



**ACCREDITING  
COMMISSION  
for COMMUNITY and  
JUNIOR COLLEGES**

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June 30, 2010

Ms. Lorraine Cabrera  
Interim President  
Northern Marianas College  
P. O. Box 1250  
Saipan, MP 96950

Dear President Cabrera:

The Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, at its meeting June 9-11, 2010, reviewed the report submitted by the Special Visit evaluation team which visited on Tuesday, April 13-Wednesday, April 14, 2010 and the response to the team report submitted to the Commission and to the team chair after the team report was completed. The Commission also listened to the institutional presentation provided by President Cabrera and Board Chair Janet King on June 10, 2010.

The Accrediting Commission is compelled to issue an order of **Show Cause** because Northern Marianas College is out of compliance with a number of Eligibility Requirements and Accreditation Standards. The accredited status of the institution continues during the period of the Show Cause order.

Show Cause is ordered when the Commission finds that an institution is in substantial non-compliance with its Eligibility Requirements (ERs), Accreditation Standards, or policies or when the institution has not responded to the conditions imposed by the Commission. The Commission requires the institution to show cause why its accreditation should not be withdrawn. In such cases, the burden of proof will rest on the institution to demonstrate why its accreditation should be continued.

The Show Cause is ordered for the following reasons: Northern Marianas College is not in compliance with 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, the College is 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.

The Commission notes that Northern Marianas College was on continuous sanction from January 2007 to June 2009 for a number of deficiencies, including deficiencies in meeting Standards on the chief executive officer (ER 4), administrative capacity (ER 5) and Board training and conduct

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(Recommendation 2 from the 2007 comprehensive evaluation team report). Sanction was removed in June 2009 when it appeared the institution had successfully addressed deficiencies in these and other areas. However, recent actions by the College and its governing board have again resulted in serious non-compliance with Standards, all of which are re-occurring deficiencies leading to the Commission's current action to impose Show Cause.

The Commission requires that Northern Marianas College submit a Show Cause Report by **October 15, 2010**. This will be followed by a visit of Commission representatives. The report and findings of the Commission representatives will be considered at the January 2011 meeting. In order to avoid possible termination of accreditation at the Commission's meeting in January 2011, the Show Cause Report should demonstrate that the College fully meets all of Standards I.A, I.B, II.A, III.A, III.D, and IV.B, fully meets Standard II.A.7.a. and Standard II.B.3.f, and has resolved the specific deficiencies referenced in all of the recommendations made by the April 2010 Special Visit Team as follows:

**Recommendation # 1**

To meet the Eligibility Requirement and Standards 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 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 the vagaries of changes in political power. (ER 3, Standard IV.B.1.a, IV.B.1.c)

**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)

**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)

**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)

**Recommendation # 5**

To meet the Eligibility Requirement and Standard, the team recommends that the governing board immediately initiate a 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, Standard IV.B.1.j)

**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)

**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)

**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)

**Recommendation # 9**

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

**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. (Standards IV.B.1, IV.B.1.b, IV.B.1.e, IV.B.1.j, IV.B.1.h)

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Since the loss of accreditation will likely cause the institution to close, during the Show Cause period, the Northern Marianas College must make preparations for closure according to the Commission's "*Policy on Closing an Institution*," which is enclosed. The Commission's records indicate that the College previously developed procedures for closure and an agreement with Guam Community College for a teach-out of its courses and programs when on Show Cause status in 2008-09. Northern Marianas College is advised that it should take immediate steps to update and renew that agreement or develop an alternative as part of a **Closure Report, which must be submitted to the Commission by October 31, 2010.**

I have previously sent you a copy of the evaluation team report. Additional copies may now be duplicated. The Commission requires that you give the report and this letter appropriate dissemination to your college staff and to those who were signatories of your college report. This group should include the campus leadership, and the Board of Regents. The Commission also requires that all reports be made available to students and the public. Placing copies in the college library can accomplish this. Should you want the report electronically to place on your website or for some other purpose, please contact Commission staff. The Special Visit Report will become part of the accreditation history of the College.

Please feel free to call this office should you have any questions about the Commission's action and the institution's required response.

Sincerely,



Barbara A. Beno, Ph.D.  
President

BAB/tl

cc: Mr. Galvin Deleon Guerrero, Accreditation Liaison Officer  
President, Board of Regents, Northern Marianas College  
Dr. Douglas Houston, President, Lassen College, Team Chair  
Ms. Linda Henderson, U.S.D.E.

# ACCREDITING COMMISSION FOR COMMUNITY AND JUNIOR COLLEGES

Western Association of Schools and Colleges

## POLICY ON CLOSING AN INSTITUTION

(Adopted June 2004)

### **Background**

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

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

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

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

### **Policy**

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

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

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

## **Policy Elements**

### **A. Student Completion**

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

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

### **B. Disposition of Academic Records and Financial Aid Transcripts**

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

### **C. Provisions for Faculty and Staff**

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

## **D. Disposition of Assets**

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

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

## **E. Obligations to Creditors**

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

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

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

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

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

#### **F. Coordination with the ACCJC**

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

#### **G. Key Governing Board Obligations**

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