the requirements of Standard I.B and all subsections to include I.B.1, I.B.2, I.B.3, I.B.4, I.B.5, I.B.6 and I.B.7.

The College has made changes or continues to use processes that meet Accreditation Standard I.B Improving Institutional Effectiveness. Evidence used by the team to reach that conclusion is identified and listed above. In the team's review of evidence, it has concluded that the College has met the requirements of Recommendation # 7 as reported in the Commission's letter to the College dated January 31, 2011. The recommendation is reprinted below for easy reference.

**Recommendation #7.** To fully meet the Standards, the team recommends that the College restore ongoing, collegial, self-reflecting dialogue about the continuous improvement of institutional processes. The College should provide evidence that planning is broad based and offers opportunities for input by appropriate constituencies. (Standards I.B.4, I.B.6)

## **Standard II.A. Instructional Programs**

In this section the College is to describe what action has been taken to ensure the College is maintaining high quality instructional programs consistent with its mission and that the instructional programs meet the needs of communities served by the College. The specific requirements of Standard II.A and related subsections II.A.1 through II.A.7 were provided in the College's Show Cause Report dated March 15, 2011.

During the evaluation site visit, team members reviewed evidence provided by the College, through interviews, by observation of classroom activities or observation of College personnel involved in the daily operations of the College. Information gathered is described as necessary to support the conclusions reached by the team. The subsections of Standard II.A. assessed during the course of the team review are also cross-referenced in the paragraphs that follow.

### **Observations and Evidence:**

Several Board of Regents (BOR) policies address academic freedom and academic responsibility including BOR Policy 3001 “Professional Ethics” and 3004 “Academic Freedom and Responsibility”.

From the College website, *“Instructors at the college are entitled to freedom in the classroom in discussing their subject. However, they should strive to be sensitive to the prevailing thought and feeling of the community when introducing subjects that may be controversial. Faculty should also take care to distinguish between personal conviction and proven conclusions and to present relevant data fairly and objectively.”*

On August 27, 2010, a Faculty Assembly was held with 41 faculty members. The dean of academic programs and services distributed copies of Standard II.A.7.a. and Recommendation #8 from the June 2010 Show Cause Visit Report. The dean then led a discussion on the responsibility and commitment of faculty to distinguish between personal conviction and professional views to comply with this Standard. The faculty also discussed additional means of assessing the effectiveness of the College in adhering to this Standard, such as ongoing professional development and revising the faculty evaluation system. The Faculty Senate made it a priority for academic year 2011 to improve the faculty evaluation system (II.A.7, II.A.7.a)

A February 25, 2011 faculty assembly with 25 members present convened a committee that resulted in the following changes:

- posting the Academic Freedom and Responsibility Policy in all course syllabi (II.A.7.a)
- developing additional questions for student evaluations that will be included in the spring 2011 Student Evaluation Form (II.A.7)
- improving instructor evaluations through an instructor portfolio – a more comprehensive process that includes student evaluations, supervisory evaluations, peer evaluations, and course assessment data. (II.A)

An online survey in February 2011 posed several questions to students to which 84% of the 300 students surveyed believe their instructors presented information “fairly and objectively” (II.A.1.a)

At its March 18, 2011 meeting the Academic Council took action to add three new questions to the spring 2011 course/instructor evaluation form which will be posed to every student in every course.

- The instructor presented information fairly and objectively
- The instructor spent class time on issues or topics related to the course
- The instructor promoted thoughtful discussion based on course material and not personal opinion

The team observed several classes and met formally with seven students and gathered information via conversation with over 20 random students to gauge student opinion. The team found the students focused and participating in lively discussions surrounding the topic of the class. The team found no evidence of faculty or anecdotal behavior that would divert a student from learning (II.A.2.b, II.A.7,II.A.7.a.).

In the fall of 2010, the Academic Council decided to revise the College's course assessment processes into a more manageable staggered schedule. Building on the resources and insights gained at the recent September 23-24, 2010 WASC Level I Retreat on Student Learning and Assessment, the dean of academic programs and services and members of Academic Council have also begun expanding the current evaluation practices at the College into a comprehensive instructor evaluation system that will integrate student evaluations, supervisory evaluations, peer evaluations, and course assessment data into instructor portfolios. (II.A.7.).

### **Conclusions**

Based on documents reviewed and information obtained from interviews with students, faculty, staff, and administrators, the team's opinion is that the College meets the requirements of Standard II.A. Previous evaluation team reports described a period of time when there were changes in leadership occurring that may have influenced faculty member conduct during courses. However, according to students interviewed by a team member there was no indication of any behavior other than professional academic discipline related conversation occurring in the classroom. As a result of the team's observations and review of student evaluations the team concludes that the college meets the requirements of standard II.A.7a

**Recommendation #8:** To meet the Standard, the team recommends that the college ensure that faculty distinguish between personal conviction and professional views and that information is presented fairly and objectively. (Standard II.A.7.a)

As described in the Conclusions section above, the College has implemented changes and meets the requirements of standard II.A.7.a. Therefore, the team concludes that Recommendation # 8 has been fully implemented.

## **Standard II.B. Student Support Services**

Standard II.B. requires that the College recruit and admit diverse students who are able to benefit from the College's programs. Student support services provided by a college should be the services that meet identified needs of students and enhance a supporting learning environment. The pathway through the institution should be characterized by a concern for student access, progress, learning, and success.

### **Observations and Evidence**

The College has assembled a comprehensive range of student success-related services designed to provide students considerable assistance as they consider entering college and then supporting them once they make the decision to enter college. As the only institution of higher education in the area, Northern Marianas College serves an important function to the residents of Saipan, Tinian, and Rota. In responding to the Commission's Show Cause Report requirement, the College identified the following support programs that are used to assist students as they pursue their educational objectives:

- General financial aid and assistance available from scholarships and grant programs including Federal Pell Grants, Federal Work Study, and Federal Supplemental Educational Opportunity Grant
- Library services and programs. The mission of the library programs and services is to provide resources supportive of learning and an environment that encourages academic and community-based programs.
- Counseling programs to include personal counseling to assist especially newer students with educational planning, academic and life skills development, and counseling services that would assist a student as he or she strive to complete an educational program. The team's assessment was that the College offered an extensive array of services given its size and location and the services provided.

In addition to the general financial aid and counseling programs that are available for the general population of students, the College also offers some specialized programs that are tailored to serve what are considered special populations of students who are considered most likely to benefit when additional services are available to them. The programs in this area include the TRIO Upward Bound Program, the TRIO Educational Talent Search Program and Disabled Student Services Program.

The College has made good use of marketing its student support programs and services. As a result of these efforts the College has experienced a substantial increase in enrollment. The College benefited from the increased tuition revenue that resulted from the higher enrollment. As a result of ongoing recruitment efforts, NMC experienced a substantial enrollment increase for the fall 2010, a trend that now appears to be continuing.

A challenge of institutions that serve a student and community base that is dispersed, as in the case on Northern Marianas College is the requirement that all students who enroll are expected to have the same or similar student support services available to them. NMC is located primarily

on Saipan and serves three islands: Saipan, Tinian, and Rota. Students in the two islands other than Saipan expect to have access to student support programs that the Saipan located students have. Student surveys administered as part of a registration survey indicated that student satisfaction with the availability of courses, bookstore services, academic advising, student orientation, and registration testing, among other services, are useful in informing the College how well it is providing these services to students located off-island. To meet the needs of students located on Tinian and Rota, NMC has enhanced its video conferencing system, as instruction offered to students on these two islands is provided online to improve and expand access and use between the three islands. Advising and other student support services are also available.

### **Conclusions**

The College offers a comprehensive package of student support services from financial aid, to student academic advising as well as personal counseling to help students become successful college students. The College has assembled a commendable level of support services including specialized support programs such as the TRIO series of support services. In the team's view, the College meets the requirements of Standard II.B

**Recommendation #9:** To meet the Standard, the team recommends that the college maintain student records securely and confidentially and that it publish and follows established policies for release of student records. (Standard II.B.3.f)

As described in the Conclusions section above, the College has implemented changes and meets the requirements of standard II.B.3.f. Therefore, the team concludes that Recommendation # 9 has been fully implemented.

### **Standard III.A Human Resources**

To meet the requirements of the Standards for Human Resources the College is required to meet several key Standards. Significant Standards in the area of Human Resources, include among other things the following standards:

- The institution employs qualified personnel to support the student learning programs
- Personnel that work at the College are treated equitably, are evaluated regularly and systematically and are provided opportunities for professional development.
- In concert with the College's mission the college is expected to demonstrate its commitment to the significant educational role played by persons of diverse backgrounds by making positive efforts to encourage such diversity.
- Finally, human resource planning is integrated with institutional planning.

In presenting information showing that it meets the requirements of these Standards, the College has completed a number of significant and important policy changes that have been approved by the Board of Regents and implemented by staff since the last evaluation team's visit in October 2010. The policy changes were developed during the period October 2010 and March 2011. The Board of Regents approved the policy changes on March 11, 2011.

### **Observations and Evidence**

The Board of Regents updated its policies to meet the requirements of Standard III.A. The latest revision by the Board occurred at its March 11, 2011 meeting. The College's Show Cause Report includes a complete listing of the policy changes implemented as a result of the Board's action in March, 2011 (III.A).

In addition to the improvements made by the Board's revision of its Human Resources Policies that are detailed in the Show Cause Report, is a description of the standard hiring process used by the College. The team's review of the process steps shows that the College has implemented sound internal control procedures to ensure that qualified personnel meeting minimum employment criteria are allowed to participate in interviews and be considered for employment. Job applicants who do not meet the minimum qualifications are screened out of the process. The team noted that the College used standardized forms to assist in determining whether applicants were qualified. An important part of each hiring process is a review of questions that are to be asked of the candidates evaluated by the entire interview committee to ensure the questions meet the standards established by the Equal Employment Opportunity Commission (EEOC) (III.A, III.A.1).

Performance evaluations of College personnel are conducted regularly, and are designed to ensure all employees are treated equitably. Employee evaluations also comment on whether or not the employee has participated in the program review process. To improve instructional faculty evaluations the Faculty Senate and Faculty Assembly of the College created an evaluation subcommittee to review the current evaluation system. Any changes needed as a result of that review are expected to be implemented in Fall 2011 (III.A.1.b)

The team notes that the faculty regularly engage in discussions in either department meetings or governance bodies, such as Academic Council about the successes and challenges with student

learning at course and program level. Student learning is measured through annual program assessment, program review and course assessment (III.A.1.c)

**Conclusion**

The team concludes that the College meets the requirements of Standard III.A.

### **Standard III.D - Financial Resources**

This standard requires an institution to have sufficient resources to support student learning programs and services. The Standard also requires that the allocation of resources be made in a manner that supports the development, maintenance, and enhancement of programs and services. It is expected that the College will prepare plans and manage financial affairs with integrity and in a manner that ensures financial stability.

The Commission requested that the College come into compliance with Standard III.D and comment on the process used to integrate financial planning in support of institutional planning. The team reviewed the College's financial statements and other financial reports such as budget reports distributed to college personnel for decision making purposes. To determine if the financial information presented is reasonably accurate the team evaluated the college's annual audit report and the auditor's findings included in that report. The College has institutionalized a resource allocation method that appears to satisfy the needs of a wide range of programs and activities similar to those typically provided by a comprehensive community college. The resource allocation method is a participatory method that allows each department to be involved in requesting resources that support the strategic plan and actions proposed that will assist in accomplishing an activity with the strategic plan (III.D).

An important requirement of Standard III.D is whether the college's resource allocation methodology adequately supports the development and enhancement of programs and services. The planning process used to allocate resources involves linking, prioritizing and funding the College's program review results to resource allocation requests. The resource allocation methodology used by the College adequately supports the development, maintenance and enhancement of the college's programs and services. The College's mission is the primary element used in the development of department plans with resource requests being made to accomplish goals that assist in accomplishing the mission of the college (III.D, III.D.1).

In addition to commenting on the process used to integrate financial planning in a manner that supported institutional planning, the second concern identified as a recommendation in the October 2010 team report was that the college had not been taking corrective action on audit findings reported by the College's independent Certified Public Accountant. A college's on-going failure to implement an auditor's recommendations can result in a deterioration of the institution's internal control structure. A sound internal control structure is required in order for a college to consistently receive accurate and timely financial data that are used for decision making purposes. During this visit the team verified that the audit findings that had not been implemented in previous periods were fully implemented as evidenced by the Department of Education letter dated April 8, 2011 that identifies grants awarded to the College and audit findings that are now determined to be fully implemented (III.D.2).

### **Observations and Findings**

With the exception of FY 2007, the College has managed to balance its revenue sources over the last five years in a way that sustains its programs and offerings. The increase in enrollment from 2008 to 2009 provided a significant increase in revenue, now approaching 20% of operating revenue. Revenue from grants has also increased over that period. The College now links the program review process to budget decisions (III.D.1.d).

Acquisition of a back-up generator represents a significant example of how a request was made at the department level and flowed through the budget allocation process as a priority and then funded based on consideration of available resources and the need to maintain support for programs and services (III.D.2.e).

The College has become more forthright and acted to implemented audit findings and communicated those results to the Board of Regents and campus stakeholders. Under the leadership of current Finance Office staff, the College has integrated short-term and long-term resource planning including requests for resources with the strategic planning and the program review processes. (III.D, III.D.1.a)

By learning to adjust to changing revenues in a time of economic distress and uncertainty, the College has a five-year history of maintaining stable revenues. To maintain its total available revenue the College received the Constitutional requirement of 1% of the CNMI government's revenue and was then able to augment its budget by increasing enrollment. The College retains tuition and fees collected from students who enroll in classes. Total unduplicated headcount for the past four years was as follows:

2006	968
2007	901
2008	791
2009	989

Federal grants are a major source of revenue amounting to \$7.8 million in 2010. The college's total revenue from all sources was \$15,345,255 in 2010. Revenues for the prior four years are as follows:

2006	\$15,326,542
2007	\$13,874,549
2008	\$14,432,596
2009	\$15,661,049

The College has moved to identify greater efficiency in operations, as well as to address the need for long-term financial planning (III.D3).

College personnel looked at resource allocations models used at several other colleges and universities to assist it in setting up its allocation model to link planning with budget development. PROAC decided to use a resource allocation system used by Drake University as it was considered a good model for NMC. The College Council then tasked PROAC and BAFC to come up with processes to implement that model. As a part of the implementation of this system forms were developed to assist in gathering information and to serve as the foundation of evidence for resource requests. The College has implemented what is referred to as Form 2 but has approved use of Form 3 which is now being implemented. Form 2 was used for Academic Degree and Certificate Programs. It was used as protocol sheet when preparing program reviews of departments. Each department member was expected to review and sign off on the Form 2. It acknowledges each person who either read the materials developed or who prepared segments of the program review.

According to College personnel a significant benefit of using Form 3 is that the form encapsulates all data available about resource requests. The team believes the following comment is especially telling about the approach the College is using and how this new process has boosted accountability. Here are some of the important comments made during the PROAC meeting with evaluation team members on April 14, 2011. The topic was use of Form 3:

"We've created a mechanism that is modeled after a successful model at another university. We are more accountable at collecting data – it is data driven, we're using data to create that evidence."

– "Everyone has to be accountable. Work of Budget and Finance Committee and PROAC it has been a joint effort and more of a collaboration to reach that one goal. We need to meet the demands of the community needs. Being accountable to the community, and that we are continuously assessing our community needs. There has been a steady increase in our enrollment – demonstrates that there is a need for the institution to continue on this island."

"Decision-making power has shifted from top down, to a shared decision-making process. That is the biggest change - This gives us more pride in what we do – that it was a collaborative effort, gives me far more ownership of it."

"The program decides on their own also if there is a cut in budget, the program decides WHERE they are to cut. Not top down, more inclusive and streamlined to be able to assist with decision-making."

"There is a consequence for non-compliance – we are all aware that there is a consequence if nothing is turned in by the deadline. All who GET a budget will have to prepare form 3 to justify their budget."

"The open dialogue has made for a better transparency as there is now a documented record of the dialogue that has occurred. It is no longer a given few that are making the decisions, it is a buy in from everyone in the institution. It wasn't just the faculty doing this, it is also the staff who have made the connection. They bought into the process. Everyone is aware of the work they need to do. It isn't just a given few, there is total buy in. It is easier to sustain it when everyone needs to know what to do and where they need to go."

The comments from the participants at the open forum show that the College has undergone a transformation that reflects the College has become one where a culture of evidence is encouraged and decision making is encouraged at all levels within the College. The comments reflect an understanding that the individuals as well as the departments are now accountable for the underlying data that is used in decision making. The model moves the College closer to having departments own the programs.

## **Conclusions**

The comments reported above are just a sample of the types of comments College personnel made at the open forum. The comments were spontaneous and reveal that the College embraces the new planning and resource allocation processes. The morale at the College also appeared to be very high as faculty, staff, administrators and students all commented positively about the changes that have occurred. The team concludes that the College meets the requirements of Standard III.D and has implemented Recommendation # 3 and Recommendation # 4 below.

**Recommendation #3:** To meet the Eligibility Requirement and Standard, the team recommends that the college integrate financial planning with institutional planning and ensure that fiscal resources are adequate to support student learning programs and institutional effectiveness so that financial stability is maintained. (ER 17, Standard III.D.1.a)

Financial planning is integrated with institutional planning and resources of the College are adequate to support student learning programs and institutional effectiveness so that financial stability is maintained. During the past four years of economic distress the College has done exceptionally well by offsetting Commonwealth revenue decreases with increased revenue from higher tuition resulting from increased enrollment. The decline in economic activity in the Commonwealth resulted in lower total revenue. The College received its Constitutional guarantee of 1% of Commonwealth revenue. This lower revenue was then augmented with higher tuition fee collections as a result of the college's higher enrollment. As a result of the changes made by the College it is the team's conclusion that Recommendation # 3 has been implemented.

**Recommendation #4:** To meet the Eligibility Requirement and Standards, the team recommends that the college assure the financial integrity and responsible use of its financial resources and ensure that the financial management system has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision-making. The College must also correct noted audit findings. (ER 18, Standard III.D.2, III.D.2.a, III.D.2.d, III.D.2.e)

The college is audited annually by Deloitte & Touche, LLC which is a firm of Certified Public Accountants. Audit reports for fiscal years 2007, 2008 and 2009 received unqualified opinions meaning that the College's reported financial statements reasonably represent the financial position and results of operations for the periods specified in the reports. There were a number of audit findings that the College was responsible for correcting. Most of the findings resulted from grants where certain costs were questioned or other steps needed to be changed to improve internal controls. In a letter from the Department of Education dated April 8, 2011, the College was informed that its corrective action on audit findings was accepted and prior audit findings were therefore resolved. The letter from the Department of Education included grants from 1995 through 2009.

The College has fully implemented Recommendation # 4.

### **Standard IV.B Board and Administrative Organization**

Previous evaluation team reports commented on the need for the Board of Regents to be made aware of the proper role and conduct of members of the governing board. There have also been changes in the members of the governing board. The team noted four important improvements have occurred since an evaluation team visit in October 2010. The most notable improvements that have occurred are:

- Through ongoing development and training and self-evaluation, the Board of Regents has increased its ability to exercise its authority to protect the autonomy of the College (IV.B.1.a)
- The Board has taken seriously its responsibility to review and develop policies to guide itself and the College. In the past several months leading up to the April 2011 visit by the accreditation evaluation team, the Board has ratified over 30 new or revised policies, many devoted to remedy specific issues related to accreditation (IV.B.1.d).
- The Board was negotiating with candidates for the president position at the time the team arrived. Several days after the team's arrival the last of the candidates was offered the position, but none of the candidates had been hired as of the writing of this report. Specific new or revised policies relating to the relations between the Board and the chief executive officer, including evaluation have been put in place and there appeared to be an understanding that the president is responsible for conducting daily operations of the College with the board members focusing on policy level issues (IV.B.2)
- The Board is acting as a united entity for the greater good of the College and has addressed the legislature to ensure the College retained autonomous decision making as provided for under existing law. There is evidence that the legislature is also learning from Regents about the College and its needs (IV.B).

### **Observations and Evidence**

The Board of Regents is responsible for the quality, integrity, and financial stability of the College and the successful completion of its mission, as outlined under Section 2(a) of Article XV of the Commonwealth Constitution, which states:

The legislature shall establish by law a Northern Marianas College that shall be headed by a president. The president of the College shall be appointed by a representative board of regents. The board of regents shall be appointed to staggered terms by the governor and shall have autonomy in the administration of its affairs and shall formulate policy relating to the higher education needs of the Commonwealth of the Northern Mariana Islands. The composition of the board of regents and other matters pertaining to its operations and duties shall be provided by law. (1985)

The general duties and authority of the Board of Regents are re-enforced by 3 CMC § 1304(b), which directs that “the Northern Marianas College is established as a non-profit public

corporation under the general control and direction of a board designated as the Board of Regents of the Northern Marianas College...” (IV.B.1.c)

These provisions in both the Commonwealth Constitution and statutory Commonwealth law stipulate that the Board of Regents is responsible for the quality, integrity, and financial stability of the institution as well as the successful outcome of its educational mission and the use of its financial resources to meet its mission. The Board of Regents has both a broad mandate under Section 2(a), Article XV of the Commonwealth Constitution and 3 CMC § 1304(b), and is specifically empowered to control the College’s affairs, including its financial matters, under 3 CMC § 1316. Furthermore, as stated above, under Article XV of the Commonwealth Constitution, the Board of Regents is granted “autonomy in its affairs,” and, thus, performs its duties as an independent entity. The Board is required to have a diverse composition in its membership: Specifically, 3 CMC § 1311 requires that: “at least one member shall be a resident of Tinian, one member shall be a resident of Rota, at least one member shall be of Carolinian descent, and at least one member shall be a woman,” and thus reflects a variety of public and constituent interests. Also, under 3 CMC § 1315, “all meetings of the board shall be open to the public, except when personal matters affecting the privacy of an individual or other confidential matters are considered.” As such, not only is the Board an independent policy making body under Article XV of the Commonwealth Constitution, but also it is also capable of reflecting constituent and public interest in Board activities and decisions because of its diverse membership and open meeting requirements (IV.B.1).

The Board of Regents is cognizant of the importance of a sustainable Board development program and the need to formally orientate new members of the Board. To underscore this, the Board adopted the “Board Member Training and Development” policy on December 23, 2010. See comments under Eligibility Requirement # 3 in Section I of this report. As a requirement of this policy, Regents will also have to undergo a formal orientation process. The newest Regent was provided this formal orientation by the then Chairperson of the Board and the Interim president. During the orientation, the newest regent signed the “Code of Conduct Agreement,” wherein he agrees to abide by certain terms that are described in detail in the policy (IV.B.1.h, IV.B.1.f).

Among several requirements, the policy requires Board members to be trained on Board policies and other issues concerning the College. It also requires the provision of a comprehensive manual that contains the College’s mission statement, goals, objectives, strategic plan, Board operations policies, financial reports, and other important documents. The manual has been produced by the Office of Institutional Advancement and provided to the newest Board member, as well as to all other Regents (IV.B.1).

The Board of Regents has engaged in training on a number of topics and issues, including the proper role of regents, board leadership and Family Educational Rights and Privacy Act (FERPA). Board members also keep themselves informed of accreditation requirements, Standards, and processes by participating in numerous training sessions organized by the College and external partners. The trainings include the following:

- On February 19, 2010, the College’s Accreditation Liaison Officer conducted a training session with the board entitled “Accreditation 101.” The Pacific Postsecondary Education Council Boardmanship training (June 14—18, 2010, Honolulu, HI) provided an in-depth study of the proper role of board members at a community college to the board. The New Trustee Governance Leadership Institute sponsored by the Association of Community College Trustees followed soon after this training. A member of the board also participated in the self-study workshop hosted by the Accrediting Commission for Community and Junior Colleges in Guam in February, 2010 (IV.B.1.i).
- The lessons and insights gained at the Pacific Post-Secondary Education Council and the Association of Community College Trustee trainings have been reinforced by a series of Board of Regents lunch training sessions, including a session held September 8, 2010 that focused on the role of the governing board at a community college and the nature of board leadership within the context of the College’s mission. The most recent session, conducted on February 25, 2011, focused on accreditation eligibility requirements (IV.B.1.i).
- To ensure that regents continue to deepen their understanding of accreditation processes, the board recently passed a policy on “Board Member Training and Development” which sets forth certain requirements that each individual board member must undergo upon becoming a regent (IV.B.1.f).

The Board of Regents also has a mechanism in place for providing for the continuity of Board membership and staggered terms of office. Under 3 CMC § 1312, “[m]embers of the board [of Regents] shall serve staggered terms of four years.” Furthermore, under 3 CMC § 1313, “[a]ny vacancy caused by resignation, removal, death or otherwise shall, within 90 days of the vacancy, be filled for the period of [the] unexpired term . . . .” As such, Commonwealth law provides for continuity and staggered terms in the Board of Regents (IV.B.1.f).

The Commonwealth Code also specifically empowers the Board of Regents in 3 CMC § 1316 to perform a number of duties that from the team's viewpoint are consistent with areas of responsibility expected of any community college president. In the interest of adding clarity to the report the team decided against listing each individual item assigned in the Code as a duty for the president (IV.B.2).

The Northern Marianas College Board of Regents recognizes the major constituencies of the College, namely the administration, the faculty, the support staff, and the students, as participants in the governance of the institution. Each of these constituencies has a role in the formulation of the mission and goals of the institution and in the development of policies governing it. (BOR Institutional Governance Policy 1026). Appropriate policy and accompanying administrative procedures were developed and specify the governance role of each of these four groups of the College community in terms of policy formulation; decision-making and planning at multiple levels; and problem identification, analysis, and resolution. (BOR Institutional Governance Policy 1026) (IV.B)

The Board ensures the quality, integrity, and improvement of student learning programs and services through Board of Regents Policy 1025, which articulates a broad institutional effectiveness program. The policy states, “to enable such effectiveness and quality, institutional research, planning, evaluation, and other activities shall be conducted in a collaborative manner with input from all appropriate sectors of the College and the community it serves on the islands of Saipan, Rota, and Tinian.” This expectation for monitoring and upholding institutional effectiveness is reinforced by the Board’s self-evaluation process, which is described in Board of Regents Policy 1024, “Board of Regents Self-Evaluation” (IV.B.2.e).

Institutional research activities are conducted to support the College’s institutional planning and assessment processes (Board of Regents Policy 1025). Collection, processing, and reporting of pertinent information are the primary functions of institutional research. Research efforts focus not only on internal information such as student and program data, but also on external matters such as trends in the community and other institutions of higher learning (IV.B.2.b.).

Since 2010, the NMC Board has actively addressed policy issues that support institutional integrity and effectiveness and respond to Commission concerns.

The Board of Regents for Northern Marianas College is having an especially difficult time hiring a full-time permanent college president. Conversations with one of the Regents and comments made in general across the College are that the salary paid is low for the area when considering the high cost of living in Saipan. Nevertheless, the College has been able to appoint an interim president. In the weeks leading up to the team’s visit to the College in mid-April the Board of Regents was in the process of hiring a College president. The evaluation team along with the college community watched candidate after candidate be considered and then drop out of the process. At the end of the process not one of the three candidates had accepted the position. As of the end of April 2011 the College did not have a permanent college president and continues to operate under the leadership of an interim president (IV.B.1.j).

While the interim president continues to serve, the Board began a formal search for a permanent president and retained the Association of Community College Trustees (ACCT) to complete an initial screening of applications. The Board has enacted policies to ensure that it does not infringe on the administrative responsibilities of a chief executive and acts appropriately in its dealings with the president (IV.B.2).

The College has initiated two searches in the past 6 months to employ a permanent president. The first search ended without the appointment of a president and as a result, the Board developed a new process and contracted with the Association of Community College Trustees to assist in the conduct of the second search. The final interviews in the second search were held in March, 2011. The top candidate withdrew from consideration during the contract negotiations with the Board of Regents. An offer of employment has since been made to the candidate ranked second by the Board of Regents but that process has also ended unsuccessfully. The Board of Regents has since offered the position to the candidate ranked number 3 through the interview process. Negotiations with the third applicant are continuing as of April 22, 2011. The candidate from the limited information available to the team, appears to be qualified. The Board of Regents has approved revised policies that properly designate the administrative authority to

the President (See the revised Human Resource Policies approved in March, 2011 as an example as well as Board Policies #1002, and #1013). The Board of Regents has also adopted a policy requiring the annual evaluation of the President (see policy #1017).

The College has utilized an acceptable process to recruit and employ a president. Unfortunately, the Board has not been able to employ a qualified candidate at the conclusion of the team visit. It is anticipated that an appointment will be completed shortly. The Board has not completed an annual evaluation of the interim President since her appointment over 18 months ago. Such an annual evaluation should be completed regardless of the President's employment status.

### **Conclusions**

The College continues to operate under the direction of the interim president who does not meet the minimum qualification criteria required by the Commonwealth Code. The Board of Regents operates as an autonomous board. The College meets the requirements of Standard IV.A and IV.B. The interim president was not evaluated during the past 18 months while she has been assigned as interim president. The Board has provided the interim president the authority to administer board policies. See page 12 of this report for additional information about the team's conclusion on the college's compliance with Recommendation # 5.

**Recommendation #1:** The governing board should exercise its authority to govern the college and protect the college from undue influence by the Commonwealth government, including the government's ability to line item dictate the college's budget. The governing board should act autonomously to govern the college free from indirect interference by Commonwealth governor or members of the Legislature; this will defend the college from vagaries of changes in political powers.(ER3, Standard IV.B.1.a, IV.B.1.c)

This recommendation was addressed in Section I, Eligibility Requirement # 3

**Recommendation #6:** To meet the Eligibility Requirement and Standards, the team recommends that the college ensure that the administrative staff of the college has the appropriate preparation and experience to provide administrative services; this includes the college chief executive. The governing board should delegate the authority to college administration to operate the college and hold the administration accountable for institutional effectiveness and for adhering to adopted policies and governance processes. (ER 5, Standards III.A.3.a, IV.B.1.j, IV.B.2.a, IV.B.2.b, IV.B.2.c, IV.B.2.d, IV.B.2.e)

This recommendation was addressed in Section I, Eligibility Requirement # 5

**Recommendation #10:** To meet the Standard the team recommends that governing board engage training on the proper role and conduct of regents, general governing board relations and practice, college policy and Accreditation Standards and Commission Policy and adhere to its role in establishing policy and strategic-level decision-making; in accordance with its own policy.

The governing board has participated in a number of scheduled training sessions as described earlier. This recommendation has been implemented.