



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

James C. Williamson, Ph. D.

President

REPORT ON MARTIN COMMUNITY COLLEGE

NOVEMBER 18, 2016

INTRODUCTION

Background

Annually, the State Board of Community Colleges reviews summary information related to the financial audits conducted at the applicable community colleges. During its review of the FY 2014-15 financial audit information, the findings pertaining to Martin Community College were deemed serious enough to warrant a deeper review. At its meeting on Friday, September 16, 2016, the State Board of Community Colleges passed a motion directing System Office staff or other representatives to obtain information from Martin Community College on a variety of items to include 1) the most recent financial audit; 2) employee turnover; 3) spending issues; 4) procurement; 5) organizational structure; 6) local board governance; and 7) strategies to rectify any deficiencies in items 1 through 6. Mr. Scott Shook, State Board Chair, appointed a group to work on the project. The individuals appointed to serve were Dr. Linwood Powell, former State Board Chair; Mr. George Fouts, former Interim System President; Ms. Lisa Estep, State Board member; Ms. Jennifer Haygood, Chief of Staff; and Mr. Bryan Jenkins, Executive Director of Accountability and State Board Affairs. Dr. Powell served as Chair.

Methodology

The appointed group planned an onsite visit to Martin Community College. Prior to the visit, an e-mail communication was sent to Martin Community College faculty, staff, trustees, and other local college partners offering an invitation to speak with members of the group. The visit occurred September 29-30, 2016. As part of the visit, the group conducted interviews with more than 35 individuals either in person or via telephone. The group also requested information from staff to include financial statements, bank reconciliations, board minutes, and organizational charts. A subsequent request for information was sent to President Ann Britt on October 4, 2016. Requested information included human resources data, third (3rd) party receivables/payables detail, a copy of the 2016-17 Academic Catalog, SACSCOC reports, board committee minutes, and details of President's Council meetings among other items. This information was provided by Martin Community College and received in the System Office on October 21, 2016.

AREAS OF CONCERN

Human Resources

A request was made of Martin Community College to provide detailed information for the following positions –

- Director of Research and Institutional Effectiveness
- Dean of Administrative Services
- Dean of Academic Affairs and Student Services
- Director of Public Relations and Institutional Advancement
- Assistant to the President for Business and Industry & Special Projects
- Executive Director of Continuing Education
- Institutional Analyst/Director College Resource Development
- Director of Information Technology
- Business Services Director
- Director of Facilities and Grounds
- Associate Dean of Academic Affairs and Student Services
- Human Resources Director
- Director of Basic Skills
- Financial Aid Director
- Registrar and Admissions Officer
- Director of Bertie Campus

A review of the data provided by Martin Community College yielded evidence that seven (7) of the 16 positions, 44%, are being held by individuals serving on interim, part time, or extra duties basis. Several key positions have been held in such status for an extended period of time. The Registrar position has not been held on a full time basis in nearly three (3) years. The Financial Aid Director position has been held on an extra duties basis for approximately two and one half (2½) years. The Chief Financial Officer position has been held on an interim basis for more than two (2) years. Additionally, the Director of Facilities position has been held on an interim basis for approximately three and one half (3½) years while the Executive Director of Continuing Education has been held on an interim basis since December, 2004, nearly 12 years.

Furthermore, in addition to the information detailed above, six (6) of the positions are held by individuals having served less than two (2) years in the role. In total, 13 of the 16, 81%, are held by individuals serving on interim, part time, or extra duties basis or by an individual serving less than two (2) years.

A strong theme that emerged from the group's interviews was the perception that the college lacked strong leadership and direction. The above sixteen positions represent key leadership positions responsible for the efficient and effective operations of the college.

Fiscal Management

A review of the annual expenditure data of Martin Community College was conducted by the group. Each year, the General Assembly establishes the appropriations to the North Carolina Community College System. Subsequently, Martin Community College receives an annual budget allocation approved by the State Board of Community Colleges. Seven (7) years of data was examined. In five (5) of seven (7) years, Martin Community College expended a percentage of funds significantly less than the System average. In four (4) of those years, the difference was greater than ten (10) percentage points. Indeed, as a result of this trend between FY 2010-11 and FY 2013-14, former President Scott Ralls and former State Board Chairman Linwood Powell met with Dr. Britt and Chairwoman Jackie Gillam in the latter half of 2014 to discuss their concerns about the college leaving funds unexpended if the college had unmet needs. In total, Martin Community College received, via allocation, \$49,181,839 from FY 2009-10 through FY 2015-16. Actual expenses totaled \$43,961,362 leaving an unexpended total of \$5,220,477. In other words, only 89% of funds received over the most recent seven (7) years were expended. Despite the funds left unexpended, another theme from the group's interviews was the perception that the college had unmet staffing, equipment, and capital needs. The table below is presented for illustrative purposes:

State Budget and Expenditures History

Fiscal Year	State Budget	Actual Expenses	Unexpended	% Expended	System % Expended
FY 2009-10	\$ 6,789,214	\$ 6,325,451	\$ 463,763	93%	97%
FY 2010-11	7,397,222	6,227,966	1,169,256	84%	97%
FY 2011-12	6,726,719	5,958,984	767,735	89%	99%
FY 2012-13	7,162,132	5,919,559	1,242,573	83%	99%
FY 2013-14	7,221,088	5,822,992	1,398,096	81%	98%
FY 2014-15	7,125,772	6,997,792	127,980	98%	98%
FY 2015-16	6,759,692	6,708,618	51,074	99%	98%
	<u>\$ 49,181,839</u>	<u>\$ 43,961,362</u>	<u>\$ 5,220,477</u>	<u>89%</u>	<u>98%</u>

In contrast to previous years' expenditure patterns, the System Office became concerned about the ability of Martin Community College to support its FY 2015-16 operating expenses. While conducting routine monitoring of college expenditure rates during the latter half of the fiscal year, the System Office found that per the college's January financial report (Form 112), the

college had expended approximately 74% of its State budget through January 30, 2016. These concerns prompted Ms. Jennifer Haygood, Executive Vice President and Chief Financial Officer at that time, to send a memorandum, dated February 23, 2016, to President Ann Britt detailing the potential issues with continuing the rate of expenditure. The memorandum requested the college respond with details of the plan to ensure it would be able to meet its obligations. A copy of the memorandum is attached as an addendum to this report.

The 2015 Appropriations Act (S.L. 2015-241) provided an additional \$10 million to colleges to support adjustments to employee salaries. The General Assembly provided these additional funds specifically to community colleges to help address college concerns about low salaries and challenges with employee recruitment and retention. Martin Community College's share of these funds totaled \$46,906. Section 30.5 of S.L. 2015-241 provided the college board of trustees' flexibility to use these funds for various types of compensation increases, but required colleges to report on how they used the funds by March 1, 2016. In response to this reporting requirement, Martin Community College reported that it used \$10,911 to provide an across-the-board flat dollar increase to instructional staff, \$24,758 to provide an across-the-board flat dollar increase to non-instructional staff, and \$11,237 to provide retention/market rate adjustments to four instructional employees (an instructor in each of the following disciplines: English, Math, Dental Assisting, and Basic Skills). On May 23, 2016, the Office of State Budget and Management (OSBM) received an anonymous tip by way of e-mail alleging the funds allocated for the salary increase had not been dispersed per Dr. Britt's directive. Ms. Jennifer Haygood initiated a conversation with President Britt and ascertained the funds had not been dispersed. Subsequent to the conversation, the across-the-board increases were incorporated in the June payroll retroactive to March, 2016.

The 2016 Appropriations Act (S.L. 2016-94) appropriated approximately \$17 million in recurring funds into a Compensation Increase Reserve to support recurring salary increases for community college employees. Per Section 36.17, colleges were required use these funds for this purpose, including associated benefits (FICA and retirement). While the 2016 Appropriations Act mandated a 1.5% salary increase for most State employees, Section 36.10. (d) provided community college boards of trustees with the flexibility to award salary increases and bonuses through various methods within guidelines adopted by the State Board. Colleges were required to award Compensation Increase Reserve funds through one or more of the following methods consistent with local policies and/or actions approved by the local board of trustees:

- a) Merit-based adjustments,
- b) Across-the-board adjustments,
- c) Recruitment bonuses,
- d) Retention/market rate adjustments, and
- e) Other adjustments authorized by local policy (i.e. increases for educational attainment, experience, etc.)

The method(s) selected by the college must be implemented consistent with local policies and/or board of trustee directives. As of September 30, 2016, it appears no action has been taken to implement salary increases or award bonuses.

Management

Martin Community College was asked to provide a list of all dates the President's Council, comprised of individuals serving in senior leadership positions, met between October 1, 2014 and September 30, 2016, along with corresponding meeting agendas. The detailed information provided showed no meetings of the President's Council occurred during the stated period. A number of reasons were provided explaining the lack of meetings but the fact remains, no meetings were held.

During interviews, numerous individuals lamented the lack of communication from the president's office. Employees described feeling as though information is not shared with employees and important directives could be missed due to a lack of communication. Several interviewees expressed feeling the college has no clear sense of direction and no goals.

Several individuals interviewed by the group discussed, at length, the challenges encountered serving on various committees. Many described the experience of serving on a search committee, reviewing applications, and interviewing candidates only to have the recommendation stall on the president's desk for an extended period of time allowing the candidate to secure other employment. Also, individuals expressed disappointment with serving on a committee only to have the outcome languish with no action taken.

Interview responses also expounded upon the idea of micromanagement by the president. According to some interviewees, all purchases, even the most routine, are approved by the president. Also, travel requests, employment contracts, etc. are signed/approved by the president often leading to delays in processing which slows college operations.

Governance

A copy of the Martin Community College Board of Trustees Bylaws as revised and approved on February 27, 2008 was provided for review. Article 5, Section 2, paragraph 1 addresses the Executive Committee of the Board of Trustees. According to the bylaws, the Executive Committee consists of the Chair of the Board, the Vice Chair of the Board, the Second Vice Chair of the Board, and at least two (2) other members appointed by the Chair of the Board of Trustees. The final sentence of the first paragraph reads, "All the acts of the Executive Committee made in accordance with these bylaws shall be final". This practice renders the Board as an entity ineffective as the Executive Committee's actions are final and not subject to Board ratification. Thus, under the current structure, decisions can be made by five (5) board members rather than the full board consisting of 13 members. This circumvents the statutory intention that decisions be made by a full 13-member board.

CONCLUSION

Based on the concerns listed above, the State Board of Community Colleges finds Martin Community College has been unable to maintain prescribed standards of administration. The State Board of Community Colleges gives the Martin Community College Board of Trustees until December 16, 2016 to provide a corrective action plan acceptable to the State Board of Community Colleges or funds will be withheld pursuant to § 115D-6.

Item 1. Employees who have Served (not hired)/Hired in Requested Positions				
Requested by the NCCCS Board Chair				
MARTIN COMMUNITY COLLEGE				
		Period of Service		
	Names of Employees who have served in the position over the past five years	Served and/or Hired Date	Separation Date	Status*
a.	Dir. Research/Institutional Effectiveness			
	Maureen Green	8/12/2015	Present	FT
	Ashleigh Howard	2/19/2014	7/31/2015	FT
	Catherine Currin	2/8/2010	9/30/2013	FT
b.	Dean AS/CFO			
	Steve Taylor	7/30/2014	Present	PT Interim to FT Interim
	Marvin Miller	9/16/2013	6/30/2014	FT
	Tammy Bailey/Dr. Britt	6/1/2012	9/16/2013	TB- EXDU
	Cindy Modlin	5/4/2010	5/31/2012	FT
c.	Dean of Academic Affairs & Student Services			
	Dr. Brian Busch	8/1/2016	Present	EXDU
	Dr. Jennifer Burruss	3/2/2015	7/30/2016	FT
	Dr. Brian Busch	11/1/2013	1/31/2015	EXDU
	Dorothy Carter	2/29/2012	9/30/2013	FT
	Dorothy Carter	8/31/2011	2/29/2012	PT
	Dr. Phyllis Broughton	1/1/2001	7/31/2011	FT
	Dir. Public Relations/Institutional Advancement			
d.	Judy Jennette	02/16/15	Present	FT
e.	Ass't President/Business Industry & Special Prjts			
	Billy Barber	3/29/2010	Present	FT
f.	Executive Director of Continuing Education			
	AJ Tyson	10/03/14	Present	PT Interim
	Walter Whitfield	12/17/04	6/31/2014	FT Interim to FT
g.	Institutional Analyst/Dir. College Resource Dvlpt			
	Robert Bonner	01/05/98	Present	FT
h.	Director of IT			
	Jeff Pickering	05/01/15	Present	FT
	Jason Freeman - Personal Services Agreement (PSA)	11/03/14	04/30/15	PT
	Brian Chastine	06/25/07	10/31/14	FT
i.	Controller/Business Services			
	Cindy Jernigan	1/12/2015	Present	FT
	Tammy Bailey	9/1/2007	12/31/2014	FT
j.	Director of Facilities and Grounds			
	Walter Wheeler	04/04/13	Present	FT Interim
	John Roberts	05/01/12	04/03/13	EXDU
	Jackie Haislip	06/19/06	04/30/12	FT

	Names of Employees who have served in the position over the past five years	Served and/or Hired Date	Separation Date	Status*
k.	Associate Dean Academic Affairs/Student Services			
	Brian Busch	03/01/15	Present	FT
l.	Human Resources Director			
	Harlan Frye	01/12/15	Present	FT
	Michael Curry (Payroll Officer)- HR Datatel & Benefits functions	10/14/13	Present	
	President's Office (President and Assistant)- HR Advertising/Recruitment/Related functions	10/14/13	01/11/15	
	Consultant (PSA)	10/14/13	01/11/15	PT
	Rebecca Woolard	01/28/05	10/11/13	FT
m.	Director of Basic Skills			
	Jeri Griffin	09/01/85	Present	FT
n.	Financial Aid Director			
	Michelle Cobb	10/15/2007	3/31/2014	FT
	Teri Leggett, Financial Aide (FA) Technician in 2008 ; New Position filled in 2008-Backup/Assistant to FA Director	4/1/2014	Present	EXDU
	Brandy Finney-lateral move to FA Technician Position (temp), February 2016 & made Permanent in Aug. 2016			
	Subsequent to Board "approval of experience/waiver of Bachelor degree requirement, offer made to Teri Leggett July 28, 2016 for FA Director as Permanent F-T. Waiting for HR resolution of issue. However, the FA and FA Technician positions are covered with two F-T positions, Teri Leggett and Brandy Finney			Offered Position/Director
o.	Registrar			
	Eileene Jarmul	7/29/2015	9/30/2016	PT
	David Steffes	8/1/2015	5/31/2016	PT
	David Steffes	1/1/2015	5/30/2015	Interim
	Randy Stokes & P. Peakes	7/31/2014	12/31/2014	EXDU
	Eileene Jarmul	9/9/2013	7/31/2014	FT
	Jennifer Ball	7/14/2010	7/31/2013	FT
p.	Director of Bertie Campus			
	Norman Cherry	10/27/14	Present	PT Interim
	Minnie Hoggard	01/03/06	07/01/14	FT
	*Positions are permanent unless otherwise noted			
	Legend:			
	Full-Time: FT			
	Part-Time: PT			
	EXDU: Extra Duty, Extra Pay			



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

George Fouts

Interim President

February 23, 2016

MEMORANDUM

TO: Dr. Ann Britt, President
Martin Community College

FROM: Jennifer Haygood, Executive Vice President and CFO

RE: Management of FY 2015-16 State Budget

As you know, a community college is not authorized to expend more State funds than the amount allocated to the college by the State Board. As of January 30, 2016, Martin Community College's total State allocation was \$6,750,920. During the course of routine monitoring of college expenditures conducted by the System Office, we found that Martin had expended \$5,027,078.20 through January 30, 2016, which represents approximately 74% of the college's State budget.

This level of expenditure raises questions about the college's ability to meet its recurring obligations through the end of the fiscal year. A review of college expenditures by purpose revealed that Martin had expended \$1,028,982.52 through January 30th on equipment, yet only has \$291,569 budgeted for this purpose (Purpose 940). Also of concern is the fact that the college had expended through January 30th more than budgeted for FY 2015-16 on Continuing Education Instruction (Purpose 310) and Administrative Information Systems (Purpose 140).

The college needs to take immediate action to ensure you have an adequate fiscal management plan to meet your outstanding obligations for this fiscal year. Towards that end, the college should evaluate its outstanding payroll and other cost obligations by budget purpose and then adjust your State budget, within authorized parameters, to ensure adequate funds are budgeted in each purpose to meet those obligations. If your unexpended State funds are not adequate to cover these outstanding obligations, the college must identify alternative funding sources to cover costs incurred in FY 2015-16.

Please respond no later than March 31, 2016, with a description of what actions the college has taken to ensure that it will be able to meet its remaining FY 2015-16 obligations. These actions should include a plan to make necessary budget transfers to ensure no budget purpose is over-expended as of March 31st. G.S. 115D-58 allows the board of trustees to authorize the college president to transfer moneys among funds,

**Bond Project Planning
February 23, 2016**

subject to any limitations and procedures they prescribe. If your board of trustees has authorized you to make the necessary transfers, please ensure that your college's March financial report (Form 112) reflects these adjustments. If your board has NOT authorized you to make the necessary transfers, please let me know what date you plan to discuss amendments to the budget with the board.

If the System Office can be of assistance, we stand ready to help discuss various strategies available to the college. I appreciate your attention to this important matter.

cc: **Mr. George Fouts, President, NCCCS
 Mr. Steve Taylor, Dean of Administrative Services, Martin CC
 Mrs. Brandy Andrews, Associate Vice President – College Finance and Operations,
 NCCCS**